

Pension Funding Policy

Purpose:

To ensure long-term fiscal sustainability by systematically managing and reducing the District's unfunded accrued liability (UAL) obligations to CalPERS through consistent and reasonable additional contributions beyond required minimums.

Funding Strategy:

The District will follow a moderate strategy that includes the following components:

1. **Base Contributions:** The District will continue to make all required CalPERS employer contributions (normal cost and UAL amortization payments) in accordance with the annual CalPERS valuation.
2. **Discretionary Additional Payments (DAPs):** Each fiscal year, during the budgeting process, the District will evaluate its financial position and make a targeted discretionary payment to CalPERS in an amount not to exceed \$100,000 or 50% of year-end surplus, whichever is lower. This may be adjusted based on fiscal circumstances.
3. **Annual Review Criteria:** Additional UAL payments will be considered based on:
 - Ending General Fund balance
 - Capital improvement plan needs
 - Revenue forecast and stability
 - Available reserves in excess of the Board-approved threshold
4. **Funding Prioritization:** The District will prioritize early payoff of shorter amortization bases and bases with higher interest rates, consistent with CalPERS guidelines, to maximize interest savings.
5. **Transparency and Reporting:** All discretionary payments will be disclosed in the annual budget process and documented in financial reports to the Board.
6. **Review and Update:** This policy shall be reviewed at least every three years or when material changes occur in CalPERS rates or the District's financial outlook.