



DEPARTMENT OF FINANCE AND BUDGET

CITY OF WALLED LAKE, MICHIGAN

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To all City of Walled Lake Taxpayers:

Re: City Actions to Reduce the Pension and Retirement Healthcare Unfunded Liability

The City of Walled Lake has taken significant steps toward reducing both its pension and post-employment healthcare debt:

1. The post-employment \$800 per month health care stipend has been eliminated and current city employees receive a small monthly payment into an individual health savings account for retirement health care. The city has no responsibility for the individual accounts other than the monthly contribution.
2. Overtime, longevity, vacation and sick payouts have been eliminated from pensionable wages thereby dramatically reducing the final average compensation.
3. The pension multiplier has been reduced to 1.5% for all new administrative hires.
4. Employee pension contributions have been increased.
5. The city has closed the excessive Police Command pension division.
6. In 2016 the actuaries updated the life expectancy tables with increased longevity estimates and they decreased the expected earnings rate – the combination of which increased the pension liability estimate by almost 2 million dollars.
7. The City has successfully reduced their day to day operating costs to successfully manage the annual required contribution commitments needed to fully retire the debt in 23 years.

December 31, 2016 Accrued Liabilities and Valuation Assets

Division #	Division Name	Liability	Assets	Unfunded	Percent Funded
01	Public Works	\$1,602,788	\$1,018,975	\$583,813	63.6%
02	FT Police	\$6,315,722	\$967,694	\$5,348,028	15.3%
05	Fire	\$450,358	\$319,084	\$131,274	70.9%
10	Clerical	\$582,572	\$457,885	\$124,687	78.6%
11	Admin (closed)	\$5,484,535	\$1,628,546	\$3,855,989	29.7%
12	Admin (new)	\$111,164	\$91,990	\$19,174	82.8%
	Total	\$14,547,139	\$4,484,174	\$10,062,965	30.8%