

Economic Vitality Incentive Program/County Incentive Program FY 2014 Unfunded Accrued Liability Plan

Local Unit Name: Village of Dexter

Local Unit Code: 813020

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	Pension	Union negotiations in 2011 led to a significant reduction due to the lowering of the multiplier used in calculating the benefits from 2.25% to 2%. The employee contribution was increased from 0 to 5%. The defined benefit program was also closed to new employees as of 2011. The Village has been paying more than the required payment to MERS for the past two fiscal years and has increased that amount again in the draft budget for FY 14-15.
2.	Health Care	Union negotiations in 2011 led to the elimination of retiree health care for employees hired after March 1, 2011. Union negotiations in 2014 require that employees who retire after March 1, 2014 make the same premium sharing payment as active employees. The Village opened a retiree health care funding account through MERS in 2009. In 2011 Village Council passed a resolution committing \$75,000 of the increase in constitutional revenue sharing the village received (due to the census population increase) to retiree health care for a minimum of five years. This is added to the \$20,000 that was already budgeted for a total of \$95,000 per year.

How Will The Local Unit Continue To Implement And Maintain Previous Actions Taken

The Village closely monitors our unfunded liability which has resulted in a reduction of the pension unfunded liability from \$1,082,668 in 2008 to \$489,521 in 2012. The Village has also increased the retiree health care funding from 0 in 2008 to \$587,000 in 2014.

Additional Actions That Could Be Implemented

Note: Actuarial assumption changes and issuance of debt instruments do not qualify as a new action.

1.	Council discussed using 50% of the unspent revenue at the end of FY 13-14 towards unfunded liabilities.
2.	The Village will continue to look for ways to increase the amount of funding that is dedicated to unfunded liabilities.