



October 18, 2023 E-Mail

Ms. Mya Bernskoetter
 Employer Reporting Analyst
 Missouri Local Government
 Employees Retirement System
 P.O. Box 1665
 Jefferson City, Missouri 65102

Re: City of Blue Springs Public Safety Department Split (#4618)

Dear Mya:

As you requested, we have performed actuarial valuations as of February 28, 2023 for the active and deferred members reported as Public Safety members and the remaining active and deferred members of the General department of the City of Blue Springs. The results of the actuarial valuations follow (contribution rates shown below are uncapped employer contribution rates):

	Public Safety Subdepartment	Other General Subdepartments	Combined
<u>Member Statistics</u>			
Number Active	20	137	157
Payroll	\$987,017	\$7,296,149	\$8,283,166
Average Pay	49,351	53,257	52,759
Accumulated Contributions (Actives)	22,784	173,848	196,632
Number Deferred	0	126	126
<u>Actuarial Accrued Liabilities (AAL)</u>			
Active AAL	\$1,915,459	\$17,295,386	\$19,210,845
Deferred AAL	0	8,306,799	8,306,799
Increase AAL - Public Safety Provisions and Assumptions	256,122	0	0
Total AAL	\$2,171,581	\$25,602,185	\$27,517,644
<u>Actuarial Value of Assets</u>			
Members Deposit Fund (MDF)	\$22,784	\$195,008	\$217,792
Employer Accumulation Fund (EAF)*	1,953,112	26,214,983	28,168,095
Total Assets	\$1,975,896	\$26,409,991	\$28,385,887
Funded Ratio	91.0%	103.2%	103.2%
Unfunded Actuarial Accrued Liability (UAAL)	\$195,685	\$(807,806)	\$(868,243)
<u>Computed Employer Contribution Rate</u>			
Normal Cost Rate	10.70%	10.10%	9.90%
Casualty Rate	0.50	0.50	0.50
Prior Service Cost Rate	1.20	(1.30)	(1.30)
Total Employer Contribution Rate (Uncapped)	12.40%	9.30%	9.10%

* Assets allocated to each division are estimated.

The Public Safety subdepartment is valued using public safety benefit provisions (normal retirement and deferred age equal to 55) and public safety assumptions. For members proposed to be covered in the Public Safety subdepartment, the actuarial accrued liability increased by \$256,122 and is amortized over 20 years based on the funding policy for benefit changes.

Please note that the results for the ‘Combined’ department are the same as those reported for the General department in the February 28, 2023 annual actuarial valuation report for the City of Blue Springs. However, adding the results for the subdepartments shown on the previous page will not match the combined results due to valuing the Public Safety members alone as Public Safety members and combined as General members.

Per LAGERS staff, EAF assets were split between the two subdepartments so that each subdepartment’s funded percent would be the same as the combined General department based upon the General benefit provisions and assumptions as of February 28, 2023. This would require an accounting transfer based on market value, as of February 28, 2023, of \$1,942,695 of EAF assets to the Public Safety department with the remainder staying in the General department. Splitting the transfer to the Public Safety department between Jailers and Emergency Telecommunicators results in \$192,390 attributable to Jailers and \$1,750,305 attributable to Emergency Telecommunicators.

Below are projections needed to comply with Missouri state disclosure requirements (Section 105.665 of the RSMo) regarding the adoption of LAGERS benefits by a political subdivision. Under the Present Plan, members eligible to be considered Public Safety members are valued using General plan provisions and assumptions. Under the Alternate Plan, these members are valued using Public Safety plan provisions and assumptions. The projections below only include members eligible for the Public Safety subdepartment.

Valuation Date	Estimated Projected Payroll	Present Plan			Alternate Plan			Change due to Proposed Provisions		
		Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution		Estimated Difference Between AAL and AVA
		As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars	
2023	\$ 987,017	8.20%	\$ 80,935	(\$ 60,437)	12.40%	\$ 122,390	\$ 195,685	4.20%	\$ 41,455	\$ 256,122
2024	1,014,160	8.30%	84,175	(57,123)	12.50%	126,770	197,329	4.20%	42,595	254,452
2025	1,042,049	8.40%	87,532	(54,460)	12.60%	131,298	197,666	4.20%	43,766	252,126
2026	1,070,705	8.50%	91,010	(52,493)	12.70%	135,980	196,591	4.20%	44,970	249,084
2027	1,100,149	8.50%	93,513	(51,270)	12.70%	139,719	193,990	4.20%	46,206	245,260
2028	1,130,403	8.60%	97,215	(50,843)	12.80%	144,692	189,740	4.20%	47,477	240,583
2029	1,161,489	8.70%	101,050	(51,269)	12.90%	149,832	183,709	4.20%	48,782	234,978
2030	1,193,430	8.80%	105,022	(52,608)	13.00%	155,146	175,756	4.20%	50,124	228,364
2031	1,226,249	8.90%	109,136	(54,925)	13.10%	160,639	165,727	4.20%	51,503	220,652
2032	1,259,971	8.90%	112,137	(58,291)	13.10%	165,056	153,458	4.20%	52,919	211,749

The results shown for each employer only include members reported to LAGERS as of the valuation date, February 28, 2023. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2023. In particular, the assumed rate of investment return was 7.00% and the assumed rate of payroll growth was 2.75%.



The actuarial valuation results presented on the previous pages are based upon the employer's benefit provisions as of February 28, 2023. A summary follows:

Provisions	ER #3379
Benefit Program	L-6
Final Average Salary	3 Years
Member Contribution Rate	2%
Retirement Eligibility	Regular

The long-term cost (C) of providing retirement benefits depends only on the benefits (B) that are paid to participants, the expenses (E) of administering the plan, and the investment return (I) generated on invested assets: $C = B + E - I$. For a given level of benefits, the cost of providing those benefits is lowered if administrative expenses are lowered or investment income is increased.


The long-term costs are financed by a series of employer and member contributions. The series of contributions is flexible. If more is contributed in early years, less has to be contributed in later years, and vice-versa. Over time the series of contributions has to have the same value as benefits and expenses. The actuary determines each year's contribution based on a funding method and a set of actuarial assumptions. The chosen funding method and assumptions do not affect the long term cost of providing retirement benefits, but have a strong impact on the series of contributions made to fund the benefits.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Mita Drazilov is a Member of the American Academy of Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Please call if you have any questions.

Sincerely,
Gabriel, Roeder, Smith & Company



Mita D. Drazilov, ASA, FCA, MAAA

MDD:dj

cc: Judith Kermans (GRS)
Michael Gano (GRS)

