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March 28, 2024 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 Excelsior Springs Public Safety Department Split (#3115)

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 Excelsior Springs. The results of the actuarial valuations follow (contribution rates shown below are uncapped employer contribution rates):

	Public Safety Subdepartment	Other General Subdepartments	Combined
Member Statistics			
Number Active	6	67	73
Payroll	$314,052	$3,423,688	$3,737,740
Average Pay	52,342	51,100	51,202
Accumulated Contributions (Actives)	-	-	-
Number Deferred	0	59	59
Actuarial Accrued Liabilities (AAL)			
Active AAL	$588,113	$5,122,688	$5,710,801
Deferred AAL	0	1,824,944	1,824,944
Increase AAL - Public Safety Provisions and Assumptions	58,412	0	0
Total AAL	$646,525	$6,947,632	$7,535,745
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$0	$0	$0
Employer Accumulation Fund (EAF)*	670,409	7,919,824	8,590,233
Total Assets	$670,409	$7,919,824	$8,590,233
Funded Ratio	103.7%	114.0%	114.0%
Unfunded Actuarial Accrued Liability (UAAL)	($23,884)	$(972,192)	$(1,054,488)
Computed Employer Contribution Rate			
Normal Cost Rate	10.90%	9.20%	9.20%
Casualty Rate	0.30	0.30	0.30
Prior Service Cost Rate	(0.30)	(1.80)	(1.80)
Total Employer Contribution Rate (Uncapped)	10.90%	7.70%	7.70%

** 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 $58,412 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 Excelsior 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 $666,875 of EAF assets to the Public Safety department with the remainder staying in the General department.

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.

		Present Plan			Alternate Plan			Change due to Proposed Provisions		
		Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference
Valuation Date	Estimated Projected Payroll	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA
2023	$ 315,052	7.80%	$ 24,574	($ 82,296)	10.90%	$ 34,341	($ 23,884)	3.10%	$ 9,767	$ 58,412
2024	323,716	8.00%	25,897	(82,576)	11.10%	35,932	(24,545)	3.10%	10,035	58,031
2025	332,618	8.20%	27,275	(83,373)	11.30%	37,586	(25,872)	3.10%	10,311	57,501
2026	341,765	8.40%	28,708	(84,724)	11.50%	39,303	(27,917)	3.10%	10,595	56,807
2027	351,164	8.50%	29,849	(86,664)	11.60%	40,735	(30,729)	3.10%	10,886	55,935
2028	360,821	8.70%	31,391	(89,234)	11.80%	42,577	(34,366)	3.10%	11,186	54,868
2029	370,744	8.80%	32,625	(92,479)	11.90%	44,119	(38,889)	3.10%	11,494	53,590
2030	380,939	7.90%	30,094	(96,444)	11.00%	41,903	(44,363)	3.10%	11,809	52,081
2031	391,415	8.00%	31,313	(96,913)	11.10%	43,447	(46,591)	3.10%	12,134	50,322
2032	402,179	8.20%	32,979	(97,792)	11.30%	45,446	(49,500)	3.10%	12,467	48,292

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 #3115
Benefit Program	L-7
Final Average Salary	5 Years
Member Contribution Rate	0%
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 Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

MDD:dj

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