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March 1, 2024 E-Mail

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

Re: Lincoln County Ambulance District Public Safety Department Split (#5169)

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 Lincoln County Ambulance District. 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	47	2	49
Payroll	$3,794,533	$103,730	$3,898,263
Average Pay	80,735	51,865	79,556
Accumulated Contributions (Actives)	93,912	-	93,912
Number Deferred	0	14	14
Actuarial Accrued Liabilities (AAL)			
Active AAL	$7,299,849	$191,168	$7,491,017
Deferred AAL	0	1,378,434	1,378,434
Increase AAL - Public Safety Provisions and Assumptions	1,281,495	0	0
Total AAL	$8,581,344	$1,569,602	$8,869,451
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$93,912	$28,048	$121,960
Employer Accumulation Fund (EAF)*	6,875,762	1,470,560	8,346,322
Total Assets	$6,969,674	$1,498,608	$8,468,282
Funded Ratio	81.2%	95.5%	95.5%
Unfunded Actuarial Accrued Liability (UAAL)	$1,611,670	$70,994	$401,169
Computed Employer Contribution Rate			
Normal Cost Rate	10.70%	10.10%	8.60%
Casualty Rate	0.30	0.30	0.30
Prior Service Cost Rate	3.70	9.20	1.40
Total Employer Contribution Rate (Uncapped)	14.70%	19.60%	10.30%

** 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 $1,281,495 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 Lincoln County Ambulance District. 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 $1,462,659 of EAF assets staying in the General department with the remainder being transferred to the Public Safety 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	$ 3,794,533	10.00%	$ 379,453	$ 330,175	14.70%	$ 557,796	$ 1,611,670	4.70%	$ 178,343	$ 1,281,495
2024	3,898,883	10.00%	389,888	307,508	14.70%	573,136	1,580,647	4.70%	183,248	1,273,139
2025	4,006,102	10.00%	400,610	281,995	14.70%	588,897	1,543,497	4.70%	188,287	1,261,502
2026	4,116,270	10.00%	411,627	253,404	14.70%	605,092	1,499,683	4.70%	193,465	1,246,279
2027	4,229,467	10.00%	422,947	221,482	14.70%	621,732	1,448,626	4.70%	198,785	1,227,144
2028	4,345,777	10.00%	434,578	185,959	14.70%	638,829	1,389,703	4.70%	204,251	1,203,744
2029	4,465,286	10.00%	446,529	146,546	14.70%	656,397	1,322,246	4.70%	209,868	1,175,700
2030	4,588,081	9.10%	417,515	102,932	13.80%	633,155	1,245,537	4.70%	215,640	1,142,605
2031	4,714,253	9.10%	428,997	94,340	13.80%	650,567	1,198,360	4.70%	221,570	1,104,020
2032	4,843,895	9.10%	440,794	84,712	13.80%	668,458	1,144,185	4.70%	227,664	1,059,473

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 #5169**
Benefit Program	LT-8(65)
Final Average Salary	3 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)