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November 17, 2022 E-Mail

Mr. Jeff Pabst
Education and Outreach Coordinator
Missouri Local Government
Employees Retirement System
P.O. Box 1665
Jefferson City, Missouri 65102

Re: Valle Ambulance District Public Safety Department Split (#9075)

Dear Jeff:

As you requested, we have performed actuarial valuations as of February 28, 2022 for the active members reported as Public Safety members and the remaining active members of the General department of the Valle 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	20	2	22
Payroll	$1,441,530	$121,970	$1,563,500
Average Pay	72,077	60,985	71,068
Accumulated Contributions (Actives)	55,083	-	55,083
Number Deferred	0	6	6
Actuarial Accrued Liabilities (AAL)			
Active AAL	$2,123,579	$49,846	$2,173,425
Deferred AAL	0	147,226	147,226
Increase AAL - Public Safety Provisions and Assumptions	400,962	0	0
Total AAL	$2,524,541	$197,072	$2,320,651
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$55,083	$23,305	$78,388
Employer Accumulation Fund (EAF)*	999,643	74,575	1,374,218
Reported Lump Sum Payment	274,523	25,477	300,000
Total Assets	$1,054,726	$97,880	$1,452,606
Funded Ratio	52.7%	62.6%	62.6%
Unfunded Actuarial Accrued Liability (UAAL)	$1,469,815	$99,192	$868,045
Computed Employer Contribution Rate			
Normal Cost Rate	9.00%	9.20%	7.50%
Casualty Rate	0.30	0.30	0.30
Prior Service Cost Rate	6.70	5.10	4.70
Total Employer Contribution Rate (Uncapped)	16.00%	14.60%	12.50%

** 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 $400,962 and is amortized over 20 years based on the funding policy for benefit changes.

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.

It has been reported to us that the Valle Ambulance District made a lump sum payment of $300,000 in March 2022 which was estimated to reduce the computed employer contribution rate (as of February 28, 2022) by 1.80% of payroll. Results in this letter take into account the $300,000 lump sum payment. However, the computed employer contribution rate changes may not be exactly 1.80% due to rounding.

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, 2022. This would require an accounting transfer based on market value, as of February 28, 2022, of $108,374 of EAF assets staying in the General department (including lump sum contribution) with the remainder being transferred to the Public Safety department.

Deferred members as of February 28, 2022 for each employer were valued with the General subdepartment.

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
2022	$ 1,441,530	12.30%	$ 177,308	$ 794,329	16.00%	$ 230,645	$ 1,195,291	3.70%	$ 53,337	$ 400,962
2023	1,481,172	12.30%	182,184	780,372	16.00%	238,469	1,180,162	3.70%	56,285	399,790
2024	1,521,904	12.30%	187,194	763,523	16.00%	245,027	1,159,638	3.70%	57,833	396,115
2025	1,563,756	12.30%	192,342	743,531	16.00%	251,765	1,134,843	3.70%	59,423	391,312
2026	1,606,759	12.30%	197,631	720,120	16.00%	258,688	1,105,399	3.70%	61,057	385,279
2027	1,650,945	12.30%	203,066	692,995	16.00%	265,802	1,070,899	3.70%	62,736	377,904
2028	1,696,346	12.30%	208,651	661,840	16.00%	273,112	1,030,908	3.70%	64,461	369,068
2029	1,742,996	12.30%	214,389	626,312	16.00%	280,622	984,955	3.70%	66,233	358,643
2030	1,790,928	12.30%	220,284	586,046	16.00%	288,339	932,537	3.70%	68,055	346,491
2031	1,840,179	11.30%	207,940	540,649	15.00%	277,867	873,114	3.70%	69,927	332,465

The results shown for each employer only include active members reported to LAGERS as of the valuation date, February 28, 2022. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2022. 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, 2022. A summary follows:

Provisions	**ER #9075**
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)