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December 9, 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: St. Francois County Ambulance District Public Safety Department Split (#7994)

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 St. Francois 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	56	7	63
Payroll	$4,546,978	$438,696	$4,985,674
Average Pay	81,196	62,671	79,138
Accumulated Contributions (Actives)	1,279,239	139,880	1,419,119
Number Deferred	0	6	6
Actuarial Accrued Liabilities (AAL)			
Active AAL	$13,029,697	$1,941,541	$14,971,238
Deferred AAL	0	107,317	107,317
Increase AAL - Public Safety Provisions and Assumptions	607,179	0	0
Total AAL	$13,636,876	$2,048,858	$15,078,555
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$1,279,239	$205,920	$1,485,159
Employer Accumulation Fund (EAF)*	6,449,557	1,009,397	7,458,954
Total Assets	$7,728,796	$1,215,317	$8,944,113
Funded Ratio	56.7%	59.3%	59.3%
Unfunded Actuarial Accrued Liability (UAAL)	$5,908,080	$833,541	$6,134,442
Computed Employer Contribution Rate			
Normal Cost Rate	8.60%	6.50%	7.20%
Casualty Rate	0.50	0.50	0.50
Prior Service Cost Rate	9.80	14.30	9.50
Total Employer Contribution Rate (Uncapped)	18.90%	21.30%	17.20%

** Assets allocated to each division are estimated.*

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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 $607,179 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 St. Francois County Ambulance District upgraded to the L-6 benefit provision effective August, 2022. Results in this letter reflect the new benefit provisions.

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 as of August, 2022 and assumptions as of February 28, 2022. This would require an accounting transfer based on market value, as of February 28, 2022, of $1,091,387 of EAF assets staying in the General department 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	$ 4,546,978	16.60%	$ 754,798	$ 5,300,901	18.90%	$ 859,379	$ 5,908,080	2.30%	$ 104,581	$ 607,179
2023	4,672,020	16.60%	775,555	5,258,140	18.90%	883,012	5,861,360	2.30%	107,457	603,220
2024	4,800,501	16.60%	796,883	5,201,005	18.90%	907,295	5,798,711	2.30%	110,412	597,706
2025	4,932,515	16.60%	818,797	5,128,177	18.90%	932,245	5,718,670	2.30%	113,448	590,493
2026	5,068,159	16.60%	841,314	5,038,237	18.90%	957,882	5,619,664	2.30%	116,568	581,427
2027	5,207,533	16.60%	864,450	4,929,656	18.90%	984,224	5,499,996	2.30%	119,774	570,340
2028	5,350,740	16.60%	888,223	4,800,790	18.90%	1,011,290	5,357,843	2.30%	123,067	557,053
2029	5,497,885	16.60%	912,649	4,649,871	18.90%	1,039,100	5,191,243	2.30%	126,451	541,372
2030	5,649,077	17.60%	994,238	4,474,994	19.90%	1,124,166	4,998,084	2.30%	129,928	523,090
2031	5,804,427	17.60%	1,021,579	4,212,682	19.90%	1,155,081	4,714,666	2.30%	133,502	501,984

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 August, 2022. A summary follows:

Provisions	ER #7994
Benefit Program *	L-6
Final Average Salary	5 Years
Member Contribution Rate	4%
Retirement Eligibility	Rule of 80

**Upgraded to the L-6 benefit provision effective August, 2022.*

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)