



October 12, 2021 E-Mail

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

**Re: Clearwater Ambulance District Public Safety Department Split (#9107)**

Dear Jeff:

As you requested, we have performed actuarial valuations as of February 28, 2021 for the active members reported as Public Safety members and the remaining active members of the General department of the Clearwater 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
<u>Member Statistics</u>			
Number Active	9	1	10
Payroll	\$425,375	\$45,382	\$470,757
Average Pay	47,264	45,382	47,076
Accumulated Contributions (Actives)	48,267	6,225	54,492
Number Deferred	0	0	0
<u>Actuarial Accrued Liabilities (AAL)</u>			
Active AAL	\$329,590	\$15,014	\$344,604
Deferred AAL	0	0	0
Increase AAL - Police Provisions and Assumptions	70,980	0	0
Total AAL	\$400,570	\$15,014	\$344,604
<u>Actuarial Value of Assets</u>			
Members Deposit Fund (MDF)	\$49,442	\$6,225	\$55,667
Employer Accumulation Fund (EAF)*	96,130	406	96,536
Total Assets	\$145,572	\$6,631	\$152,203
Funded Ratio	36.3%	44.2%	44.2%
Unfunded Actuarial Accrued Liability (UAAL)	\$254,998	\$8,383	\$192,401
<u>Computed Employer Contribution Rate</u>			
Normal Cost Rate	5.00%	1.10%	3.30%
Casualty Rate	0.30	0.30	0.30
Prior Service Cost Rate	<u>3.90</u>	<u>1.10</u>	<u>2.50</u>
Total Employer Contribution Rate (Uncapped)	9.20%	2.50%	6.10%

\* 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 \$70,980 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, 2021 annual actuarial valuation report for the Clearwater 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, 2021. This would require an accounting transfer based on market value, as of February 28, 2021, of \$(120) of EAF assets staying in the General department with the remainder being transferred to the Public Safety department.

Deferred members as of February 28, 2021 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 Police 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	Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference
		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
2021	\$ 425,375	6.50%	\$ 27,649	\$ 184,018	9.20%	\$ 39,135	\$ 254,998	2.70%	\$ 11,486	\$ 70,980
2022	437,073	6.50%	28,410	185,361	9.20%	40,211	255,878	2.70%	11,801	70,517
2023	449,093	6.50%	29,191	186,480	9.20%	41,317	256,352	2.70%	12,126	69,872
2024	461,443	6.50%	29,994	187,352	9.20%	42,453	256,381	2.70%	12,459	69,029
2025	474,133	6.50%	30,819	187,950	9.20%	43,620	255,919	2.70%	12,801	67,969
2026	487,172	6.50%	31,666	188,245	9.20%	44,820	254,918	2.70%	13,154	66,673
2027	500,569	6.50%	32,537	188,206	9.20%	46,052	253,326	2.70%	13,515	65,120
2028	514,335	6.50%	33,432	187,802	9.20%	47,319	251,089	2.70%	13,887	63,287
2029	528,479	6.50%	34,351	186,995	9.20%	48,620	248,145	2.70%	14,269	61,150
2030	543,012	6.50%	35,296	185,750	9.20%	49,957	244,433	2.70%	14,661	58,683

The results shown for each employer only include active members reported to LAGERS as of the valuation date, February 28, 2021. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2021. 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, 2021. A summary follows:

Provisions	ER #9107
Benefit Program	L-3
Final Average Salary	3 Years
Member Contribution Rate	4%
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,



Mita D. Drazilov, ASA, FCA, MAAA

MDD:dj

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

