

The Retirement Systems of Alabama

Component Units of the State of Alabama

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2000

The Retirement Systems of Alabama
Consists of:

TEACHERS' RETIREMENT SYSTEM of ALABAMA
EMPLOYEES' RETIREMENT SYSTEM of ALABAMA
JUDICIAL RETIREMENT FUND

(Each a Component Unit of The State of Alabama)

David G. Bronner, Ph.D., J.D., Chief Executive Officer

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INTRODUCTORY SECTION



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The Retirement Systems of Alabama

Teachers'
Paul R. Hubbert, Chairman
Sarah Swindle, Vice-Chairman

David G. Bronner, CEO
William T. Stephens, Deputy

Employees'
State State Police Public Judicial
Don E. Siegelman, Chairman
John H. Wilkerson, Jr., Vice-Chairman

March 2, 2001

The Boards of Control
Teachers' Retirement System of Alabama
Employees' Retirement System of Alabama
135 South Union Street
Montgomery, AL 36130

Dear Board Members:

It is with great pleasure that I submit the Comprehensive Annual Financial Report (CAFR) of the Retirement Systems of Alabama (RSA) for the fiscal year ended September 30, 2000. The Retirement Systems of Alabama includes the Teachers' Retirement System of Alabama (TRS), the Employees' Retirement System of Alabama (ERS), and the Judicial Retirement Fund (JRF). Each system is considered a component unit of the State of Alabama for financial reporting purposes, and, as such, the financial statements contained in this report are also included in the State of Alabama Comprehensive Annual Financial Report.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Systems. Sufficient internal controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. I trust that you and the members of the Systems will find this report helpful in understanding your retirement system.

Report Contents

The 2000 Comprehensive Annual Financial Report is divided into the following five sections:

- The *Introductory Section*, which contains this letter of transmittal and general information regarding the operations and administrative structure of the RSA.
- The *Financial Section*, which contains the Independent Auditors' Report by KPMG LLP and the financial statements, required supplementary information, and supporting schedules for the TRS, ERS, and JRF.
- The *Investment Section*, which contains a report on investment activity, an outline of investment policies, investment results, and various investment schedules.
- The *Actuarial Section*, which contains the certification letter of the independent consulting actuary, Buck Consultants, Inc., for the TRS, ERS, and JRF, as well as summaries of the results of the most recent actuarial valuations.
- The *Statistical Section*, which contains significant statistical information regarding the TRS, ERS, and JRF.

Administration and Plan History

The Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF) operate under common management and are collectively referred to as the Retirement Systems of Alabama (RSA). In addition to executive management, the TRS, ERS, and JRF share investment management, accounting, and information system services, the costs of which are allocated to the funds on an equitable basis. The TRS was established under the provisions of Act 419 of the Legislature of 1939 to provide benefits to qualified persons employed by State-supported educational institutions. The ERS was established under the provisions of Act 515 of

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Letter of Transmittal (Continued)

the Legislature of 1945 to provide benefits to State employees, State police, and, on an elective basis, to qualified persons of cities, towns, and quasi-public organizations. The JRF was established under the provisions of Act 1163 of the Legislature of 1973 to provide benefits to qualified judges and justices. Additional information regarding the administration and history of each system, including laws establishing each plan and services provided, can be found in the *Financial Section - Notes to Financial Statements* portion of this report.

Financial Information

Accounting Method - As required by Generally Accepted Accounting Principles (GAAP), the financial information of the TRS, ERS, and JRF is reported on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the corresponding liability is incurred. Investments are reported at fair value.

Internal Controls - The management of the RSA is responsible for maintaining the system of internal controls (system). The system provides management with reasonable, but not absolute, assurance regarding the safeguard of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Additions to Plan Net Assets - Employer contributions, member contributions, and investment income provide the reserves needed to finance retirement benefits. The following schedule provides summary information regarding additions to plan net assets for fiscal years 2000 and 1999 and a variance analysis of the changes in the components of additions between the two fiscal years.

Variance Analysis of Additions

(Amounts in Millions)

Type of Addition	2000	1999	Variance	% Increase (Decrease)
Employee Contributions	\$ 330.2	\$ 328.1	\$ 2.1	0.6
Employer Contributions	396.9	266.3	130.6	49.0
Investment Income	2,094.8	2,715.1	(620.3)	(22.8)
Transfers between Systems	3.5	3.5	-	-
Totals	\$ 2,825.4	\$ 3,313.0	\$ (487.6)	(14.7)

Employer contributions increased primarily due to the adoption of the five-year smoothed market valuation method for the fiscal year 1998 actuarial valuations that determined the fiscal year 2000 contribution rates. All subsequent valuations will be performed using the five-year smoothed market valuation method. Investment income decreased in fiscal year 2000 mainly because the increase in fair value of investments for fiscal year 2000 was not as great as the increase in fair value of investments for fiscal year 1999.

Reductions in Plan Net Assets - The principle purpose of the Systems is to provide retirement, disability, and survivor benefits to qualified members and their beneficiaries. The costs of such programs include benefit payments, refunds of contributions to terminated employees, and the cost of administering the programs. The following schedule provides summary information regarding reductions in plan net assets for fiscal years 2000 and 1999 and a variance analysis of the changes in the components of reductions between the two fiscal years.

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Letter of Transmittal (Continued)

Variance Analysis of Reductions

(Amounts in Millions)

Type of Reduction	2000	1999	Variance	% Increase (Decrease)
Retirement Allowance Payments	\$ 1,073.0	\$ 1,020.1	\$ 52.9	5.2
Return of Contributions and Death Benefits	58.9	56.7	2.2	3.9
Transfers Between Systems	3.5	3.5	-	-
Administrative Expense	9.7	11.6	(1.9)	(16.4)
Depreciation Expense	0.5	1.0	(0.5)	(50.0)
Totals	\$ 1,145.6	\$ 1,092.9	\$ 52.7	4.8

Retirement allowance payments increased primarily due to an increase in the number of retirees and in the amount of the average monthly benefits. Additions of \$2,825.4 million exceeded reductions of \$1,145.6 million by approximately \$1,679.8 million during fiscal year 2000.

Plan Financial Condition

The funding objective of the RSA pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time and through investment earnings. Historical information concerning funding progress is presented in the *Required Supplementary Information* - "Schedule of Funding Progress" on page 28.

At the date of the latest actuarial valuations, as presented in the *Notes to the Required Supplementary Information* on page 30, the number of participants in the TRS, ERS, and JRF was 190,265, 107,631, and 614, respectively. The TRS's last valuation was performed as of June 30, 2000. The TRS's funded percentage increased from 100.5% at June 30, 1999 to 102.5% at June 30, 2000. The ERS's and JRF's last valuations were performed as of September 30, 1999. The ERS's funded percentage increased from 104.9% at September 30, 1998 to 106.1% at September 30, 1999. The JRF's funded percentage decreased from 85.4% at September 30, 1998 to 84.2% at September 30, 1999.

Investment Activity

Total investments for the RSA continued to increase significantly in fiscal year 2000. Investment balances for the TRS, ERS, and JRF at September 30, 2000 were \$17.0 billion, \$7.8 billion and \$250.3 million, respectively, compared to investment balances for the TRS, ERS, and JRF at September 30, 1999 of \$15.9 billion, \$7.3 billion, and \$229.3 million, respectively. Total pension fund investments managed by the RSA grew from \$23.4 billion at September 30, 1999 to \$25.0 billion at September 30, 2000, a 6.8% increase.

Interest and dividend income for the TRS, ERS, and JRF for the fiscal year ended September 30, 2000, was \$755.5 million, \$340.2 million, and \$11.0 million, respectively, compared to \$702.1 million, \$323.1 million, and \$11.0 million, respectively, for the fiscal year ending September 30, 1999. The increase in fair value of investments for the TRS, ERS, and JRF for the fiscal year ended September 30, 2000, was \$659.0 million, \$314.5 million and \$14.1 million, respectively, compared to \$1,130.8 million, \$535.7 million, and \$16.9 million, respectively, for the fiscal year ended September 30, 1999.

The staff will continue to purchase and develop investments that will facilitate the mission of the RSA and serve the interests of our members by preserving the excellent benefits and soundness of the Systems while providing these at the least expense to the State of Alabama and all Alabama taxpayers. With the continued cooperative efforts of the Boards of Control, the RSA staff, and the Legislature, this goal will be achieved.

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Letter of Transmittal (Continued)

Legislation Enacted During Fiscal Year 2000

Act 2000-217 allows any active and contributing member of a city that participates in the ERS to purchase and receive retirement credit for prior service (up to eight years) to a non-participating employer funded by a city or a county which was eligible for participation in the ERS. The purchase must be made prior to the active and contributing member's retirement. Provisions of the Act become effective October 1, 2000.

Act 2000-276 allows active and contributing members of the ERS or TRS to purchase service credit for prior employment with the United States Civil Service at any military base of the United States or graduate teaching assistant or graduate research assistant at any public college or university in Alabama. Service eligible for purchase must have occurred prior to January 1, 1976. Also, any active and contributing member of the TRS who has ten years or more of creditable service under the TRS may purchase service credit for up to four years of full-time employment between October 1974 and November 1978 with the Department of Industrial Relations under the Federal Comprehensive Employment and Training Act. Members must pay the full actuarially determined cost of the purchased service credit. Eligibility for purchase of service credit terminates on September 30, 2000.

Act 2000-450 allows official court reporters electing to be covered under the ERS to purchase creditable service for up to five years of prior service as an official court reporter. Eligibility for purchase of service credit terminates September 30, 2000.

Act 2000-452 provides that any active and contributing member of the TRS may purchase credit for up to one year for any period of time on maternity leave without pay. Members must pay the full actuarially determined cost of the purchased service credit.

Act 2000-454 allows a member of the ERS or TRS who is receiving a benefit under the provisions of Options 2, 3, or 4 to designate a replacement beneficiary if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. Options 2, 3, and 4 provide a lifetime monthly benefit to the designated beneficiary upon the death of the retired member. The replacement beneficiary will become effective two years after the date of the designation of the replacement beneficiary. If the retiree should die within the two year period after the replacement beneficiary designation, no monthly survivor benefit will be payable. The retirement benefits will be actuarially adjusted to cover the cost of the replacement beneficiary. Provisions of the Act become effective October 1, 2000.

This Act also amends the rules regarding eligibility for the \$15,000 Group Term Life Insurance (GTL) payable on behalf of full-time employees covered under the TRS. In 1995, the law governing the GTL benefit deleted the previous rule which considered a member to be a contributing member for up to ninety days after the last day in pay status. This Act reinstates the previous rule.

Act 2000-669 provides any firefighter, correctional officer, or law enforcement officer not covered as a state policeman with one year of additional retirement service credit for each five years of employment as a full-time firefighter, correctional officer, or law enforcement officer. The member must be employed as a full-time firefighter and be certified by the Firefighters Personnel Standards and Education Commission or as a full-time law enforcement or corrections officer and be certified by the Alabama Peace Officers Standards and Training Commission. Full-time firefighters, law enforcement officers, or correctional officers shall contribute six percent of his or her earnable compensation. Full-time firefighters, law enforcement officers, and correctional officers at the effective date of this Act may purchase one additional year of retirement service credit for each five years of prior employment for one percent of his or her current or previous year's earnable compensation, whichever is higher, for each year of service credit purchased. The Act does not allow a member to retire earlier than he or she would otherwise be eligible. The provisions of this Act become effective January 1, 2001. The deadline for purchasing service credit for prior service is December 31, 2002.

Act 2000-713 amends Section 36-27-8.2, *Code of Alabama 1975*, to provide further conditions under which an ERS retiree may be employed by an employer participating in either the ERS or TRS without having his or her retirement allowance suspended. The member must not be employed in a permanent full-time capacity. Also, the member's compensation from the participating TRS or ERS employer must not exceed \$17,000 (adjusted annually for increases in the Consumer Price Index). An elected official who has retired from the TRS or ERS may serve for compensation in an elected public office without suspension of retirement benefits; except, where participation in

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Letter of Transmittal (Continued)

the TRS or ERS is constitutionally required to be upon the same terms and conditions as specified in law for other employees in the retirement system. However, under no circumstances shall an elected official participate in or accrue additional benefits under the TRS, ERS, a supernumerary plan or any other public retirement plan. Additionally, under no circumstances shall a person whose retirement is based upon service as an elected official continue in or return to such office and receive both pension benefits and salary.

Act 2000-741 authorizes a four-percent cost of living adjustment to all retirees and beneficiaries of the TRS whose effective date of retirement is prior to October 1, 2000.

Act 2000-809 provides for various ERS retiree cost of living adjustments.

Professional Services

Professional consultants are appointed by the Boards of Control to perform professional services that are essential to the effective operation of the TRS, ERS, and JRF. An opinion from the independent certified public accountant and the certification letters from the independent actuary are included in this report. The professional consultants appointed by the Boards of Control are listed on page 9 of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Retirement Systems of Alabama for its comprehensive annual financial report for the fiscal year ended September 30, 1999. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

Acknowledgments

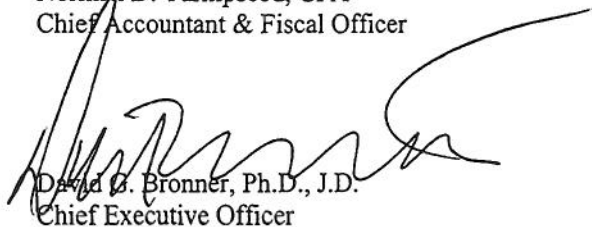
The compilation of this report reflects the combined effort of the staff under the leadership of the Boards of Control. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship of the funds of the TRS, ERS, and JRF.

I would like to take this opportunity to express my gratitude to the staff, the Boards of Control, the consultants, the Legislature, and to the many people who have worked so diligently through continued cooperative efforts to assure the successful operation and financial soundness of the TRS, ERS, and JRF.

Sincerely,



Norman D. Turnipseed, CPA
Chief Accountant & Fiscal Officer



David G. Bronner, Ph.D., J.D.
Chief Executive Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Retirement Systems of Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney

President

Jeffrey L. Esolt

Executive Director

Teachers' Retirement System Board of Control

Ex Officio Members

Chairman, Dr. Paul R. Hubbert, Executive Secretary, AEA
Dr. Henry C. Mabry III, State Finance Director
Lucy Baxley, State Treasurer
Dr. Edward R. Richardson, State Superintendent of Education

Elected Members

Vice-Chairman, Mrs. Sarah Swindle, Retired Teacher Position
Mr. Dwain Hargett, Teacher Position
Ms. Elizabeth Andress, Postsecondary Position
Mrs. Patricia Buchanan, Teacher Position
Dr. John R. Key, Superintendent Position
Dr. John Landers, Principal Position
Dr. George L. Layton, Retired Teacher Position
Mrs. Rebecca Lee, Support Personnel Position
Mrs. Kathy McVay, Teacher Position
Mrs. Sharon Saxon, Support Personnel Position

Employees' Retirement System Board of Control**

Ex Officio Members

Chairman, Don E. Siegelman, Governor
Dr. Henry C. Mabry III, State Finance Director
Lucy Baxley, State Treasurer
Thomas G. Flowers, State Personnel Director

Elected Members

Mr. Clyde Sellers, Retired Local Employee
Mrs. Ann Gant, Active Local Employee
Mr. T. M. Jones, Active Local Employee
Ms. Mary Lou Foster, Retired State Employee
Ms. Alice Thornton, Active State Employee
Mr. Stephen C. Walkley, Active State Employee

Appointed Members

Vice-Chairman, Mr. John H. Wilkerson, Jr.
Lieutenant Rector Johnson
Ms. Donna Mulchahy

** The Employees' Retirement System Board of Control is responsible for the administration of both the Employees' Retirement System and the Judicial Retirement Fund.

RETIREMENT SYSTEMS OF ALABAMA

Introductory Section

Staff, Advisors, and Medical Board

Staff, Advisors, and Medical Board

David G. Bronner, Ph.D., J.D., Chief Executive Officer
William T. Stephens, J.D., Deputy Director and Counsel

Administrative Staff

Chief Accountant and Fiscal Officer, Norman D. Turnipseed, M.B.A., C.P.A.
Director of Information Technology Services, Peggi L. Douglass, M.B.A.
Teachers' Retirement Executive, Donald L. Yancey, M.P.A., J.D.
Employees' & Judicial Retirement Executive, R. Donald Nelson, M.S.
Legislative Liaison, Marcus H. Reynolds, Jr., J.D.
Legal Counsel, William F. Kelley, Jr., J.D.
Director of Field Services, Pamela T. Galluzzi, M.B.A.

Investment Staff

Acting Director of Investments, Darren J. Schulz, M.B.A., C.F.A.
Director of Fixed Income, M. Hunter Harrell, M.B.A., J.D., C.F.A.
Director of International, Gary T. Partridge, M.B.A., C.F.A.
Director of Equities, R. Marc Green, M.B.A., C.F.A.
Assistant Director of Fixed Income/Public Bonds, Julie S. Barranco, M.B.A.
Chief Economist, John P. Cunningham, M.B.A.
Equity Analyst, John R. Givens, B.S.
Equity Analyst, G. Allan Carr, B. S.
Fixed Income Analyst, C. Lance Lachney, B.S.
Cash Management & Operations, Nancy H. Sprayberry

Advisors

Certified Public Accountants, KPMG
AmSouth Bank, N.A., Mr. Brian Sullivan, Investment Consultant
Chase Manhattan Bank, Investment Custodian
George B. Buck Consulting Actuaries, Mr. Edward A. Macdonald
Attorney General, Mr. Bill Pryor
Chief Examiner, Mr. Ronald L. Jones

Medical Board

Chairman, Neil Stronach, M.D.
A. S. Zdanis, M.D.
Thomas Nickles, M.D.



FINANCIAL SECTION



Financial Center, Suite 1200
Birmingham, AL 35203

Independent Auditors' Report

Boards of Control
Teachers' Retirement System of Alabama
Employees' Retirement System of Alabama
Judicial Retirement Fund:

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Alabama, the Employees' Retirement System of Alabama and the Judicial Retirement Fund (Retirement Systems of Alabama), component units of the State of Alabama, as of September 30, 2000, and the related statements of changes in plan net assets for the year then ended. These financial statements are the responsibility of the management of the Retirement Systems of Alabama. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Systems of Alabama (component units of the State of Alabama) as of September 30, 2000, and the changes in plan assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The required supplementary schedules and additional information presented in the financial section are presented for additional analysis and are not a required part of the basic financial statements of the Retirement Systems of Alabama. The required supplementary schedules and additional information are the responsibility of the management of the Retirement Systems of Alabama. Such information has been subjected to the same auditing procedures applied to the basic financial statements and, in our opinion, are presented fairly stated in relation to the basic financial statements taken as a whole.

KPMG LLP

November 30, 2000





RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Combining Statement of Plan Net Assets

September 30, 2000 with comparative figures for 1999

(Amounts in Thousands)

	2000			Totals
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	
<i>Assets</i>				
Cash - Restricted for Administrative Expenses (Note 4)	\$ 14,310	\$ 5,198	\$ 680	\$ 20,188
<i>Receivables</i>				
Employee Contributions	18,323	9,766	82	28,171
Employer Contributions	23,492	9,720	198	33,410
Dividends and Interest	217,102	102,494	2,562	322,158
Total Receivables	258,917	121,980	2,842	383,739
<i>Investments, at Fair Value (Note 5)</i>				
Domestic Equity Securities	6,572,578	3,215,205	134,893	9,922,676
Domestic Fixed Income Securities	7,437,429	3,284,697	105,288	10,827,414
International Securities	1,482,213	655,973	-	2,138,186
Real Estate	583,464	284,288	1,391	869,143
Short-term Investments	904,639	352,151	8,746	1,265,536
Total Investments	16,980,323	7,792,314	250,318	25,022,955
Securities Lending Collateral (Note 5)	1,012,015	510,757	7,751	1,530,523
<i>Property and Equipment less Accumulated Depreciation (Note 8)</i>				
	3,734	2,510	-	6,244
Total Assets	18,269,299	8,432,759	261,591	26,963,649
<i>Liabilities</i>				
Accounts Payable and Other Liabilities	8,259	3,417	115	11,791
Securities Lending Collateral (Note 5)	1,012,015	510,757	7,751	1,530,523
Total Liabilities	1,020,274	514,174	7,866	1,542,314
<i>Net Assets Held in Trust for Pension Benefits (Note 3)</i>	<u>\$ 17,249,025</u>	<u>\$ 7,918,585</u>	<u>\$ 253,725</u>	<u>\$ 25,421,335</u>

A "Schedule of Funding Progress" is presented on page 28.

See accompanying Notes to Financial Statements.

	1999			Totals
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	
<i>Assets</i>				
Cash - Restricted for Administrative Expenses (Note 4)	\$ 12,674	\$ 3,186	\$ 867	\$ 16,727
<i>Receivables</i>				
Employee Contributions	17,549	8,764	99	26,412
Employer Contributions	14,232	6,902	85	21,219
Dividends and Interest	199,945	94,223	2,626	296,794
Total Receivables	231,726	109,889	2,810	344,425
<i>Investments, at Fair Value</i>				
Domestic Equity Securities	6,515,111	3,171,598	115,115	9,801,824
Domestic Fixed Income Securities	6,896,171	3,058,252	108,277	10,062,700
International Securities	1,299,986	565,335	-	1,865,321
Real Estate	581,739	283,425	1,391	866,555
Short-term Investments	566,119	210,369	4,482	780,970
Total Investments	15,859,126	7,288,979	229,265	23,377,370
Securities Lending Collateral	488,308	460,339	-	948,647
Property and Equipment less Accumulated Depreciation	3,624	2,718	-	6,342
Total Assets	16,595,458	7,865,111	232,942	24,693,511
<i>Liabilities</i>				
Accounts Payable and Other Liabilities	1,984	1,242	75	3,301
Securities Lending Collateral	488,308	460,339	-	948,647
Total Liabilities	490,292	461,581	75	951,948
<i>Net Assets Held in Trust for Pension Benefits</i>	<u>\$ 16,105,166</u>	<u>\$ 7,403,530</u>	<u>\$ 232,867</u>	<u>\$ 23,741,563</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Combining Statement of Changes in Plan Net Assets

For the Fiscal Year Ended September 30, 2000 with comparative figures for 1999

(Amounts in Thousands)

	2000			Totals
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	
Additions				
Contributions				
Employee	\$ 212,049	\$ 116,598	\$ 1,608	\$ 330,255
Employer	277,180	113,991	5,696	396,867
Transfers from Teachers' Retirement System	-	1,530	4	1,534
Transfers from Employees' Retirement System	1,954	-	31	1,985
Total Contributions	<u>491,183</u>	<u>232,119</u>	<u>7,339</u>	<u>730,641</u>
Investment Income (Note 5)				
From Investing Activities				
Net Increase in Fair Value of Investments	658,975	314,458	14,106	987,539
Interest and Dividends	755,482	340,234	10,970	1,106,686
Total Investment Income from Investing Activities	1,414,457	654,692	25,076	2,094,225
Less: Investment Expense	3,229	1,537	23	4,789
Net Investment Income from Investing Activities	<u>1,411,228</u>	<u>653,155</u>	<u>25,053</u>	<u>2,089,436</u>
From Securities Lending Activities				
Securities Lending Income	64,006	36,958	850	101,814
Securities Lending Expenses				
Borrower Rebates	59,807	34,509	816	95,132
Management Fees	859	496	6	1,361
Total Securities Lending Expenses	<u>60,666</u>	<u>35,005</u>	<u>822</u>	<u>96,493</u>
Net Income from Securities Lending Activities	<u>3,340</u>	<u>1,953</u>	<u>28</u>	<u>5,321</u>
Total Investment Income	<u>1,414,568</u>	<u>655,108</u>	<u>25,081</u>	<u>2,094,757</u>
Total Additions	<u>1,905,751</u>	<u>887,227</u>	<u>32,420</u>	<u>2,825,398</u>
Deductions				
Retirement Allowance Payments	720,576	341,145	11,256	1,072,977
Return of Contributions and Death Benefits				
Resignation and Other	24,178	19,300	43	43,521
Death Before Retirement	9,800	5,564	-	15,364
Transfers to Employees' Retirement System	1,530	-	-	1,530
Transfers to Teachers' Retirement System	-	1,954	-	1,954
Transfers to Judicial Retirement Fund	4	31	-	35
Administrative Expense	5,639	3,811	263	9,713
Depreciation (Note 8)	165	367	-	532
Total Deductions	<u>761,892</u>	<u>372,172</u>	<u>11,562</u>	<u>1,145,626</u>
Net Increase	1,143,859	515,055	20,858	1,679,772
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	<u>16,105,166</u>	<u>7,403,530</u>	<u>232,867</u>	<u>23,741,563</u>
End of Year	<u>\$ 17,249,025</u>	<u>\$ 7,918,585</u>	<u>\$ 253,725</u>	<u>\$ 25,421,335</u>

See accompanying Notes to Financial Statements.

	1999			
	Teachers' Retirement System	Employees' Retirement System	Judicial Retirement Fund	Totals
Additions				
Contributions				
Employee	\$ 215,531	\$ 110,998	\$ 1,575	\$ 328,104
Employer	166,100	97,373	2,870	266,343
Transfers from Teachers' Retirement System	-	1,781	19	1,800
Transfers from Employees' Retirement System	1,674	-	-	1,674
Total Contributions	<u>383,305</u>	<u>210,152</u>	<u>4,464</u>	<u>597,921</u>
Investment Income				
<i>From Investing Activities</i>				
Net Increase/(Decrease) in Fair Value of Investments	1,130,761	535,674	16,856	1,683,291
Interest and Dividends	<u>702,131</u>	<u>323,062</u>	<u>10,968</u>	<u>1,036,161</u>
Total Investment Income from Investing Activities	1,832,892	858,736	27,824	2,719,452
Less: Investment Expense	3,038	1,367	24	4,429
Net Investment Income from Investing Activities	<u>1,829,854</u>	<u>857,369</u>	<u>27,800</u>	<u>2,715,023</u>
<i>From Securities Lending Activities</i>				
Securities Lending Income	377	151	-	528
Securities Lending Expenses				
Borrower Rebates	338	139	-	477
Management Fees	<u>10</u>	<u>3</u>	<u>-</u>	<u>13</u>
Total Securities Lending Expenses	348	142	-	490
Net Income from Securities Lending Activities	<u>29</u>	<u>9</u>	<u>-</u>	<u>38</u>
Total Investment Income	<u>1,829,883</u>	<u>857,378</u>	<u>27,800</u>	<u>2,715,061</u>
Total Additions	<u>2,213,188</u>	<u>1,067,530</u>	<u>32,264</u>	<u>3,312,982</u>
Deductions				
Retirement Allowance Payments	678,740	330,231	11,150	1,020,121
Return of Contributions and Death Benefits				
Resignation and Other	22,757	19,096	101	41,954
Death Before Retirement	8,550	6,195	-	14,745
Transfers to Employees' Retirement System	1,781	-	-	1,781
Transfers to Teachers' Retirement System	-	1,674	-	1,674
Transfers to Judicial Retirement Fund	19	-	-	19
Administrative Expense	6,563	4,812	226	11,601
Depreciation	<u>737</u>	<u>333</u>	<u>-</u>	<u>1,070</u>
Total Deductions	<u>719,147</u>	<u>362,341</u>	<u>11,477</u>	<u>1,092,965</u>
Net Increase	1,494,041	705,189	20,787	2,220,017
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	<u>14,611,125</u>	<u>6,698,341</u>	<u>212,080</u>	<u>21,521,546</u>
End of Year	<u>\$ 16,105,166</u>	<u>\$ 7,403,530</u>	<u>\$ 232,867</u>	<u>\$ 23,741,563</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to Financial Statements

For the Fiscal Year Ended September 30, 2000

(Dollar Amounts in Thousands)

1) PLAN DESCRIPTION

The Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF) operate under common management and are collectively referred to as the Retirement Systems of Alabama (RSA). In addition to executive management, the TRS, ERS, and JRF share investment management, accounting, and information system services, the costs of which are allocated to the funds on an equitable basis.

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control.

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, under the provisions of Act 515 of the Legislature of 1945. The purpose of the ERS is to provide retirement allowances and other specified benefits for State employees, State police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of the ERS is vested in its Board of Control.

The JRF, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, under the provisions of Act Number 1163 of the Legislature of 1973 for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act Number 1205 of the Legislature of 1975 supplemented the provisions of Act Number 1163 and enlarged the scope and coverage of the JRF to include District and Probate Judges. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the ERS.

At September 30, 2000, the number of participating units in each system was as follows:

	<u>TRS</u>	<u>ERS</u>
Cities	-	247
Counties	-	64
Other Public Entities	-	428
Universities	13	-
Post-Secondary Institutions	30	-
City and County Bds of Education	128	-
State Agencies & Other	<u>33</u>	<u>1</u>
Totals	<u>204</u>	<u>740</u>

At the date of the latest actuarial valuation as presented in the Notes to the Required Supplementary Information, membership consisted of:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
Retirees and beneficiaries currently receiving benefits:			
General	46,444	14,250	251
State Police	-	655	-
Employees of Local Employers	-	10,714	-
Terminated employees entitled to benefits but not yet receiving benefits:			
General	14,044	2,328	38
State Police	-	14	-
Employees of Local Employers	-	3,936	-
Active employees:			
General	129,777	30,902	325
State Police	-	768	-
Employees of Local Employers	-	44,064	-
Totals	<u>190,265</u>	<u>107,631</u>	<u>614</u>

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS, ERS, and JRF. Benefits for TRS and ERS members vest after 10 years of credited service. Teachers and state employees who retire after age 60 (52 for state police) with 10 years or more of credited service or with 25 years of service (regardless of age), are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of credited service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS and ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of state police service in computing the formula method.

The JRF benefits vest from five to eighteen years. Except for justices or judges who were either

disabled, elected prior to July 30, 1979, or have at least 25 years of credited service, no justice or judge shall be eligible to receive judicial service retirement pay prior to attaining sixty years of age. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of credited service (regardless of age), (2) completed 12 years of credited service and has attained age 65, (3) completed 15 years of credited service and whose age plus service equals or exceeds 77, (4) completed at least 18 years of credited service or three full terms as a judge or justice and has attained age 65, (5) completed 10 years of credited service and has attained age 70 or (6) been elected prior to July 30, 1979 and has 18 years of service (regardless of age). A member eligible to retire who has not requested his retirement benefit to commence at the end of the term in which his seventieth birthday occurs is entitled only to the refund of his contributions (except for members with at least 25 years of credited service). The service retirement benefit for a member other than a probate judge is equal to 75% of the state-paid salary prescribed by law for the position from which the member retires. If a probate judge is paid on a fee basis, the service

(Dollar Amounts in Thousands)

retirement benefit is equal to 90% of the benefit payable to a circuit judge on the date such judge retires. If a probate judge is paid on a salary basis, the benefit is equal to 75% of the salary upon which such judge contributes immediately prior to retirement.

Covered members of the TRS and ERS (except state police) are required by statute to contribute 5% of earnable compensation to the TRS and ERS. State police members of the ERS and JRF members are required to contribute 10% and 6%, respectively, of earnable compensation.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The TRS, ERS, and JRF financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. The accompanying financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the TRS, ERS, and JRF are considered component units of the State of Alabama and are included in the State's Comprehensive Annual Financial Report.

B. Investments

The Boards of Control of the Systems have the responsibility and authority to invest and reinvest available funds, through the Secretary-Treasurer and Investment Committee, in bonds, mortgage-backed securities, common and preferred stock, and other investment vehicles with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use. All plan assets are carried at fair value. Securities

traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the prevailing interest rate for similar instruments. The fair value of real estate investments is based on independent appraisals.

3) LEGALLY REQUIRED RESERVES

A. Annuity Savings

Member contributions are credited to the Annuity Savings account. Interest at 4% per annum is credited to the annuity savings account of each member on the basis of the average of the beginning and end of year balances (as of June 30 for the TRS and September 30 for the ERS and JRF).

When a member withdraws from service prior to becoming vested, the member's accumulated contributions and a portion of accumulated interest credited to the Annuity Savings account are returned to the member. The portion of accumulated interest that, by law, is not payable to the member is transferred to the Expense fund.

When a TRS or ERS member dies prior to becoming eligible for retirement, the member's accumulated contributions and accumulated interest credited to the Annuity Savings account are returned to the member's designated beneficiary. If the preretirement death benefit defined below is not payable, an additional death benefit equal to the member's accumulated contributions, up to five thousand dollars, is paid from the Pension Accumulation account to the member's beneficiary.

When a TRS, ERS, or JRF member retires or when a survivor allowance becomes payable, the amount of the member's accumulated contributions and accumulated interest is transferred from the Annuity Savings account to the Pension Accumulation account.

B. Pension Accumulation

The Pension Accumulation account is credited with contributions made by the employer and net investment income. The lump sum death benefit is paid from this account when a TRS or ERS member dies prior to becoming eligible for the preretirement death benefit or retirement. Periodic interest representing member's earnings is transferred from the Pension Accumulation account to the Annuity Savings account. When a TRS, ERS, or JRF member retires or when a survivor allowance becomes payable, the member's accumulated contributions and accumulated interest is credited to the pension accumulation account, and all monthly benefit payments are paid from this account.

C. Preretirement Death Benefit

The Preretirement Death Benefit (PRDB) account (established October 1, 1983, under the provisions of Act 616 of the Legislature of 1983) is credited with contributions made by TRS and ERS employers and investment income on such funds. The preretirement death benefit (in the form of group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS or ERS member who has completed at least one year of active membership in the system and whose date of death was within 180 days of such member's last date of actual service. However, a surviving spouse beneficiary may elect a survivor allowance in lieu of their benefit. The preretirement death benefit is equal to the annual earnable compensation of the member as reported to the System for the preceding

year ending June 30 for the TRS and September 30 for the ERS.

D. Term Life Insurance

The Alabama Teacher's Group Term Life Insurance Plan (established October 1, 1987) is credited with a portion of the employer contributions. All active contributing members of the TRS are covered by this plan. Contingent on availability of funds, upon death a benefit shall be paid to the designated beneficiary of an insured member of the TRS. Beneficiaries of full-time employees receive fifteen thousand dollars in benefits while beneficiaries of part-time employees receive a pro-rated amount of fifteen thousand dollars.

E. Expense

A portion of the employer contributions and the interest not payable upon member withdrawal is credited to the Expense fund. The majority of expenses are directly identifiable as expenses of the TRS, ERS, or JRF. As discussed in Note 1, certain administrative salaries and other expenses are shared on an equitable basis between the TRS and ERS.

F. Reserves

The reserves of the RSA are funded to the full extent required by statute. The reserve balances as of September 30, 2000 are as follows:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
Annuity Savings	\$ 2,445,966	\$ 1,219,344	\$ 20,685
Pension Accumulation	14,761,424	6,676,198	232,414
Preretirement Death Benefit	8,596	13,232	-
Term Life Insurance	6,953	-	-
Expense	22,352	7,301	626

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to Financial Statements

For the Fiscal Year Ended September 30, 2000

(Dollar Amounts in Thousands)

4) CASH

Cash consist of deposits held by the State Treasurer in the respective retirement system's name and is fully insured or collateralized with collateral held by the State Treasurer or the State Treasurer's agent in the name of the State Treasurer.

investment and are categorized based on the level of custodial credit risk. Investments that are insured, registered in the name of the respective retirement system, held by the system, the systems' safekeeping agent in the systems' name, or the State Treasurer in the systems' name are listed in the RSA column. Those investments that are uninsured, unregistered, and held by the broker, dealer, or the respective retirement systems' safekeeping agent, but not in the respective retirement systems' name, are shown in the Agent column. Fair value and cost are shown for each type of investment.

5) INVESTMENTS

A. Investment Credit Risk

The investments of the TRS, ERS, and JRF are summarized in the following tables by type of

INVESTMENT CREDIT RISK
TRS

	At Fair Value			Cost
	RSA	Agent	Total	
<u>Investments Categorized</u>				
Commercial Paper	\$ -	\$ 1,828,654	\$ 1,828,654	\$ 1,828,654
Repurchase Agreements	-	30,000	30,000	30,000
U.S. Treasury Securities	19,966	-	19,966	19,990
U.S. Government Guaranteed Bonds	16,349	-	16,349	16,951
U.S. Agency Securities	920,507	-	920,507	933,315
Mortgage-backed Securities	594,714	-	594,714	581,875
Domestic Corporate Bonds	2,496,783	-	2,496,783	2,553,317
Domestic Common and Preferred Stocks	5,610,533	-	5,610,533	3,513,502
International Securities	34,217	1,238,894	1,273,111	1,117,973
Subtotals	\$ 9,693,069	\$ 3,097,548	12,790,617	10,595,577
<u>Investments Not Categorized</u>				
Securities Lent Under Securities Lending for Cash Collateral				
U.S. Government Guaranteed Bonds			82,596	85,638
Domestic Corporate Bonds			7,689	7,867
Domestic Common Stock			675,662	423,122
International Stocks			191,765	164,050
Conventional Mortgages			5,607	5,581
Private Placements			3,654,938	3,736,183
Real Estate			583,464	460,047
Totals			17,992,338	15,478,065
Less Securities Purchased with Securities Lending Cash Collateral †			(1,012,015)	(1,012,015)
Total Investments per Statement of Plan Net Assets			\$ 16,980,323	\$ 14,466,050

† Securities purchased with securities lending cash collateral consist of commercial paper categorized in the agent column. These securities are presented on the Statement of Net Assets as "Securities Lending Collateral" with a corresponding liability.

**INVESTMENT CREDIT RISK
ERS**

	<u>At Fair Value</u>			<u>Cost</u>
	<u>RSA</u>	<u>Agent</u>	<u>Total</u>	
<u>Investments Categorized</u>				
Commercial Paper	\$ -	\$ 833,908	\$ 833,908	\$ 833,908
Repurchase Agreements	-	15,000	15,000	15,000
U.S. Treasury Securities	9,983	-	9,983	9,995
U.S. Government Guaranteed Bonds	19,418	-	19,418	20,090
U.S. Agency Securities	286,842	-	286,842	289,371
Mortgage-backed Securities	224,669	-	224,669	219,741
Domestic Corporate Bonds	1,108,467	-	1,108,467	1,125,413
Domestic Common and Preferred Stocks	2,553,631	-	2,553,631	1,589,793
International Securities	14,664	550,896	565,560	489,158
Subtotals	<u>\$ 4,217,674</u>	<u>\$ 1,399,804</u>	5,617,478	4,592,469
<u>Investments Not Categorized</u>				
Securities Lent Under Securities Lending for Cash Collateral				
U.S. Government Guaranteed Bonds			33,534	34,694
Domestic Corporate Bonds			899	913
Domestic Common Stock			375,191	233,579
International Stocks			82,170	69,288
Conventional Mortgages			2,662	2,652
Private Placements			1,906,849	1,945,276
Real Estate			284,288	229,838
Totals			<u>8,303,071</u>	<u>7,108,709</u>
Less Securities Purchased with Securities Lending Collateral †			(510,757)	(510,757)
Total Investments per Statement of Plan Net Assets			<u>\$ 7,792,314</u>	<u>\$ 6,597,952</u>

† Securities purchased with securities lending cash collateral consist of commercial paper categorized in the agent column. These securities are presented on the Statement of Net Assets as "Securities Lending Collateral" with a corresponding liability.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to Financial Statements

For the Fiscal Year Ended September 30, 2000

(Dollar Amounts in Thousands)

INVESTMENT CREDIT RISK
JRF

	At Fair Value			Cost
	RSA	Agent	Total	
<u>Investments Categorized</u>				
Commercial Paper	\$ -	\$ 16,497	\$ 16,497	\$ 16,497
U.S. Agency Securities	8,345	-	8,345	8,480
Mortgage-backed Securities	2,439	-	2,439	2,294
Domestic Corporate Bonds	73,810	-	73,810	73,569
Domestic Common and Preferred Stocks	127,375	-	127,375	59,392
Subtotals	<u>\$ 211,969</u>	<u>\$ 16,497</u>	228,466	160,232
<u>Investments Not Categorized</u>				
Securities Lent Under Securities Lending for Cash Collateral				
Domestic Common Stock			7,517	3,505
Private Placements			20,695	21,325
Real Estate			1,391	892
Totals			258,069	185,954
Less Securities Purchased with Securities Lending Cash Collateral †			(7,751)	(7,751)
Total Investments per Statement of Net Assets			<u>\$ 250,318</u>	<u>\$ 178,203</u>

† Securities purchased with securities lending cash collateral consist of commercial paper categorized in the agent column. These securities are presented on the Statement of Net Assets as "Securities Lending Collateral" with a corresponding liability.

B. Concentration of Investments

As of September 30, 2000, the TRS and ERS owned debt and equity securities of Raycom Media Corporation, which represented approximately 9% and 11.7%, respectively, of the net assets held in trust for pension benefits. Also, the TRS and ERS owned debt and equity securities of Community News Corporation, which represented approximately 6% and 6.9%, respectively, of the net assets held in trust for pension benefits.

C. Securities Lending Program

The TRS, ERS, and JRF are authorized by the Boards of Control to participate in a securities lending program. The Systems' custodian, Chase Manhattan Bank, administers the program. Certain securities from the TRS, ERS, and JRF are loaned to borrowers approved by the Systems. Approved borrowers of securities provide acceptable collateral in the form of

cash, U.S. Treasury securities, or U.S. Government Agency securities. All security loans are open loans and can be terminated on demand by the TRS, ERS, JRF, or borrower. Collateral must be provided in the amount of 105% and 102% of the fair value of the loaned securities for international and U. S. equity securities, respectively. All collateral remains in the exclusive possession of the Systems' custodial agent who is responsible for marking the collateral to market each day and ensuring that the loaned securities are properly collateralized at all times.

The TRS, ERS, and JRF cannot pledge or sell collateral securities received unless the borrower defaults. Therefore, securities lent that are collateralized by other securities are categorized in the investment credit risk table (table) based on how the collateral received is held. The securities received as collateral are not categorized since these securities cannot be sold or pledged without borrower default.

Cash collateral is invested in a dedicated short-term investment fund in the respective systems' name using investment guidelines provided by the TRS, ERS, and JRF.

As a result, the securities purchased with cash collateral are categorized in the table based on how they are held. The securities lent are included in the table in the "Investments Not Classified" section of the table. As of September 30, 2000, the cash collateral investments had a weighted-average maturity of eighteen days for the TRS, seventeen days for the ERS, and three days for the JRF. Also, the average term of the loans was thirteen days for the TRS, twelve days for the ERS, and three days for the JRF. There is no direct matching of the maturities of the loans with the investments made with cash collateral.

At September 30, 2000, the fair value of the securities on loan was \$971,969 for the TRS, \$503,805 for the ERS, and \$7,517 for the JRF. The fair value of the collateral pledged by the borrowers was \$1,026,560 for the TRS, \$523,009 for the ERS, and \$7,751 for the JRF. Since the amounts owed by the TRS, ERS, and JRF to borrowers exceeded the amounts the borrowers owed to the TRS, ERS, and JRF, there was no credit risk exposure as of September 30, 2000. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

D. Derivatives

The Systems periodically invest in mortgage-backed securities to improve yield and adjust the duration of the Systems' fixed income portfolio. These securities are subject to change in value due to changes in interest rates. Credit risk (the risk that counterparty might be unable to meet its obligations) results from the same considerations as other counterparty risk assumed by the Systems.

6) FUNDING STATUS AND PROGRESS

The law provides that the Boards of Control engage an actuary to prepare an annual valuation of the

assets and liabilities of the various reserve funds. Under the provisions of GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, the actuary determines the "unfunded actuarial liability." The "unfunded actuarial liability" is the difference between the actuarial value of assets and the actuarial accrued liability.

Significant actuarial assumptions used and results from the most recent actuarial valuations are presented in the "Notes to the Required Supplementary Information."

7) CONTRIBUTIONS REQUIRED AND MADE

The actuary has computed, as of the date of the latest available actuarial valuation (June 30, 2000, for the TRS and September 30, 1999, for the ERS and JRF), the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuations for the TRS and ERS are prepared using the entry age method, while the JRF valuation utilized the projected unit credit method. The present value of all expected benefits payable from each system to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the TRS, ERS, and JRF provide for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs.

For the TRS and ERS, the normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contributions which, if applied to the compensation of the average new member during the

RETIREMENT SYSTEMS OF ALABAMA

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Notes to Financial Statements

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entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf.

For the JRF, the normal contribution is determined using the "projected accrued benefit" (unit-credit) method. Under this method, the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial accrued liability.

The 2000 retirement contributions were made in accordance with actuarially determined contribution requirements calculated through an actuarial valuation performed as of September 30, 1998, for the ERS and JRF and June 30, 1998, for the TRS.

8) PROPERTY AND EQUIPMENT

Plan assets used in plan operations are reported at historical cost less accumulated depreciation. Depreciation is determined on the straight-line basis using estimated useful lives of 30 years for buildings and 3 to 10 years for furniture and equipment. Property and equipment was comprised of the following amounts as of September 30, 2000:

	<u>TRS</u>	<u>ERS</u>
Land	\$ 691	\$ 499
Building and Improvements	4,678	3,405
Furniture and Equipment	<u>2,279</u>	<u>1,237</u>
Total Property and Equip	7,648	5,141
Less Accum Dep	<u>(3,914)</u>	<u>(2,631)</u>
Net Property and Equip	<u>\$ 3,734</u>	<u>\$ 2,510</u>

9) OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 1, the TRS, ERS, and JRF (as agencies of the State of Alabama) participate in the State Employees' Health Insurance Plan (SEHIP).

The SEHIP provides postretirement health care benefits, in accordance with State statute, to all TRS, ERS, and JRF employees who retire with a retirement benefit payable from the TRS and ERS. The SEHIP provides a fixed amount equal to the Medicare eligible premium (presently one hundred ten dollars per month) for each retiree. Those retirees who are not Medicare eligible must pay the difference to maintain the insurance. Under the SEHIP statute, the fixed amount per month per retiree is funded on a pay-as-you-go basis through the premiums each agency pays for its active employees. The estimated portion of health insurance premiums paid and included in administrative expense by the TRS, ERS, and JRF on behalf of retirees was \$72, \$43, and \$1, respectively, during 2000.

10) TREND INFORMATION

The schedules of funding progress and employer contributions are required by GASB Statement No. 25 to present six consecutive fiscal years of information at a minimum. However, for the transition period, the required schedules should include information for the current year and as many of the five prior years that information according to the parameters is available. As such, all information for each year that is available is presented in the Required Supplementary Information section.

11) RELATED PARTY TRANSACTIONS

The TRS and ERS jointly own office buildings in Montgomery and lease office space to agencies of the State of Alabama. These agencies are obligated to the TRS and ERS to lease space for varying terms through the year 2018. Rental payments from leases with state agencies totaled approximately \$11,825 during the 2000 fiscal year.

(Dollar Amounts in Thousands)

1) CONTRIBUTIONS

Contributions were made in accordance with actuarially determined contribution requirements. The employer cost rate expressed as a percent of payroll is determined annually by reviewing a variety of factors including benefits promised, member contributions, investment earnings, mortality, and withdrawal experience.

The employer cost rates for fiscal year 2000 - 2001 are 6.38% for the TRS, 4.08% for the ERS - State Employees, 9.45% for the ERS - State Police and 21.19% for the JRF. Local agency rates differ for each agency.

2) ANALYSIS OF FUNDING PROGRESS

Analysis of the dollar amounts of the actuarial value of assets, the actuarial accrued liability, and the unfunded actuarial accrued liability in isolation may be misleading.

Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the respective retirement systems' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the respective system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the respective retirement system. Trends in the unfunded actuarial accrued liability and the annual covered payroll are both affected by inflation.

Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the respective retirement system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the respective retirement system.

The following schedules provide information concerning funding progress, employer contributions, and actuarial assumptions.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Required Supplementary Information

For the Fiscal Year Ended September 30, 2000

(Dollar Amounts in Thousands)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded/ (Overfunded) AAL (UAAL) (B-A)	Percentage Funded (A/B)	Annual Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
TRS						
06/30/2000	\$ 16,703,929	\$ 16,291,462	\$ (412,467)	102.5	\$ 4,131,904	(10.0)
06/30/1999	15,642,066	15,568,192	(73,874)	100.5	3,964,112	(1.9)
06/30/1998	14,533,824	14,601,426	67,602	99.5	3,937,739	1.7
06/30/1997	13,360,127	12,733,538	(626,589)	104.9	3,484,763	(18.0)
06/30/1996	10,516,407	11,844,747	1,328,340	88.8	3,335,775	39.8
ERS						
09/30/1999	7,302,046	6,884,355	(417,691)	106.1	2,159,608	(19.3)
09/30/1998	6,888,446	6,564,079	(324,367)	104.9	2,061,104	(15.7)
09/30/1997	6,463,795	5,818,097	(645,698)	111.1	1,970,922	(32.8)
09/30/1996	4,932,927	5,271,063	338,136	93.6	1,876,525	18.0
JRF						
09/30/1999	221,926	263,491	41,565	84.2	40,499	102.6
09/30/1998	210,116	246,177	36,061	85.4	39,060	92.3
09/30/1997	198,014	190,572	(7,442)	103.9	30,742	(24.2)
09/30/1996	146,001	152,676	6,675	95.6	24,455	27.3

Note that years prior to 1996 are not presented for the TRS, ERS, or JRF because information that meets the parameters of GASB Statement Number 25 is unavailable.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
TRS		
09/30/2000	\$ 277,180	100
09/30/1999	166,100	100
09/30/1998	358,088	100
09/30/1997	330,658	100
09/30/1996	311,084	100
09/30/1995	288,526	100
ERS		
09/30/2000	113,991	100
09/30/1999	97,373	100
09/30/1998	157,246	100
09/30/1997	145,738	100
09/30/1996	139,196	100
09/30/1995	149,165	100
JRF		
09/30/2000	5,696	100
09/30/1999	2,870	100
09/30/1998	5,417	100
09/30/1997	5,430	100
09/30/1996	6,193	100
09/30/1995	6,871	100

See Notes to the Required Supplementary Information.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Notes to the Required Supplementary Information
For the Fiscal Year Ended September 30, 2000

ACTUARIAL ASSUMPTIONS

	TRS	ERS	JRF
Valuation date	June 30, 2000	September 30, 1999	September 30, 1999
Actuarial cost method	Entry age	Entry age	Projected unit credit
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Amortization method	Level percent open	Level percent open	Level percent open
Remaining amortization period including cost of living †	10 years	Within 40 years - varies by employer	21 years
Actuarial assumptions:			
Investment rate of return ‡	8%	8%	8%
Future salary increases ‡	5.00%-7.75%	4.61%-7.75%	5%
Cost of living increases	None	None	None

† The State of Alabama has restrictions on the length of the amortization period. The remaining amortization period for the ERS, excluding COLAS, is between 10 and 20 years (varies by employers).

‡ Includes inflation at 4.5%.

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Schedule of Administrative Expenses

For the Fiscal Year Ended September 30, 2000

(Amounts in Thousands)

	<u>Teachers'</u> <u>Retirement</u> <u>System</u>	<u>Employees'</u> <u>Retirement</u> <u>System</u>	<u>Judicial</u> <u>Retirement</u> <u>Fund</u>	<u>Totals</u>
Personal Services:				
Salaries	\$ 2,543	\$ 1,972	\$ 196	\$ 4,711
Employee Fringe Benefits	<u>1,142</u>	<u>654</u>	<u>31</u>	<u>1,827</u>
Total Personal Services	<u>3,685</u>	<u>2,626</u>	<u>227</u>	<u>6,538</u>
Professional Services:				
Actuarial	74	124	20	218
Accounting	44	40	16	100
Appraisal	96	6	-	102
Information Technology	127	88	-	215
Mailing Services	63	60	-	123
Personnel Services	32	-	-	32
Other Professional Services and Fees	<u>37</u>	<u>17</u>	<u>-</u>	<u>54</u>
Total Professional Services	<u>473</u>	<u>335</u>	<u>36</u>	<u>844</u>
Communication:				
Telephone	77	31	-	108
Telecommunication Lines	84	36	-	120
Postage	373	236	-	609
Travel	<u>71</u>	<u>58</u>	<u>-</u>	<u>129</u>
Total Communication	<u>605</u>	<u>361</u>	<u>-</u>	<u>966</u>
Rentals:				
Office Space	230	214	-	444
Equipment Leasing	<u>124</u>	<u>102</u>	<u>-</u>	<u>226</u>
Total Rentals	<u>354</u>	<u>316</u>	<u>-</u>	<u>670</u>
Miscellaneous:				
Supplies	331	62	-	393
Maintenance	<u>191</u>	<u>111</u>	<u>-</u>	<u>302</u>
Total Miscellaneous	<u>522</u>	<u>173</u>	<u>-</u>	<u>695</u>
Total Administrative Expenses	<u>\$ 5,639</u>	<u>\$ 3,811</u>	<u>\$ 263</u>	<u>\$ 9,713</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Schedule of Investment Expenses

For the Fiscal Year Ended September 30, 2000

(Amounts in Thousands)

	<u>Teachers' Retirement System</u>	<u>Employees' Retirement System</u>	<u>Judicial Retirement Fund</u>	<u>Totals</u>
<i>Investment activity</i>				
Investment Management Fees:				
Salaries and Benefits	\$ 2,357	\$ 1,034	\$ -	\$ 3,391
Dues and Subscriptions	174	184	-	358
Travel	33	-	-	33
Professional Services:				
Investment Advisor	62	30	-	92
Investment Custodian	603	289	23	915
Total Investment Activity Expenses	<u>3,229</u>	<u>1,537</u>	<u>23</u>	<u>4,789</u>
<i>Securities lending activity</i>				
Securities Lending Borrower Rebates	59,807	34,509	816	95,132
Securities Lending Management Fees	859	496	6	1,361
Total Securities Lending Activity Expenses	<u>60,666</u>	<u>35,005</u>	<u>822</u>	<u>96,493</u>
Total Investment Expense	<u>\$ 63,895</u>	<u>\$ 36,542</u>	<u>\$ 845</u>	<u>\$ 101,282</u>

RETIREMENT SYSTEMS OF ALABAMA

Financial Section

Schedule of Professional/Consultant Fees
For the Fiscal Year Ended September 30, 2000

(Amounts in Thousands)

<u>Professional/Consultant</u>	<u>Nature of Service</u>	<u>Teachers' Retirement System</u>	<u>Employees' Retirement System</u>	<u>Judicial Retirement Fund</u>	<u>Totals</u>
Buck Consultants	Actuary	\$ 74	\$ 124	\$ 20	\$ 218
Nichols Research	Information Tech	21	10	-	31
Data Processing Services-Finance	Information Tech	87	62	-	149
KPMG LLP	Information Tech	19	15	-	34
KPMG LLP	Auditor	44	41	16	101
Houlihan Lokey Howard	Appaisal	68	-	-	68
Landauer	Appaisal	28	6	-	34
Action in Mailing	Mail Service	53	58	-	111
Central Mail & Supply	Mail Service	10	2	-	12
State Personnel Department	Personnel	32	-	-	32
Various	Other	37	17	-	54
Total Professional/Consultant Fees-Admin Services		473	335	36	844
AmSouth Bank	Investment Advisor	62	30	-	92
The Chase Manhattan Bank	Investment Custodial	603	289	23	915
Total Prof/Consultant Fees-Investment Services		665	319	23	1,007
Total Professional/Consultant Fees		\$ 1,138	\$ 654	\$ 59	\$ 1,851



INVESTMENT SECTION

Dear Members,

I am pleased to present the following report on investment activity for the fiscal year ended September 30, 2000. The report provides highlights on investments in general as well as specific information on the Retirement System's investment activity for the fiscal year. Investment data presented in the report was prepared using AIMR performance presentation standards.

Change has considerable psychological impact on the human mind. To the fearful it is threatening because it means that things may get worse. To the hopeful it is encouraging because things may get better. To the confident it is inspiring because the challenge exists to make things better. Obviously, then, one's frame of mind determines how readily one brings about reactions to change.

As it pertains to investing, the psychological aspect of change is unlikely to be altered anytime soon since fear and greed are so deeply etched into the human psyche. Clearly, it muddies the positive relationship between market distress and returns, causing problems for most fund trustees. For example, when economic prospects look bleak, expected returns on assets tend to be highest; and, conversely, lowest when economic prospects look bright.

Humans, however, move in the opposite direction. When conditions worsen, stock prices drop, yields rise and trustees want to reduce their commitments to stocks. Conversely, they want to increase equity commitments when prospects look bright. Unfortunately, the market has already discounted those prospects, so the timing of the equity commitment lowers average returns.

At the moment we are grappling with marked change in the financial markets, which can be perceived as either a threat or an opportunity. The period from 1997 to the first quarter of 2000 produced some of the most robust returns in the history of the U.S. stock market, driven by booming productivity, solid earnings growth, no inflation, and the seemingly endless potential of technological innovation. Now, however, each recent day brings further evidence of a slowdown in the U.S. economy. The bubble in technology shares has deflated. Energy prices have reached their highest levels in a decade. Credit markets have continued to dry up. Spreads between corporate junk bonds and Treasury bonds have risen to their widest since the recession of 1990-91. Banks have become more cautious about lending. Although the Federal Reserve has reacted to this rapid deceleration with aggressive rate cuts, it may not be enough to ward off recession. Monetary policy usually takes at least a year to have its main impact on demand. Fiscal policy takes even longer to work.

Despite all the gloom, we see more opportunity than threat in today's hostile capital markets. In spite of the rise in energy prices and the 175-basis point increase in the Federal funds rate prior to the latest rate cut, corporate profit margins remain at their highest levels in 49 years. Unemployment remains at its lowest level since 1970. Federal budget surpluses projected for the next decade leave room for both tax cuts and supply reductions. Productivity growth has doubled over the last 5 years—the best growth seen in the last 26 years—and shows no signs of structural weakness.

Looking abroad, we see even greater opportunities relative to the U.S. Despite all the talk of "globalization", most economies are not notably dependent upon America, whose total imports account for a mere 13% of GDP. An American recession would reduce growth elsewhere, but not by enough to trigger a full-blown global recession on its own. Europe is in the unusual position of being a place of relative stability in a wobbly world. With much lower household or corporate debt than America, and less household wealth tied up in shares, it is less vulnerable to a stock market crash. Previously planned tax cuts, being implemented this year, could turn out to be well timed if America dives into recession. They are likely to sustain the euro area's GDP growth.

Recent economic figures suggest that growth is slowing in the euro area, but more gently than in America. Growth in the euro area is expected to fall to just below 3% this year, down from an estimated 3.4% in 2000. If so, Europe will probably enjoy faster growth than America for the first time in ten years. Such hopes have underpinned the euro's recovery against the dollar over the past month or so.

In summary, we believe today's gray skies are just clouds passing over.

RSA Performance Summary

Despite the choppy investment climate of the past fiscal year, performance of the RSA continues to be positive. A sampling of some of the highlights of the year:

- As of September 30, 2000, aggregate assets under management totaled \$25.0 billion, increasing 7% from the prior fiscal year. Earnings from investments were approximately \$2.1 billion, generating a total return of 9.37% for the Teachers' Retirement System (TRS) and 9.77% for the combined Employees' Retirement System (ERS) and Judicial Retirement Fund (JRF).
- While our equity portfolios exceeded their respective policy benchmarks in fiscal year 2000, fixed income portfolios delivered modest underperformance. Total annual returns for the fixed income portfolio were 6.26% for the TRS, 6.59% for the ERS, and 7.05% for the JRF, trailing an equally weighted Salomon Brothers Broad Investment Grade Index and Lehman Aggregate return of 6.96%. Underperformance in the year can be largely attributed to the RSA's heavier weighting of corporate bonds and underweight of Treasuries relative to the passive indices. All spread product sectors underperformed their Treasury counterparts due to increased stock market volatility, Fed tightenings, and reduced Treasury supply.
- As for equities, our domestic portfolio posted total returns of 15.52%, 15.69%, and 15.12% for the TRS, ERS, and JRF, respectively, which exceeded the benchmark S&P 500 return of 13.28%. The favorable showing was partly a function of the Fund's heavy weighting of mid-cap equities, comprising approximately 15% of the domestic equity portfolio, which significantly outperformed the market's larger cap peer group. International equities gained 3.10% for the TRS and 3.19% for the ERS, roughly in line with the benchmark MSCI EAFE index return of 3.19%. The RSA's global equity returns for FY 2000 are as follows: 13.16%, 13.43%, and 15.12% for the TRS, ERS, and JRF, respectively.
- In light of the strength in both domestic and international equity markets over the past few years, the RSA's asset allocation in the combined TRS, ERS, and JRF portfolios continues to be further skewed toward equities, which as of the end of the fiscal year comprised 47.7% of total assets. Fixed income securities — corporate bonds, mortgage-backed securities, government and agency securities, and private placements — represented 43.7% of total assets. Furthermore, real estate and money market securities represented 3.4% and 5.2%, respectively, of total assets.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Report on Investment Activity

For the Fiscal Year Ended September 30, 2000

Equity Summary

2000 has come and gone, capping off one of the worst years for equity investors in recent memory. Technology and Communication stocks were ruthlessly pummeled, erasing much of the gains they reaped in 1999. The Nasdaq Composite gave up 39.29% for the full year, making 2000 its worst year ever. The S&P 500 Large Cap Index fared better, losing 9.10% for the year. The year's big winner was the S&P MidCap 400 Index, closing out the year with a 17.49% gain. Value stocks beat growth stocks by a substantial margin for the full year, but much of this reflected the collapse of growth and not any meaningful uptick in value as breadth widened only marginally. Nonetheless, the sell off in technology took place after a massive run in 1998, 1999 and early 2000. Indeed, if one looks at the S&P 500 ex-tech, the index rose about 10.5% in 2000; thus all is not lost, yet hoping for returns above 20% seems unlikely.

Reversing its healthy prior year gains, international equities turned in a disappointing performance in fiscal year 2000, largely due to a weak euro market and softness in Japanese equities. The currency impact in FY 2000 was profound. In local terms, the Morgan Stanley Capital International's EAFE (Europe-Australasia-Far East) Index gained 15.87%, beating the S&P 500 by 2.59%; in dollar terms, however, the MSCI EAFE eked out a return of just 3.19%.

For the year, the RSA domestic equity portfolios achieved fiscal year 2000 returns of 15.52%, 15.72%, and 15.12% for the TRS, ERS, and JRF funds, respectively, outpacing the S&P 500 benchmark return of 13.28%. Combined with international equity returns, the RSA global equity portfolios posted returns of 13.16% for the TRS, 13.43% for the ERS, and 15.12% for the JRF. Three- and five-year annualized domestic equity returns were 12.78% and 19.20% for the TRS, 12.86% and 19.28% for the ERS, and 16.66% and 21.73% for the JRF, respectively. Three- and five-year annualized global equity returns were 12.25% and 17.34% for the TRS, 12.38% and 17.39% for the ERS, and 16.66% and 21.73% for the JRF, respectively.

Our current equity strategy in our active funds is to attain sufficient diversification so as to achieve consistent outperformance with less risk relative to our passive benchmarks. Emphasis is placed on consistency over occasional dazzling performance. Our primary focus is on individual stock selection while maintaining a reasonable balance between growth and value. Economic sector weights are normally kept within five percentage points of the sector weightings of the underlying benchmark. Additionally, given the high levels of realized and implied volatilities reflected in stock options, we employ covered option writing strategies as a means of return enhancement and risk reduction. We restrict the combined amount of overwriting to a maximum target of 25% of each active fund's portfolio value.

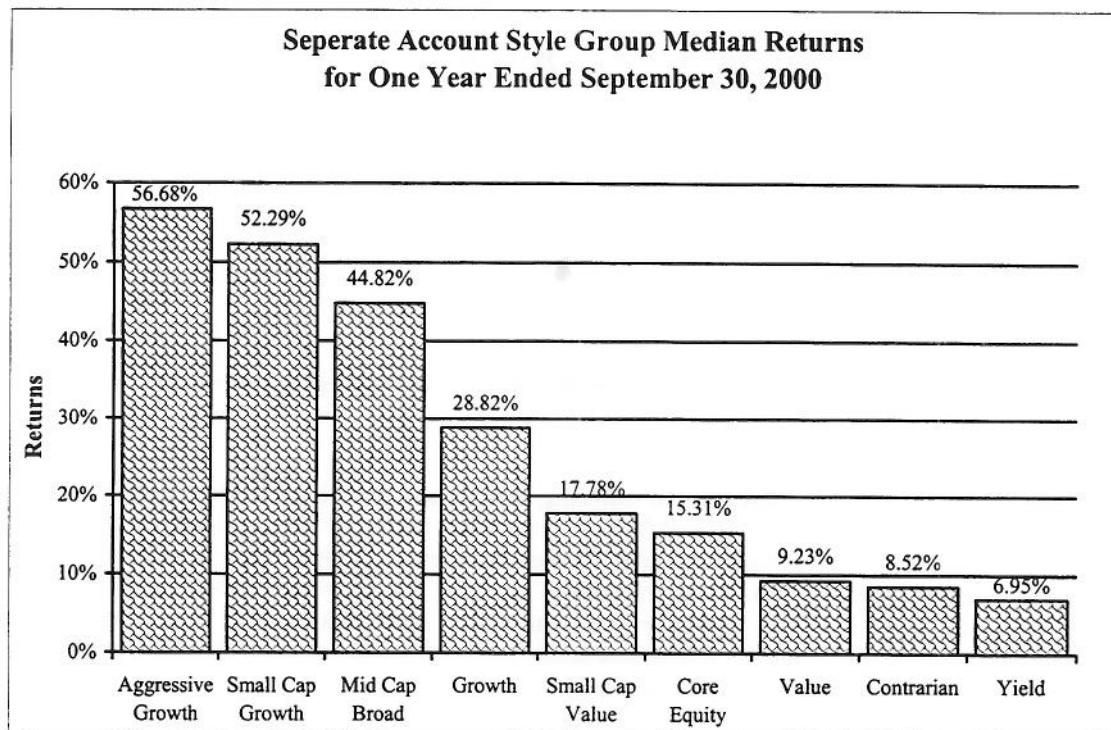
RSA Equities

Fiscal 2000 Performance

<u>Managed Portfolio</u>	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
S&P 500 Index	13.53%	13.53%	13.49%
Core Fund	11.36%	11.67%	
Midcap Fund	43.77%	43.91%	43.88%
SSF Fund	24.25%	25.17%	
Total Domestic	15.52%	15.72%	15.12%
Int'l Equity	3.10%	3.19%	
TOTAL EQUITY	13.16%	13.43%	15.12%

Benchmarks

S&P 500	13.28%
DJIA	4.39%
S&P Midcap 400	43.27%
MSCI EAFE	3.19%
MSCI EAFE (local)	15.87%
Domestic Equity Custom Benchmark	16.50%
Callan Core Domestic Equity Composite	15.31%



Source: Callan Associates' *Bond & Equity Market Index Report*

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

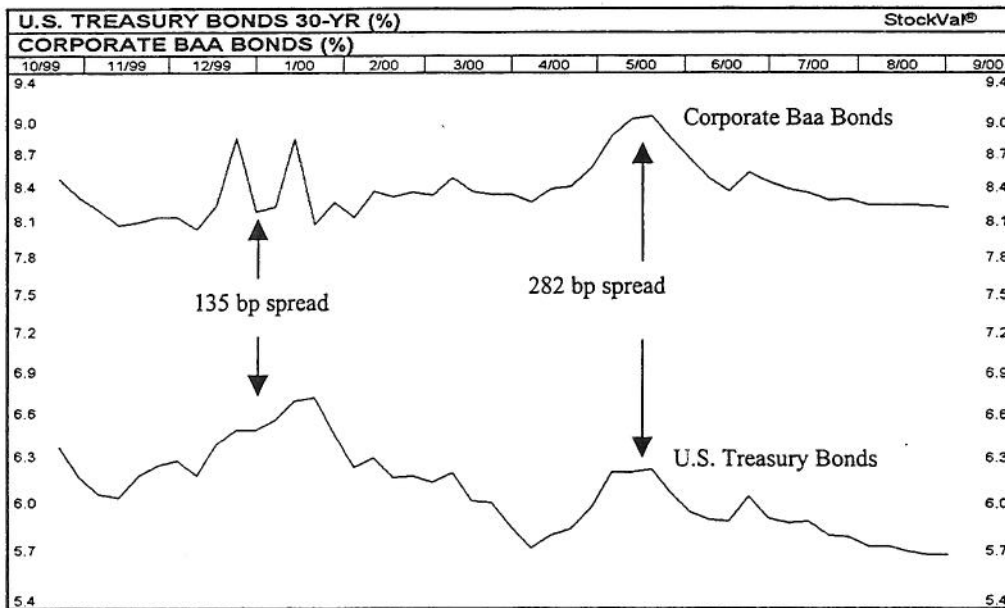
Report on Investment Activity

For the Fiscal Year Ended September 30, 2000

Fixed Income Summary

The U.S. bond market got off to a rocky start during the first quarter of fiscal 2000. At this time, the U.S. equity markets were performing extremely well, and there was very little evidence that economic growth was slowing from its 4% pace. Global economies also seemed to be rebounding from the slow pace they encountered throughout 1999. These events worried investors as they questioned how long this economic expansion could be sustainable without raising inflation. However, the Federal Reserve did not take any action during this time as the end of the year was approaching and there were liquidity concerns surrounding the arrival of 2000.

With Y2K proving to be a non-event and economic data still coming in at strong levels, Alan Greenspan and the Fed decided to raise short-term interest rates by 25 basis points in February. At this time, yields on government securities had risen dramatically, and the Treasury curve began to invert, pushing 10-year rates through 30-year levels. Meanwhile, the Congressional Budget Office released its budget estimates, stating that the current surplus would remain healthy for the foreseeable future. With this news, the Treasury also announced that it would reduce issuance and begin to buy back government debt. Its focus would be on high coupon issues in the long end of the curve, so it could effectively reduce its cost of debt. As this materialized, the front end of the Treasury curve began to drift higher in anticipation of further tightening. Long corporate spreads were hit the worse, in order to make up the difference in absolute yields.

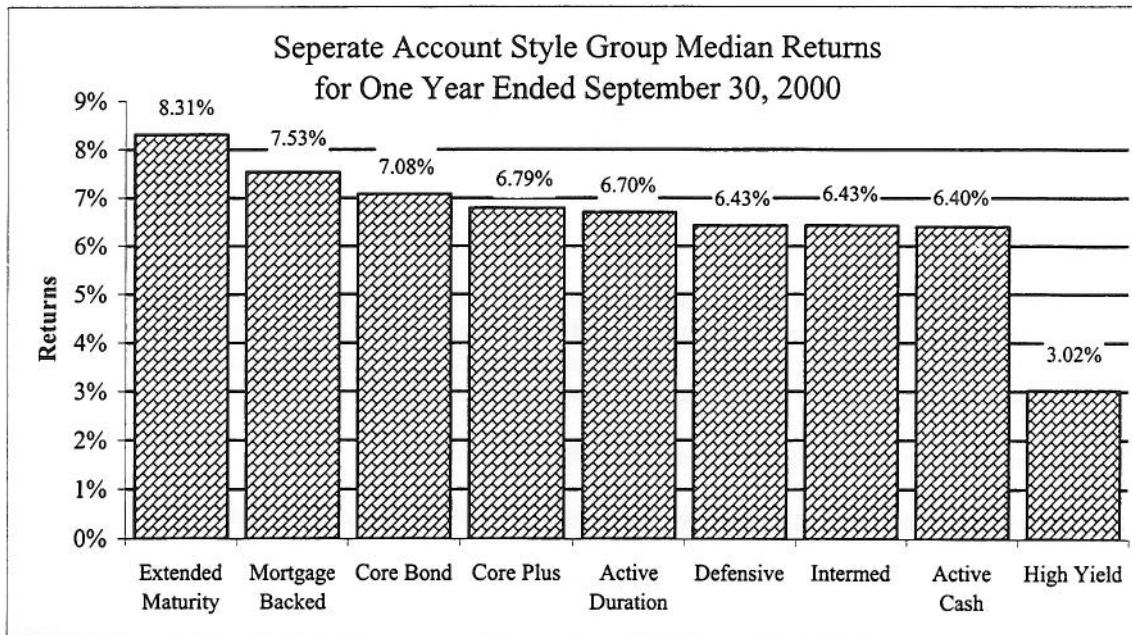


As the economic environment showed few signs of softening, the Fed continued to raise short-term interest rates, the last one being a 50 basis point increase in May of 2000. By this time, the equity markets had sold-off considerably, and investors had already begun their “flight to safety” within the Treasury market. The fixed income market was quiet throughout much of the summer, as investors awaited evidence that the economy was finally slowing. This continued through late August until low inventory levels and global demand pushed the price of oil into the high \$30’s (per barrel). With oil firmly above its historical norm, the bond market sold off sharply in early September and yields crept higher, flattening the entire yield curve.

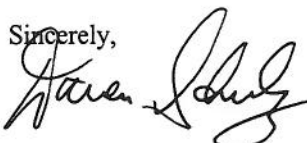
During fiscal year 2000, 3-month Treasuries traded within a range of 4.79% and 6.32%, before ending the year at 6.21%. During this same period, the 30-year bellwether yielded a low of 5.65% and a high of 6.75%, before closing the year at 5.88%. The slope of the yield curve, measured by the spread differential between the 2-year and 30-year Treasury, started the 2000 fiscal year at a spread of 44 basis points. As the Federal Reserve raised interest rates and

the Treasury announced its intention of reducing the amount of long government debt, this spread shrunk throughout the course of the year and finished at (4) basis points. This makes fundamental sense, as the yield curve tends to flatten during periods of restrictive monetary policy.

In fiscal year 2000, the RSA purchased approximately \$2.6 billion in additional securities for the fixed income portfolio. The average yield on the entire fixed income portfolio at year-end was 8.11%. As of September 30, 2000, the RSA's fixed income portfolio had a book value of \$13.14 billion, of which 9.86% is in money market securities. For the fiscal year, the total annual returns for the fixed income portfolios were 5.96% for the TRS, 6.38% for the ERS, and 7.04% for the JRF versus 6.91% for the Salomon Brothers Broad Investment Grade Index (SBBIG). The five-year annualized returns were 6.88% for the TRS, 6.97% for the ERS, and 7.40% for the JRF, comparing favorably to 6.47% for the SBBIG Index.



Source: Callan Associates' *Bond & Equity Market Index Report*

Sincerely,

 Darren Schulz,
 Acting Investment Director

Investment Section

Investment Policies and Procedures

For the Fiscal Year Ended September 30, 2000

I. Board Objectives

The Boards of Control, as Trustees of the Teachers' Retirement System and Employees' Retirement System (Systems), have full power, through each System's secretary-treasurer, to invest and reinvest System funds in accordance with the Prudent Man Rule: "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in conduct of an enterprise of a like character and with like aims." Other funds currently and hereafter under the management of the Systems will be governed by this Investment Policy Statement within each System's limitations and/or by other applicable legislated restrictions.

It is the objective of the Boards that funds be invested in such a manner as to maximize the total return of each System within prudent risk parameters. Also, the Systems recognize that a stronger Alabama equates to a stronger Retirement System, and as such, investments in Alabama businesses are encouraged to the extent the investment meets the criteria delineated by this policy statement.

The long term investment performance expectations of the Systems are to achieve a return on marketable securities in excess of the actuarial investment assumption and to exceed the rate of inflation (as measured by the CPI) by 3% through investments in a broadly diversified portfolio. The performance evaluation of the each System will be submitted to the respective Board on a semi-annual basis.

II. Asset Allocation

The most important aspect of any investment strategy is the decision regarding allocation of investments among the various asset classes. The purpose of formulating asset allocation guidelines is to maximize investment returns within the standards of prudence established for the whole portfolio. Accordingly, the asset allocation decisions will be predicated on the following factors:

1. The actuarial projected liability stream of benefits and their cost,
2. The perception of the prospective risks and returns of eligible asset classes, and
3. Judgments regarding future economic and financial conditions.

The maximum permissible allocation of assets in the Systems to each eligible asset class is expressed below:

A. Domestic Fixed Income

The domestic fixed income portfolio of each System may consist of any rated or non-rated debt security including, but not limited to, the following: U.S. Treasury issues, agency issues, mortgage-backed securities, corporate bonds, and privately placed debt securities. This area of investments may not exceed 70% of the market value of the aggregate portfolio of each System.

B. International Fixed Income

The international fixed income asset class may be used to provide diversification for each System and may consist of U.S. dollar denominated or foreign currency denominated fixed income obligations of sovereign countries with a rating of at least A by one of the principal rating agencies at the time of purchase or acquisition, except that up to 2 percent of the market value of each System's total portfolio may be invested in the obligations of sovereign countries with a rating of BBB or BAA by one of such agencies at the time of purchase. The Systems may hedge against the possible adverse effects of currency fluctuations on each System's portfolio of international fixed income obligations when it is considered appropriate. The market value of this asset may not exceed 10% of the market value of each System's total portfolio.

C. Domestic Equity

The domestic equity portfolio of each System may consist of both actively and passively managed equity securities. Also, covered call options may be utilized in order to add incremental value to each System's equity portfolio and may be written and repurchased as market conditions warrant. The asset class may not exceed 65% of the market value of each System's aggregate portfolio.

D. International Equity

The international equity asset class may be used to provide diversification for the Systems and may consist of both actively and passively managed international equity securities. In order to be eligible for purchase by the Systems, an international equity security must be issued by a company incorporated in a country whose debt securities are eligible for investment under Section B above, and the market value of the aggregate outstanding equity of the issuing company must be at least \$100 million. Furthermore, each System may not purchase or hold more than 5 percent of any class of the outstanding stock of a company. The Systems may hedge against the possible adverse effects of currency fluctuations on each System's portfolio of international equity securities when it is considered appropriate. The aggregate market value of international equities may not exceed 15% of the aggregate market value of each System's total portfolio.

E. Real Estate

The real estate portfolio of each System may consist of office, retail, industrial, commercial, and residential housing projects. The suggested range may not exceed 10% of the book value of each System's aggregate portfolio.

F. Alternative Investments

Alternative investments may consist of, but are not limited to, mezzanine financing, LBO's, venture capital, limited partnerships, futures, commodities, and derivative investments. The asset class may not exceed 5% of the book value of each System's aggregate portfolio.

G. Short-term Investments

Short-term investments may consist of money allocated to commercial paper, rated at least A-2 and/or P-2, repurchase agreements, short-term U.S. Treasury securities and other money market investments. The primary objective of short-term investments is to provide highly liquid, low risk methods of return on funds, which have not been committed to the other aforementioned asset classes. The asset class may not exceed 20% of the market value of each System's aggregate portfolio.

Asset allocation is a dynamic process, and as such, the allocation decision should be revisited as market conditions change. In order to recognize this dynamism, the allocation targets within the recommended ranges of each asset class for the prospective quarter should be included in the quarterly strategy report.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Investment Procedures and Procedures (Continued)

For the Fiscal Year Ended September 30, 2000

III. Procedures

1. The investment advisor will work with the staff to develop a quarterly strategy for investments, which will be disseminated to the Boards, as it is prepared each quarter.
2. The Investment Committee of each System shall approve all investments made within the prescribed investment policy. These Investment Committees, in their approval, are considered to be signing for the respective Board of Control. If any purchase or sale is questioned by a member of the respective Investment Committee as to whether it is within given Board policy, the Board shall decide and no purchase or sale shall take place until all parties are in clear agreement that said action is or is not covered by policy.
3. Each week the secretary-treasurer of each System will send to the investment advisor the list of actual activities for written confirmation, which will then be forwarded to the respective System's Board of Control members upon receipt.
4. The staff members of the investment advisor will meet at least quarterly with members of the RSA staff and interested Boards of Control members to cover subjects of mutual interest.
5. All investment security purchases will be documented with an individual worksheet setting out the reason for the purchase, rating, market history and other general data pertinent to the decision making process.
6. An annual survey will be made of all fixed income investments held with emphasis on credit quality. A holding that has been downgraded in rating will be examined as to the reason for the downgrade and a determination should be made as to whether the security should remain in the portfolio.
7. The rules of the Securities Exchange Commission, the general policies of the Boards of Control, and the Alabama Ethics Commission shall govern the ethical conduct of employees. The RSA staff will provide the Alabama Ethics Commission with a quarterly report of all purchases and sales of any and all securities for personal accounts occurring within each reported quarter. The staff will abide by the Alabama Ethics Commission Advisory Opinion No. 673.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Schedule of Investment Performance

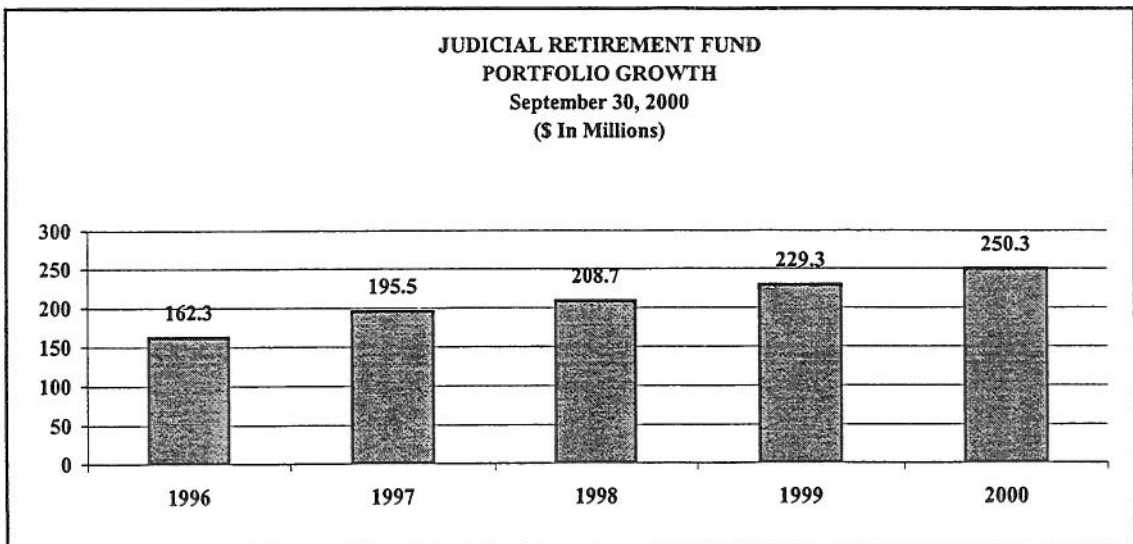
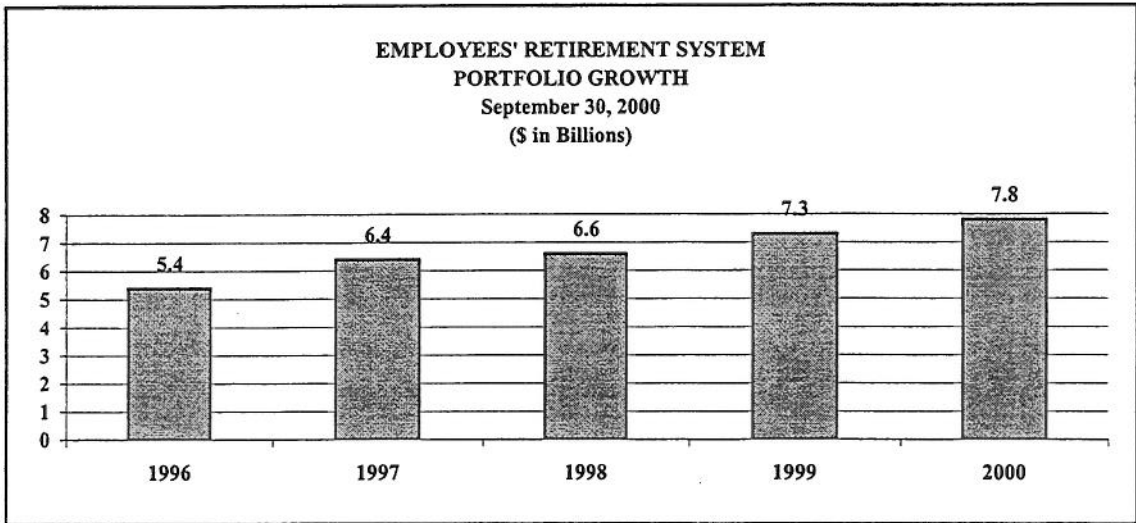
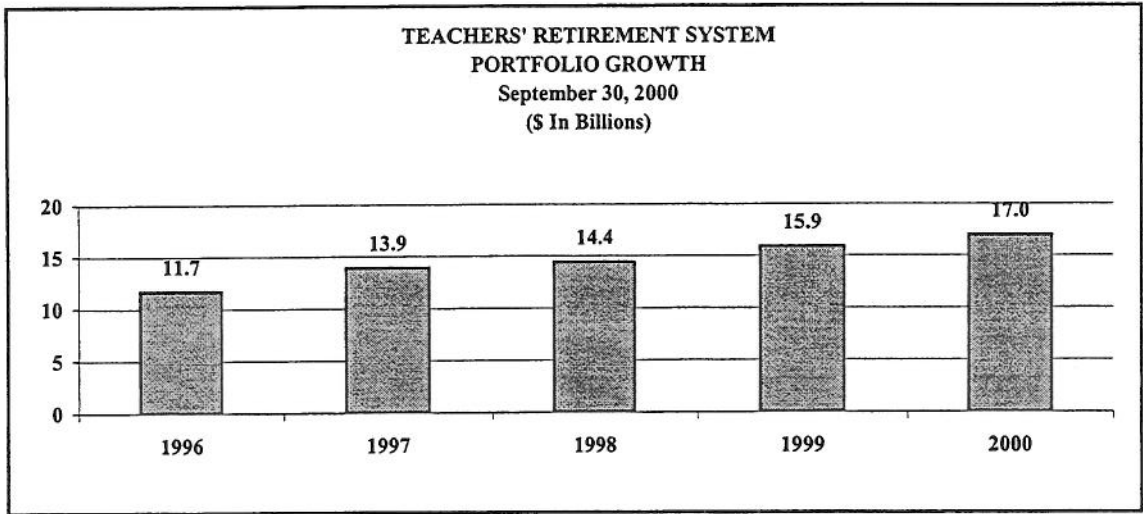
For the Fiscal Year Ended September 30, 2000

	Annualized		
	1 Year	Last 3 Years	Last 5 Years
Total Portfolio			
TRS	9.37%	8.72%	11.47%
ERS	9.71%	9.06%	11.68%
JRF	11.58%	11.52%	13.28%
Total Domestic Equity			
TRS	15.52%	12.78%	19.20%
ERS	15.72%	12.86%	19.28%
JRF	15.12%	16.66%	21.73%
<i>Domestic Equity Benchmarks:</i>			
S&P 500	13.28%	16.44%	21.69%
Dow Jones Industrial Average	4.40%	12.01%	19.51%
S&P MidCap 400	43.27%	18.97%	21.68%
Russell 2000	23.38%	5.96%	12.38%
Total International Equity			
TRS	3.10%	7.92%	8.87%
ERS	3.19%	8.02%	8.91%
<i>International Equity Benchmarks:</i>			
Morgan Stanley EAFE (Unhedged)	3.19%	7.38%	8.57%
Morgan Stanley EAFE ex-Japan (Unhedged)	3.37%	7.92%	13.16%
Total Fixed Income			
TRS	5.96%	5.83%	6.88%
ERS	6.38%	6.12%	6.97%
JRF	7.04%	6.82%	7.40%
<i>Fixed Income Benchmarks:</i>			
SB Broad Investment Grade	6.91%	5.93%	6.47%
Lehman Bros. Aggregate	6.99%	5.93%	6.47%

Investment return calculations were prepared using a time-weighted rate of return based on AIMR's performance presentation standards.

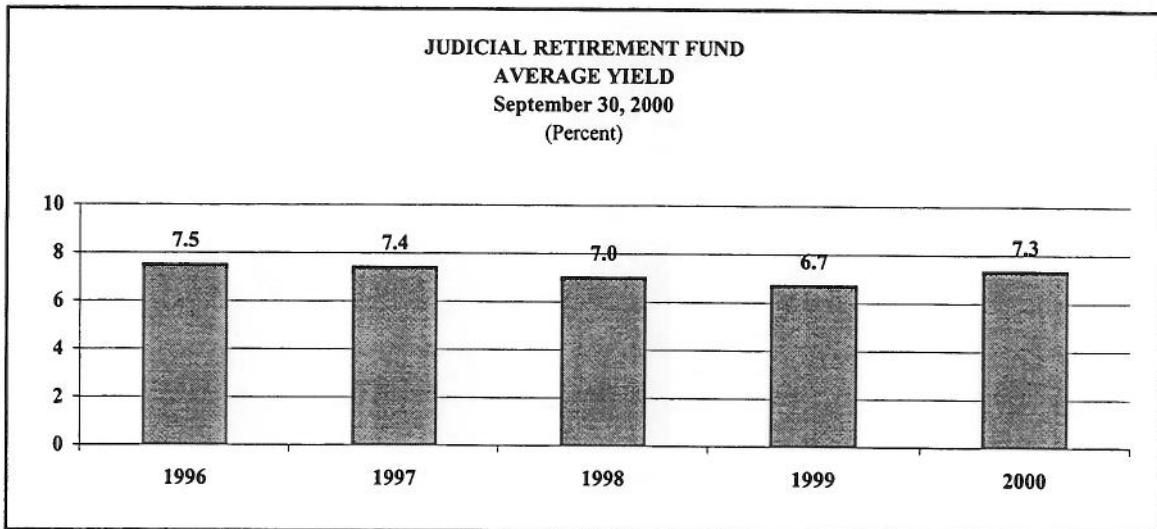
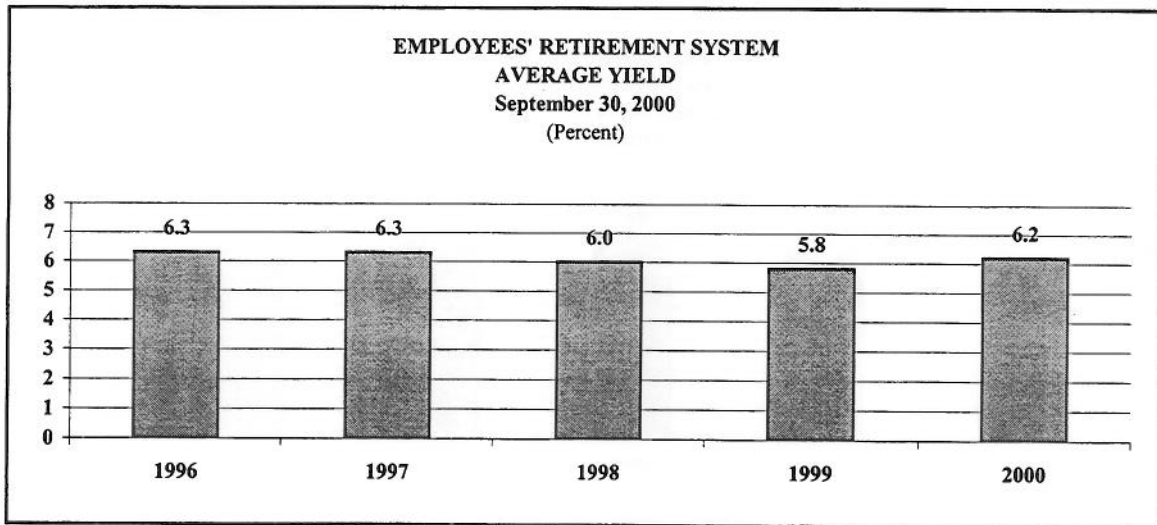
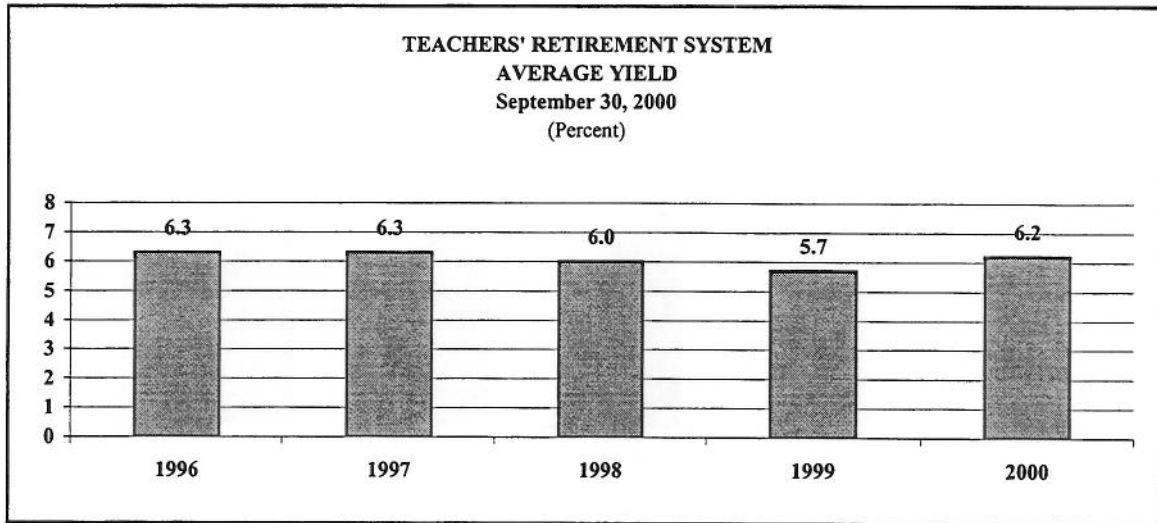
RETIREMENT SYSTEMS OF ALABAMA

Investment Section
Portfolio Growth
Five-Year Comparison



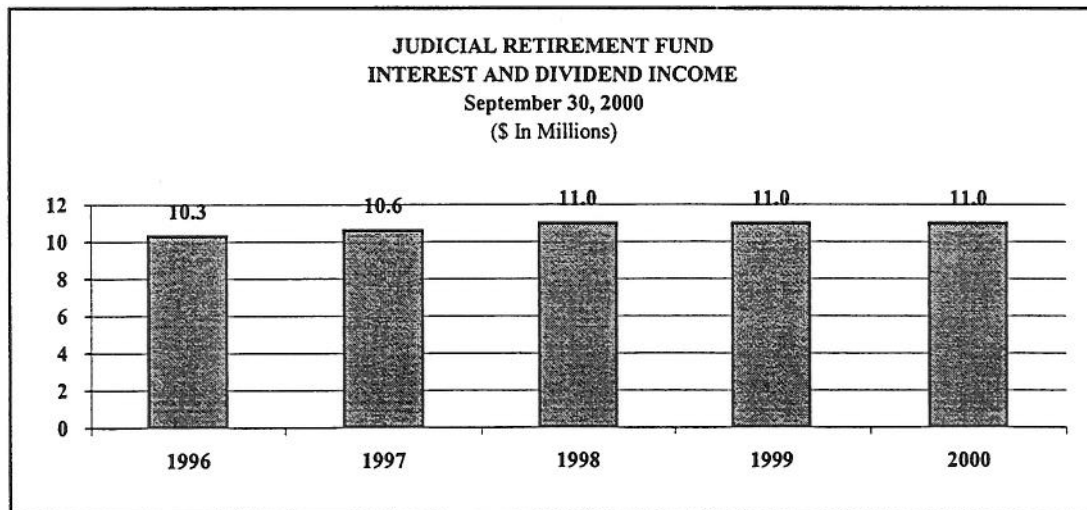
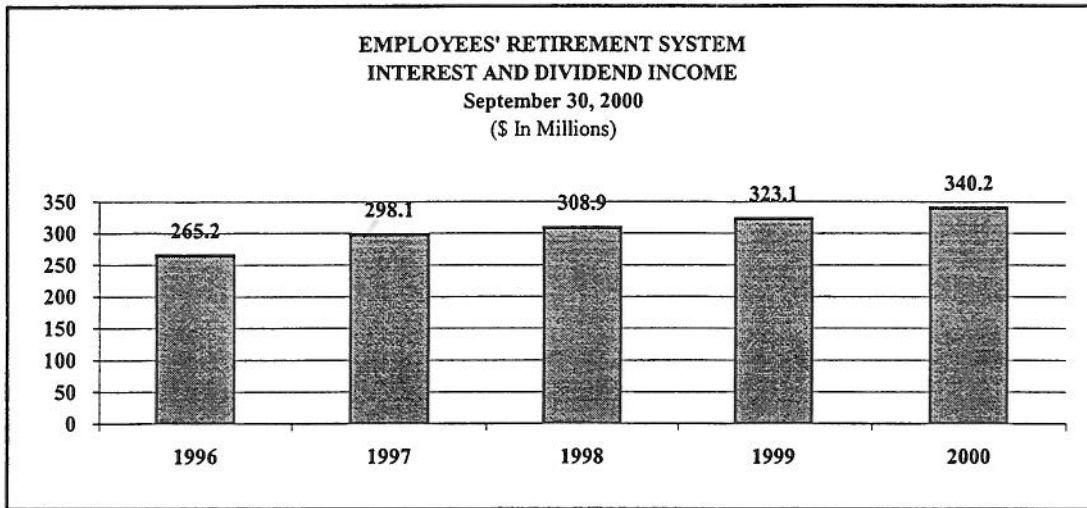
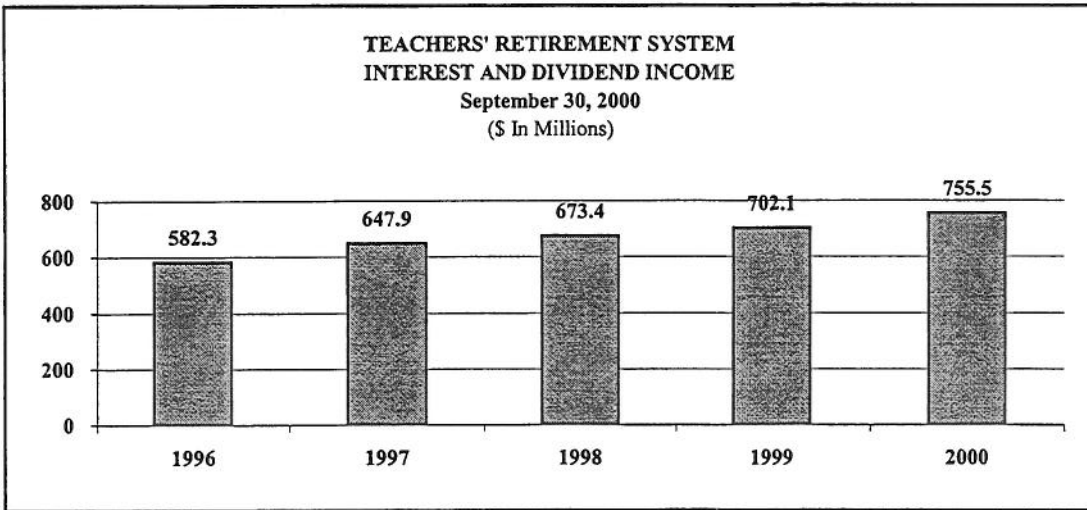
RETIREMENT SYSTEMS OF ALABAMA

Investment Section Average Yield Five-Year Comparison



RETIREMENT SYSTEMS OF ALABAMA

Investment Section Interest and Dividends Five-Year Comparison

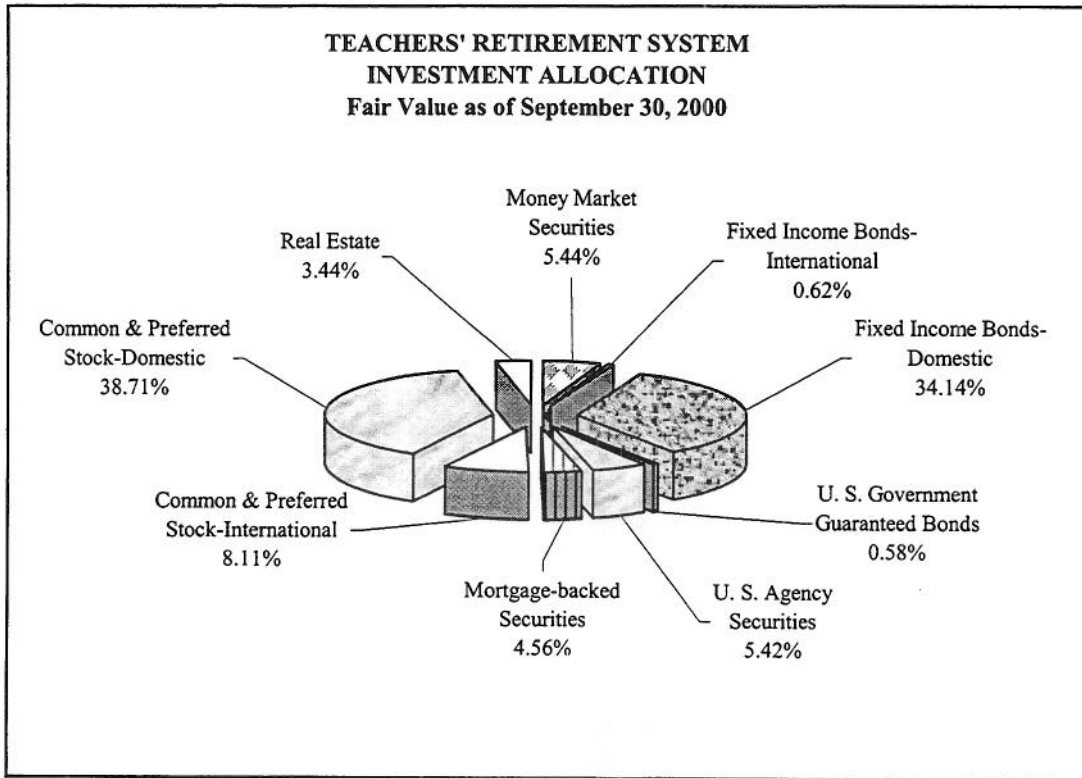


RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Investment Allocation and Summary



**TEACHERS' RETIREMENT SYTEM
INVESTMENT SUMMARY AT FAIR VALUE
As of September 30, 2000**

(\$ In Thousands)

	<u>Fair Value</u>	<u>% of Fair Value</u>
Money Market Securities	\$ 924,604	5.44
U.S. Government Guaranteed	98,945	0.58
U.S. Agency Securities	920,507	5.42
Mortgage-backed Securities	600,322	3.54
Fixed Income Bonds		-
Domestic	5,797,689	34.14
International	104,810	0.62
Common and Preferred Stocks		-
Domestic	6,572,578	38.71
International	1,377,404	8.11
Real Estate	583,464	3.44
Total Investments	\$ 16,980,323	100.00

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Teachers' Retirement System

Largest Stock and Bond Holdings

TEACHERS' RETIREMENT SYSTEM LARGEST STOCK HOLDINGS

September 30, 2000

(Amounts In Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	11	New Water Street Corporation	\$ 409,057
2)	3,140	General Electric Corporation	181,110
3)	2,207	Cisco Systems Incorporated	121,959
4)	1,670	Microsoft Corporation	100,722
5)	102	Raycom Media (6% noncum PFD)	99,747
6)	1,105	Exxon Mobil Corporation	98,456
7)	1,998	Pfizer Incorporated	89,764
8)	2,126	Intel Corporation	88,345
9)	83	Raycom Media (12% noncum PFD)	81,056
10)	1,428	Citigroup Incorporated	77,198

TEACHERS' RETIREMENT SYSTEM LARGEST BOND HOLDINGS

September 30, 2000

(\$ in Thousands)

	<u>Par</u>	<u>Bonds</u>	<u>Fair Value</u>
1)	\$ 790,944	Community News due 1/31/17	\$ 779,167
2)	658,137	Raycom Media Incorporated due 12/15/16	641,611
3)	625,075	Raycom Media Incorporated due 12/15/16	609,327
4)	131,465	Community News due 1/31/17	128,450
5)	130,000	Federal National Mortgage Association due 2/13/04	124,414
6)	138,425	IDB Monroe Alabama River Pulp due 3/31/13	109,465
7)	110,000	Mediaone Group Incorporated due 2/1/32	104,442
8)	105,000	Federal Home Loan Mortgage Notes due 1/15/04	100,176
9)	100,000	Federal Home Loan Mortgage Notes due 2/15/04	99,266
10)	86,350	Delta 1992 Ser B2 Pass-through Certificates due 3/11/15	92,870

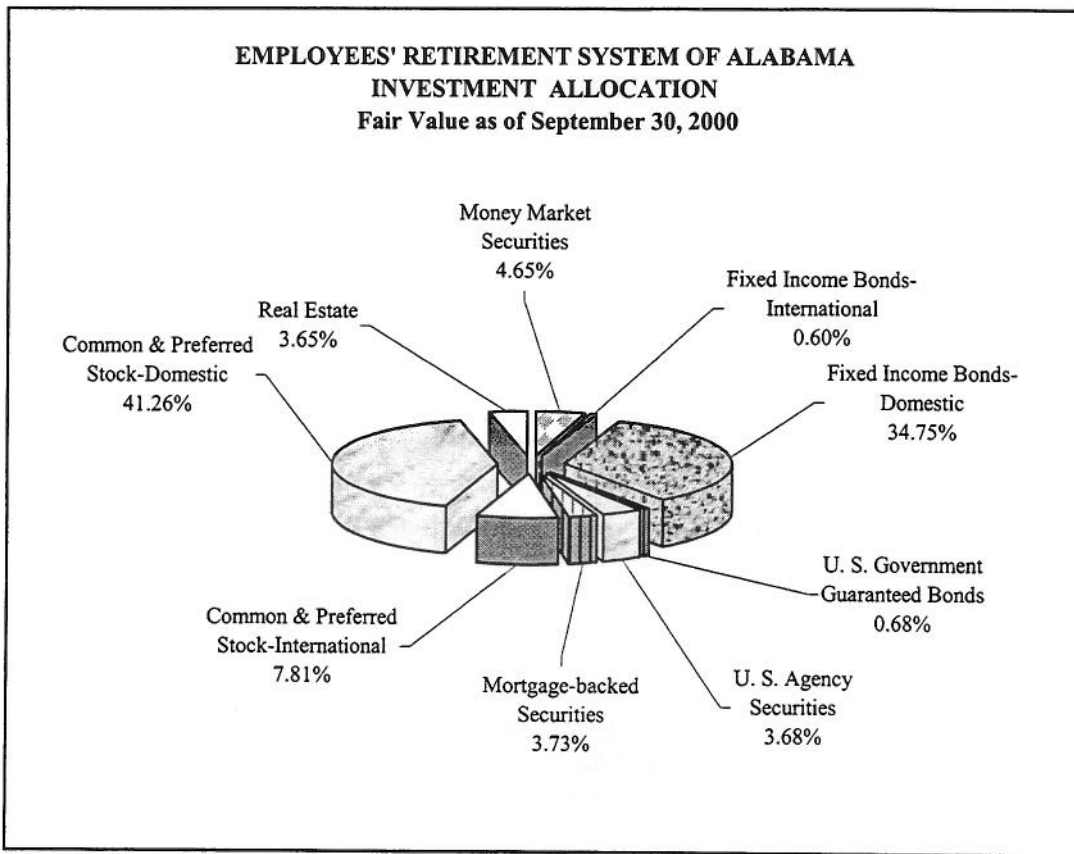
A complete list of portfolio holdings is available upon request.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Employees' Retirement System

Investment Allocation and Summary



**EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT SUMMARY AT FAIR VALUE**

As of September 30, 2000

(\$ In Thousands)

	<u>Fair Value</u>	<u>% of Fair Value</u>
Money Market Securities	\$ 362,134	4.65
U.S. Government Guaranteed	52,952	0.68
U.S. Agency Securities	286,843	3.68
Mortgage-backed Securities	227,330	2.92
Fixed Income Bonds		
Domestic	2,707,589	34.75
International	47,072	0.60
Common and Preferred Stocks		
Domestic	3,215,205	41.26
International	608,901	7.81
Real Estate	284,288	3.65
Total Investments	\$ 7,792,314	100.00

RETIREMENT SYSTEMS OF ALABAMA*Investment Section*

Employees' Retirement System

Largest Stock and Bond Holdings

**EMPLOYEES' RETIREMENT SYSTEM
LARGEST STOCK HOLDINGS**

September 30, 2000

(Amounts in Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	5	New Water Street Corporation	\$ 186,996
2)	102	Raycom Media (6% noncum PFD)	99,747
3)	1,463	General Electric Corporation	84,391
4)	83	Raycom Media (12% noncum PFD)	81,056
5)	73	Community News (7% cum PFD)	72,268
6)	1,028	Cisco Systems Incorporated	56,797
7)	778	Microsoft Corporation	46,905
8)	514	Exxon Mobil Corporation	45,852
9)	930	Pfizer Incorporated	41,802
10)	990	Intel Corporation	41,139

**EMPLOYEES' RETIREMENT SYSTEM
LARGEST BOND HOLDINGS**

September 30, 2000

(\$ In Thousands)

	<u>Par</u>	<u>Bonds</u>	<u>Fair Value</u>
1)	\$ 391,158	Raycom Media Incorporated due 12/15/16	\$ 381,304
2)	369,989	Community News due 1/31/17	364,480
3)	323,351	Raycom Media Incorporated due 12/15/16	315,232
4)	70,000	Mediaone Group Incorporated due 2/1/32	66,463
5)	66,622	Community News due 1/31/17	65,095
6)	50,000	CSX Corporation due 5/1/32	51,208
7)	61,425	IDB Monroe Alabama River Pulp due 3/31/13	48,574
8)	42,785	Delta 1992 Ser B2 Pass-through Certificates due 3/11/15	46,016
9)	40,000	Sithe Funding due 12/30/13	40,424
10)	35,100	US Air Equipment Trust 1991 C due 8/9/09	39,115

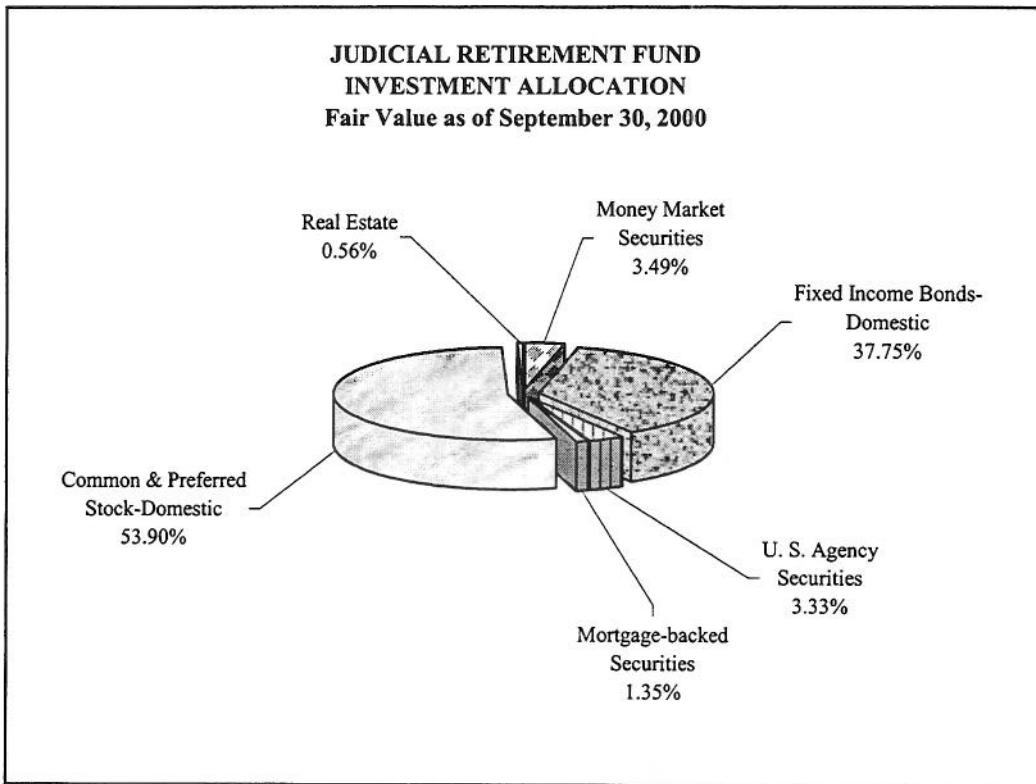
A complete list of portfolio holdings is available upon request.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Judicial Retirement Fund

Investment Allocation and Summary



**JUDICIAL RETIREMENT FUND
INVESTMENT SUMMARY AT FAIR VALUE**

As of September 30, 2000

(\$ In Thousands)

	<u>Fair Value</u>	<u>% of Fair Value</u>
Money Market Securities	\$ 8,746	3.49
U.S. Agency Securities	8,345	3.33
Mortgage-backed Securities	2,439	0.97
Fixed Income Bonds, Domestic	94,504	37.75
Common and Preferred Stocks, Domestic	134,893	53.90
Real Estate	1,391	0.56
Total Investments	\$ 250,318	100.00

RETIREMENT SYSTEMS OF ALABAMA*Investment Section***Judicial Retirement Fund****Largest Stock and Bond Holdings****JUDICIAL RETIREMENT FUND
LARGEST STOCK HOLDINGS****September 30, 2000**

(Amounts in Thousands)

	<u>Shares</u>	<u>Stock</u>	<u>Fair Value</u>
1)	99	General Electric Corporation	\$ 5,740
2)	70	Cisco Systems Incorporated	3,868
3)	53	Microsoft Corporation	3,191
4)	35	Exxon Mobil Corporation	3,122
5)	63	Pfizer Incorporated	2,845
6)	67	Intel Corporation	2,801
7)	45	Citigroup Incorporated	2,445
8)	29	Oracle Corporation	2,248
9)	23	American International Group	2,227
10)	22	EMC Corp Mass	2,161

**JUDICIAL RETIREMENT FUND
LARGEST BOND HOLDINGS****September 30, 2000**

(\$ In Thousands)

	<u>Par</u>	<u>Bonds</u>	<u>Fair Value</u>
1)	\$ 10,000	Texas Utilities Electric due 7/1/25	\$ 9,326
2)	7,000	Delta 1992 Ser B2 Pass-through Certificates due 3/11/15	7,529
3)	7,292	Community News due 1/31/17	7,124
4)	6,294	UAL Pass-through Certificates Ser 1993-C1 due 6/17/09	6,362
5)	5,000	Sithe Funding due 12/30/13	5,053
6)	5,000	UAL Pass-through Certificates Ser 1992-B due 10/26/15	4,746
7)	3,900	US Air Equipment Trust 1991-C due 8/9/09	4,346
8)	4,000	Federal Home Mortgage Notes due 2/15/01	3,971
9)	3,000	US Air Equipment Trust 1990-A2 due 3/19/14	3,269
10)	3,000	Citigroup Incorporated due 3/1/02	3,103

A complete list of portfolio holdings is available upon request.

RETIREMENT SYSTEMS OF ALABAMA

Investment Section

Broker Commissions Paid

For the Fiscal Year Ended September 30, 2000

	Stock		Fixed		Total
	Commissions Per Share	# of Shares (000's)	Commissions (000's)	Securities Commissions (000's)	
Banc of America	\$ -	-	\$ -	\$ 538	\$ 538
Bear Stearns & Co.	0.0517	2,243	116	75	191
Bradford, J. C. & Co., Inc.	0.0494	648	32	39	71
Centennial Capital	0.0500	200	10	-	10
Chapman	0.0509	452	23	-	23
Chicago Corp.	0.0533	75	4	-	4
CIBC World Markets	0.0507	7,764	394	-	394
Concord Equity	0.0491	163	8	-	8
Credit Suisse First Boston Corp.	0.0518	7,067	366	-	366
Deutsche Bank Securities	-	-	-	104	104
Deutsche Morgan Grenfell	0.0262	8,220	215	-	215
Donaldson, Lufkin & Jenrette	0.0457	11,457	524	-	524
Edwards, A. G. & Sons	0.0505	555	28	15	43
First Union National	0.0498	402	20	-	20
Gardner Rich	0.0495	606	30	-	30
Goldman Sachs & Co.	0.0576	3,665	211	459	670
International Strategy & Investment	0.0507	375	19	-	19
Interstate Securities	0.0501	739	37	53	90
J. P. Morgan	-	-	-	33	33
J. Roe Burton & Co.	0.0501	339	17	4	21
Lazard Freres	-	-	-	94	94
Lehman Brothers	0.0334	17,895	598	33	631
McDonald & Co.	0.0503	1,232	62	-	62
Merrill Lynch, Pierce, Fenner & Smith	0.0582	7,968	464	1,047	1,511
Morgan Keegan	0.0501	419	21	-	21
Morgan Stanley Dean Witter	0.0369	11,561	427	57	484
Morgan Stanley International Trust	0.0066	107,199	707	-	707
NBC Securities	0.0497	724	36	48	84
Paine, Webber, Mitchell Hutchins, Inc.	0.0229	8,803	202	-	202
Prudential Bache	0.0379	5,931	225	4	229
Quick & Reilly	0.0292	308	9	-	9
Raymond James	0.0538	93	5	-	5
Robert Thomas	0.0495	182	9	-	9
Robinson-Humphrey/American Express	0.0505	455	23	8	31
Salomon-Smith Barney	0.0104	92,762	961	284	1,245
S. C. Bernstein	0.0495	8,925	442	-	442
Securities Capital	0.0487	308	15	-	15
Southwest	0.0514	175	9	-	9
Sterne, Agee & Leach, Inc.	0.0507	375	19	12	31
Warburg Dillon Reed	-	-	-	3	3
Other	-	-	-	230	230
Totals		310,285	\$ 6,288	\$ 3,140	\$ 9,428

Average Commission Per Share of Stock = \$ 0.0203



ACTUARIAL SECTION

March 8, 2001

Board of Control
Teachers' Retirement System of Alabama
Montgomery, Alabama

Members of the Board:

In this report are submitted the results of the fifty-ninth annual valuation of the assets and liabilities of the Teachers' Retirement System of Alabama, prepared as of June 30, 2000 in accordance with Section 367(15) of the act governing the operation of the System. The purpose of this report is to provide a summary of the funded status of the system as of June 30, 2000, to recommend rates of contribution and to provide accounting information under Governmental Accounting Standards Board Statements No. 25 and 27 (GASB 25 and 27). While not verifying the data at source, the actuary performed tests for consistency and reasonability.

The promised benefits of the System are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method. The valuation continues to take into account the provisions of Act 2000-732 which requires that the actuary certify annually to the Teachers' Retirement System that there has been no change in the liquidation period used to determine the accrued liability contribution rate. Under the requirements of Act 2000-732, we have determined the employer contribution rate based on a 10-year liquidation period. Five-year market related value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a level percentage of payroll, on the assumption that payroll will increase by 4.5% annually. The assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 25 and 27.

We have prepared the Schedule of Funding Progress and Trend Information shown in the financial section of the Annual Report, and all supporting schedules including the Schedule of Active Member Valuation Data and the Solvency Test shown in the actuarial section of the Annual Report.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Section

Teachers' Retirement System

Actuarial Letter (Continued)

In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

Respectfully submitted,



Edward A. Macdonald, ASA, MAAA, FCA
Principal and Consulting Actuary

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RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Actuarial Assumptions and Methods

Summary of Actuarial Assumptions and Methods

The Actuary selected the assumptions and methods used in the valuation based on the actuarial experience study submitted on November 25, 1996 and adopted by the Board in June 1997.

Investment Rate of Return: 8% per annum, compounded annually.

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.50% per annum:

<u>Age</u>	<u>Annual Rate (%)</u>
20	7.25
25	7.25
30	7.75
35	7.00
40	6.50
45	6.25
50	6.00
55	5.50
60	5.00
65	5.00

Separations Before Service Retirement: Representative values of the assumed annual rates of death, disability, and withdrawal are as follows:

<u>Age</u>	<u>Annual Rate (%)</u>					
	<u>Death</u>		<u>Disability</u>		<u>Withdrawal*</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
20	0.05	0.03	0.05	0.07	13.24	13.24
25	0.06	0.03	0.06	0.08	11.14	11.14
30	0.08	0.03	0.07	0.10	7.21	7.21
35	0.08	0.04	0.09	0.12	5.53	5.53
40	0.09	0.06	0.14	0.16	4.35	4.35
45	0.14	0.09	0.24	0.25	3.71	3.71
50	0.21	0.12	0.40	0.40	2.57	2.57
55	0.36	0.19	0.70	0.75	1.48	1.48
60	0.63	0.34	1.25	1.35	1.40	1.40
65	1.15	0.67				
69	1.80	1.08				

* Withdrawal rates are higher during the first three years of service.

Service Retirement*: Representative values of the assumed annual rates of service retirement are as follows:

Age	Annual Rate (%)	
	Men	Women
50	9.0	6.0
55	12.0	14.0
60	12.0	13.0
62	22.0	30.0
65	30.0	25.0
70	100.0	100.0

*Retirement rates increase by 10% for males and 20% for females in the year members first become eligible for unreduced service retirement.

Deaths after Retirement: Representative values of the assumed annual rates of death after service and disability retirement are as follows:

Age	Annual Rate (%) of Death After			
	Service Retirement		Disability Retirement	
	Men	Women	Men	Women
40	0.1	0.1	3.3	2.7
50	0.3	0.1	3.8	2.5
55	0.5	0.2	4.2	2.6
60	0.8	0.3	4.9	2.9
65	1.5	0.6	6.0	3.3
70	2.6	1.3	7.6	3.9
75	3.9	1.8	10.2	4.9
80	5.9	3.2	14.2	6.5
85	9.2	5.5	20.1	8.8
90	14.3	9.3	28.7	12.5
95	20.5	15.8	40.4	18.1

Spousal Benefits: For those eligible for spousal benefits, it is assumed that 75% will elect the lump sum death benefit and 25% will elect the spousal benefit.

Valuation Method: Entry age normal cost method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

Assets: Actuarial value. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. Each year 20% of the difference between market value and expected actuarial value is recognized.

Actuarial Section

Teachers' Retirement System

Actuarial Cost Method and Summary of Plan Provisions

Actuarial Cost Method

1. The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable to the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contributions which, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf.
4. The unfunded accrued liability is determined by subtracting the current assets held by the System and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the System. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

Summary of Plan Provisions as Interpreted for Valuation Purposes

The Teachers' Retirement System of Alabama was established on September 30, 1941. The valuation considered amendments to the System through the valuation date. The following summary describes the main benefit and contribution provisions of the System as interpreted for the valuation.

Definitions

Average Final Compensation - the average compensation of a member for the 3 highest years in the last 10 years of creditable service.

Membership Service - all service rendered while a member of the retirement system and for which contributions are made.

Creditable Service - the sum of membership service, prior service, and any other service established as creditable in accordance with the provisions of the retirement law.

Annuity - payments for life derived from accumulated contributions of a member.

Pension - payments for life derived from employer contributions.

Retirement Allowance - the sum of the annuity and pension.

Benefits

Service Retirement Allowance

Condition for Allowance

A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service or who has attained age 60 and completed at least 10 years of creditable service.

Amount of Allowance

Upon service retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of member creditable service. The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement" below).

The annual service retirement allowance is not to be less than the greater of:

- (a) For a teacher who became a member before October 1, 1971, \$72.00 multiplied by the number of years of the member's creditable service up to 25 years, or
- (b) The sum of (i) an annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his retirement, and (ii) a pension equal to the annuity allowable at age of retirement, or age 65 if attained earlier, computed on the basis of the member's contributions made prior to age 65, and (iii) if the member has credit for prior service, an additional pension equal to the annuity which would have been provided at age of retirement, or age 65 if attained earlier, by twice the contributions which the member would have made during such prior service had the System been in operation and had the member contributed thereunder.

Disability Retirement Allowance

Condition for Allowance

A disability allowance may be granted to a member who has 10 years of service and becomes totally and permanently incapacitated for duty before reaching eligibility for service retirement.

Amount of Allowance

Upon retirement for disability, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of member creditable service. The member may elect to receive a reduced retirement allowance in order to provide an allowance to a spouse or beneficiary after the member's death (see "Special Privileges at Retirement" below).

The annual disability retirement allowance is not to be less than the greater of:

- (a) For teachers who became members before October 1, 1971, \$54.00 multiplied by the number of years of the member's creditable service not in excess of 25 years, or
- (b) The sum of (i) an annuity which is the actuarial equivalent of the member's accumulated contributions at the time of retirement, and (ii) a pension equal to the annuity which would have been provided by the member's accumulated contributions and by twice the contributions which the member would have made during their prior service had the System been in operation, if the member had continued in service to age 60 without further change in compensation.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Summary of Plan Provisions (Continued) and Supporting Schedules

Benefits Payable on Separation of Service

Any member who withdraws from service is entitled to receive their contributions with allowable interest. A member who has completed 10 years of creditable service may, after separation from service, continue in the membership of the System and file application for service retirement after the reaching age 60.

Benefits Payable upon Death of an Active Member

In the event of the death of a member eligible for service retirement, the designated beneficiary may elect (1) to exercise Option 3 defined below under "Special Privileges at Retirement" or (2) to receive a return of member contributions and total earned interest plus a death benefit equal to the salary on which the member made retirement contributions for the previous scholastic year (July 1-June 30). *

In the event of the death of a member with more than one year of service who is not eligible to retire, the designated beneficiary shall receive the return of member contributions and total earned interest. Also, the designated beneficiary shall receive an additional death benefit equal to the salary on which member retirement contributions were made for the previous scholastic year (July 1-June 30). *

In the event of a job-related death of a member with less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit equal to the annual earnable compensation of the member at the time of death. *

In the event of a non-job related death of a member with less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a matching death benefit which is limited to a \$5,000 maximum.

*However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased had applied for a refund of contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was non-job related.

Special Privileges at Retirement

In lieu of the full retirement allowance, any member may, at retirement, elect to receive a reduced retirement allowance, with the provision that:

Option 1 – If a member dies before the annuity payments equal or exceed the present value of the annuity at the date of retirement, the balance is paid to a designated beneficiary or to the member's estate, or

Option 2 – After the member's death, the member's allowance is continued throughout the life of the designated beneficiary, or

Option 3 – After the member’s death, one-half of the member’s allowance is continued throughout the life of the designated beneficiary, or

Option 4 - Some other benefit is paid either to the member or to such other person as the member shall designate provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to the member’s retirement allowance and is approved by the Board of Control.

Member Contributions

Members contribute 5% of salary.

Supporting Schedules

The following table reflects a six-year history of active member valuation data:

TEACHERS' RETIREMENT SYSTEM SCHEDULE OF ACTIVE MEMBER VALUATION DATA

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase (Decrease) in Average Pay</u>
06/30/00	129,777	\$ 4,131,903,774	\$ 31,838	3.03
06/30/99	128,279	3,964,111,877	30,902	(1.54)
* 06/30/98	125,464	3,937,739,237	31,385	10.60
06/30/97	122,798	3,484,763,183	28,378	3.10
06/30/96	121,192	3,335,775,420	27,525	1.08
06/30/95	120,334	3,276,877,863	27,232	7.09

* Amounts include an 8.5% across-the-board pay increase effective October 1, 1998.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Teachers' Retirement System

Supporting Schedules (Continued)

The following table presents a six-year history of a solvency test:

TEACHERS' RETIREMENT SYSTEM
SOLVENCY TEST
(\$ in Thousands)

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	% of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portions)				
06/30/00 †	\$ 2,405,186	\$ 7,075,177	\$ 6,811,099	\$ 16,703,929	100	100	106.1
06/30/99 †	2,335,475	6,582,401	6,650,316	15,642,066	100	100	101.1
06/30/98 *	2,140,753	5,833,899	6,626,774	14,533,824	100	100	99.0
06/30/97 ‡	2,018,694	4,963,308	5,751,536	13,360,127	100	100	110.9
06/30/96 §	1,907,236	4,496,136	5,441,375	10,516,407	100	100	75.6
06/30/95	1,772,436	3,259,252	5,059,604	9,493,810	100	100	88.2

† Reflects additional allowance payable under Act 2000-741.

* Reflects change in asset method from market value to market related value, 8.5% across-the-board increase effective October 1, 1998, and additional allowance payable under Act 98-355.

‡ Reflects change in asset method from market related value to market value.

§ Reflects changes in actuarial assumptions, change in asset method from book value to market related value and system amendments. Beginning with June 30, 1996, valuation reflects funding of pay-as-you go COLA's for retirants and beneficiaries.

The following table presents a six-year history of retirants and beneficiaries:

TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED AND REMOVED FROM ROLLS

Fiscal Year Ended	Number of Retirees and Beneficiaries			Annual Allowances		
	Added	Removed	Year-end	Year-end (000s)	% Increase	Average
2000	4,312	1,248	47,702	\$ 767,477	9.7	\$ 16,089
1999	2,756	1,176	44,638	699,517	12.8	15,671
1998	4,433	1,104	43,058	620,395	11.4	14,408
1997	2,909	1,028	39,729	556,744	11.0	14,014
1996	3,518	930	37,848	501,596	11.4	13,253
1995	2,579	941	35,260	450,177	13.9	12,767

The following table provides an analysis of actuarial gains and losses:

**TEACHERS' RETIREMENT SYSTEM
ANALYSIS OF ACTUARIAL GAINS AND LOSSES AS OF JUNE 30, 2000**

	<u>Amount</u>
(Overfunded)/Unfunded Actuarial Liability as of June 30, 1999	\$ (73,873,861)
Normal Cost for 2000 Plan Year	238,824,038
Contributions Received During the Year	(226,900,769)
Interest to Year End	<u>(5,432,978)</u>
Expected (Overfunded)/Unfunded Actuarial Liability as of June 30, 2000	<u>(67,383,570)</u>
Actuarial (Gains)/Losses During the Year	
From Investments	(117,231,539)
From Actuarial Liabilities	<u>(227,851,583)</u>
Total Actuarial (Gains)/Losses During the Year	<u>(345,083,122)</u>
Actual (Overfunded)/Unfunded Actuarial Liability as of June 30, 2000	<u>\$ (412,466,692)</u>



200 Galleria Parkway, N.W. Suite 1200
Atlanta, Georgia 30339-5945

October 10, 2000

Board of Control
Employees' Retirement System of Alabama
State Capitol
Montgomery, Alabama 36104

Members of the Board:

In this report are submitted the results of the fifty-fourth annual valuation of the assets and liabilities of the Employees' Retirement System of Alabama, prepared as of September 30, 1999 in accordance with Section 36-27-23(p) of the act governing the operation of the System. The purpose of this report is to provide a summary of the funded status of the system as of September 30, 1999, to recommend rates of contribution and to provide accounting information under Governmental Accounting Standards Board Statements No. 25 and 27 (GASB 25 and 27). While not verifying the data at source, the actuary performed tests for consistency and reasonability. On the basis of the valuation, it is recommended that the State make contributions to the Retirement System for State employees (members other than State policemen) at the rate of 3.95% of payroll. It is also recommended that the State make contributions to the Retirement System for State policemen at the rate of 9.24% of payroll. The decrease in the contribution rate from 4.08% to 3.95% of payroll for State employees and from 9.45% to 9.24% for State Policemen is primarily due to better than expected return on System assets.

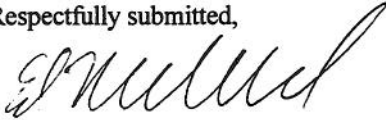
The financing objective of the System has been to have contribution rates remain relatively level over time as a percentage of payroll. The promised benefits of the System are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method. Market related value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a level percentage of payroll within a 15-year period for State Employees and within an 18-year period for State Police, on the assumption that payroll will increase by 4.5% annually. The assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 25 and 27.

We have prepared the Schedule of Funding Progress and Trend Information shown in the financial section of the Annual Report, and all supporting schedules including the Schedule of Active Member Valuation Data and the Solvency Test shown in the actuarial section of the Annual Report.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

Respectfully submitted,



Edward A. Macdonald, ASA, MAAA, FCA
Principal and Consulting Actuary

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RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Actuarial Assumptions and Methods

Summary of Actuarial Assumptions and Methods

The Actuary selected the assumptions and methods used in the valuation based on the actuarial experience study submitted on December 2, 1996 and adopted by the Board on May 28, 1997.

Investment Rate of Return: 8% per annum, compounded annually.

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.50% per annum:

<u>Age</u>	<u>Annual Rate (%)</u>
20	7.66
25	7.75
30	7.61
35	7.25
40	6.98
45	6.60
50	6.32
55	5.84
60	5.49
65	5.05

Separations from Active Service: Representative values of the assumed annual rates of death, disability, withdrawal, and service retirement are as follows:

STATE AND LOCAL EMPLOYEES

<u>Age</u>	<u>Annual Rate (%) of</u>					
	<u>Death</u>		<u>Disability</u>	<u>Withdrawal</u>	<u>Service Retirement</u>	
	<u>Male</u>	<u>Female</u>			<u>Male †</u>	<u>Female ‡</u>
20	0.05	0.03	0.05	22.80		
25	0.06	0.03	0.06	19.50		
30	0.08	0.03	0.08	10.40		
35	0.08	0.04	0.16	7.60		
40	0.09	0.06	0.27	6.30		
45	0.14	0.09	0.43	4.40		
50	0.21	0.12	0.65	2.80	10.00	11.00
55	0.36	0.19	1.00	1.40	12.00	16.00
60	0.63	0.34	1.58	0.50	12.00	15.00
62	0.80	0.44	1.89	0.40	45.00	35.00
65	1.15	0.67	2.47		60.00	50.00
69	1.80	1.08	3.23		25.00	30.00
70					100.00	100.00

† An additional 10% are assumed to retire in the first year of eligibility for unreduced benefits.

‡ An additional 15% are assumed to retire in the first year of eligibility for unreduced benefits.

STATE POLICEMEN

Age	Annual Rate (%) of				Service Retirement ‡
	Death		Disability	Withdrawal †	
	Male	Female			
20	0.05	0.03	0.04	1.00	
25	0.06	0.03	0.05	1.00	
30	0.08	0.03	0.07	1.00	
35	0.08	0.04	0.11	1.00	
40	0.09	0.06	0.17	1.00	
45	0.14	0.09	0.23	1.00	
50	0.21	0.12	0.30	1.00	15.00
55	0.36	0.19	0.35		15.00
60	0.63	0.34			100.00
62	0.80	0.44			100.00
65	1.15	0.67			100.00
69	1.80	1.08			100.00
70					100.00

† Higher rates are assumed in the first three years of employment.

‡ An additional 15% are assumed to retire in the first year of eligibility for unreduced benefits

Death after Retirement: According to the George B. Buck 1979 Table for males rated forward one year and the George B. Buck 1979 Table for females rated back one year for the period after service retirement. Special tables are used for the period after disability retirement.

Spousal Benefit: For those eligible for spousal benefits, it is assumed that 75% will elect the lump sum death benefit and 25% will elect the spousal benefit.

Percent Married: 100% of employees are assumed to be married, with the wife 3 years younger than the husband.

Actuarial Method: Entry age normal cost method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

Assets: Actuarial value. The actuarial value of assets recognizes a portion of the difference between the market value of the assets and the expected value of the assets, based on the assumed valuation rate of return. Each year 20% of the difference between the market value and expected value is recognized.

Actuarial Section

Employees' Retirement System

Actuarial Cost Method and Summary of Plan Provisions

Actuarial Cost Method

1. The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable to the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contributions which, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf.
4. The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the System. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

Summary of Plan Provisions as Interpreted for Valuation Purposes

The Employees' Retirement System of Alabama was established on October 1, 1945. The valuation considered amendments to the System effective through the valuation date. The following summary describes the main benefit and contribution provisions of the System as interpreted for the valuation.

Definitions

Average Final Compensation - the average compensation of a member for the 3 highest years in the last 10 years of creditable service.

Membership Service - all service rendered while a member of the Retirement System and for which contributions are made.

Creditable Service - the sum of membership service, prior service, and any other previous service established as creditable in accordance with the provisions of the retirement law.

Annuity - payments for life derived from accumulated contributions of a member.

Pension - payments for life derived from the accumulated contributions of an employer.

Retirement Allowance - the sum of the annuity and pension payments.

Benefits – Members Classified as Other Than State Policemen

Service Retirement Allowance

Condition for Allowance

A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service (except for local employers that maintained 30-year retirement by not electing 25-year retirement) or who has attained age 60 and complete at least 10 years of creditable service.

Amount of Allowance

Upon service retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of creditable service. The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement – All Employees" below).

For an employee who became a member before October 1, 1965, the annual service retirement allowance is not to be less than \$72.00 multiplied by the number of years of the member's creditable service up to 25 years.

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has 10 or more years of creditable service and becomes permanently incapacitated for duty before reaching eligibility for service retirement.

Amount of Allowance

Upon retirement for disability, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of the member's creditable service. The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement – All Employees" below).

Benefits Payable on Separation of Service

Any member who withdraws from service is entitled to receive a return of member contributions with allowable interest. A member who has completed at least 10 years of creditable service may, after separation from service, continue membership in the System and file for service retirement after reaching age 60.

Benefits Payable upon Death in Active Service

In the event of the death of a member eligible for service retirement, the designated beneficiary may elect: (1) to exercise option 3 as defined below under "Special Privileges at Retirement – All Employees" or (2) to receive a return of member contributions and total interest earned plus a death benefit equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30). *

In the event of the death of a member with more than one year of service who is not eligible for retirement, the designated beneficiary shall receive a return of member contributions and total interest earned. Also, the designated beneficiary shall receive an additional death benefit equal to the salary on which the member retirement contributions were made for the previous fiscal year (October 1 – September 30). *

In the event of a job-related death of a member at any age with less than 1 year of service, the beneficiary shall receive the return of member contributions and total earned interest plus a death benefit equal to the annual earnable compensation of the member at the time death occurs. *

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued)

In the event of a non job-related death of a member with less than 1 year of service, the beneficiary shall receive the return of member contributions and total interest earned plus a matching death benefit which is limited to a maximum of \$5,000.

* However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased had applied for a refund of contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.

Member Contributions

Members contribute 5% of salary.

Benefits – Members Classified as State Policemen

Service Retirement Allowance

Condition of Allowance

A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service or who has attained age 52 and completed at least 10 years of creditable service.

Amount of Allowance

Upon service retirement, a member receives a retirement allowance equal to 2.875% of the member's average final compensation multiplied by the number of years of their creditable service. The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement – All Employees" below).

For a State policeman who became a member before October 1, 1965, the annual service retirement allowance is not to be less than \$86.40 multiplied by the number of years of the member's creditable service up to 25 years.

A member who has attained 20 or more years of creditable service and retires prior to age 60 is eligible to receive a "bonus service credit" up to 4 years as follows:

-Age 56 or older – bonus service of 4 years reduced by 1 month for each month over the age of 56.

-Age 52 to 56 – bonus service of 4 years.

-Age 52 or less (disability retirement only) – bonus service of 4 years.

-Age 52 or less with 25 or more years of service – bonus service of 4 years.

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has 10 or more years of creditable service or who becomes disabled as a result of his employment in the line of duty without regard to his years of creditable service, and who becomes permanently incapacitated, mentally or physically, for the further performance of duty before reaching the minimum age for service retirement.

Amount of Allowance	<p>Upon retirement for disability, a member receives a retirement allowance equal to 2.875% of the member's average final compensation multiplied by the number of years of their creditable service. The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement – All Employees" below).</p> <p>For a State policeman who became a member before October 1, 1965, the annual disability retirement allowance is not to be less than \$64.80 multiplied by the number of years of the member's creditable service up to 25 years.</p>
Benefits Payable upon Separation from Service	<p>Any member who withdraws from service is entitled to receive a return of member contributions with allowable interest. A member who has completed 10 years or more of creditable service may, after separation from service, be continued in the membership of the System and file for service retirement after the attainment of age 52.</p>
Benefits Payable upon Death in Active Service	<p>In the event of the death of a member who is eligible for service retirement, the designated beneficiary may elect: (1) to exercise option 3 as defined below under "Special Privileges at Retirement – All Employees" or (2) to receive a return of member contributions and total interest earned plus a death benefit equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30). *</p> <p>In the event of the death of a member with one or more years of service who is not eligible for service retirement, the designated beneficiary shall receive a return of member contributions and total interest earned plus an additional death benefit equal to the salary on which member retirement contributions were made for the previous fiscal year (October 1 – September 30). *</p> <p>In the event of a job-related death of a member at any age with less than 1 year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit equal to the annual earnable compensation of the member at the time death occurs. *</p> <p>In the event of a non job-related death of a member with less than 1 year of service, the designated beneficiary shall receive the return of member contributions and total interest earned plus a matching death benefit which is limited to a maximum of \$5,000.</p>
Member Contributions	<p>* However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased had applied for a refund of contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.</p> <p>Members contribute 10% of salary.</p>

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System

Summary of Plan Provisions (Continued) and Supporting Schedules

Special Privileges at Retirement – All Members

At retirement, any member may elect to receive a reduced retirement allowance in lieu of the full retirement allowance, with the provision that:

- Option 1: If a member dies before the annuity payments equal or exceed the present value of the member's annuity at the date of retirement, the balance is paid to a designated beneficiary or to the member's estate, or
- Option 2: After the member's death, the member's allowance is continued throughout the life of the designated beneficiary, or
- Option 3: After the member's death, one-half of the member's retirement allowance is continued throughout the life of the designated beneficiary, or
- Option 4: Some other benefit is paid either to the member or the designated beneficiary, provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to the member's retirement allowance and is approved by the Board of Control.

Supporting Schedules

The following schedule provides a six-year history on active member valuation data:

EMPLOYEES' RETIREMENT SYSTEM SCHEDULE OF ACTIVE MEMBER VALUATION DATA

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
09/30/99	75,734	\$ 2,159,607,572	\$ 28,516	2.37
09/30/98	73,990	2,061,103,741	27,857	6.39
09/30/97	75,274	1,970,921,776	26,183	2.51
09/30/96	73,468	1,876,525,064	25,542	1.72
09/30/95	72,600	1,822,977,608	25,110	2.98
09/30/94	71,130	1,734,447,512	24,384	5.76

The following table provides a six-year history of solvency tests:

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
SOLVENCY TEST
(\$ in Thousands)**

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	Portion (%) of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)				
09/30/99	\$ 1,152,050	\$ 2,826,060	\$ 2,906,245	\$ 7,302,046	100	100	114.4
09/30/98 †	1,022,088	2,788,846	2,753,144	6,888,446	100	100	111.8
09/30/97 *	1,016,854	2,161,301	2,639,942	6,463,795	100	100	124.5
09/30/96 ‡	936,907	2,032,235	2,301,921	4,932,927	100	100	85.3
09/30/95	887,044	1,732,574	2,218,077	4,454,699	100	100	82.7
09/30/94 §	805,262	1,645,088	2,028,642	4,088,370	100	100	80.7

† Reflects change in asset method from market value to market related value.

* Reflects change in asset method from market related value to market value.

‡ Reflects changes in actuarial assumptions and a change in asset method from book value to market related value.

§ Beginning with 9/30/94, the valuation reflects funding of pay-as-you-go COLA's for retirants and beneficiaries.

The following table presents a six-year history of data concerning retirants and beneficiaries:

**EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE RETIRANTS AND BENEFICIARIES ADDED AND REMOVED FROM ROLLS**

Fiscal Year Ended	Number of Retirees and Beneficiaries			Annual Allowances		
	Added	Removed	Year-end	Year-end (000s)	% Increase	Average
2000	1,589	828	26,354	\$ 349,260	5.1	\$ 13,253
1999	1,121	787	25,593	332,237	9.5	12,982
1998	3,170	688	25,259	303,401	17.8	12,012
1997	1,308	598	22,777	257,642	9.5	11,312
1996	2,052	669	22,067	235,241	13.0	10,660
1995	1,275	628	20,684	208,201	11.2	10,066

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Employees' Retirement System
Supporting Schedules (Continued)

The following table provides an analysis of actuarial gains and losses:

**EMPLOYEES' RETIREMENT SYSTEM
ANALYSIS OF ACTUARIAL GAINS AND LOSSES AS OF SEPTEMBER 30, 1999**

	<u>Amount</u>
(Overfunded)/Unfunded Actuarial Liability as of September 30, 1998	\$ (324,367,389)
Normal Cost for 1999 Plan Year	112,161,399
Contribution Received During the Year	(90,227,974)
Interest to Year End	<u>(25,072,054)</u>
Expected (Overfunded)/Unfunded Actuarial Liability as of September 30, 1999	<u>(327,506,018)</u>
Actuarial (Gains)/Losses During the Year	
From Investments	(20,340,500)
From Actuarial Liabilities	<u>(69,844,465)</u>
Total Actuarial (Gains)/Losses During the Year	<u>(90,184,965)</u>
Actual (Overfunded)/Unfunded Actuarial Liability as of September 30, 1999	<u>\$ (417,690,983)</u>





200 Galleria Parkway, N.W. Suite 1200
Atlanta, Georgia 30339-5945

September 25, 2000

Board of Control
Judicial Retirement Fund of Alabama
State Capitol
Montgomery, Alabama 36104

Members of the Board:

In this report are submitted the results of the actuarial valuation of the assets and liabilities of the Alabama Judicial Retirement Fund, prepared as of September 30, 1999 in accordance with Section 36-27-23(p) of the act governing the operation of the Fund. The purpose of this report is to provide a summary of the funded status of the Fund as of September 30, 1999, to recommend rates of contribution and to provide accounting information under Governmental Accounting Standards Board Statements No. 25 and 27 (GASB 25 and 27). While not verifying the data at source, the actuary performed tests for consistency and reasonability. The valuation liabilities include the salary increases granted effective October 1, 2000 for members of the Fund, as well as the corresponding increase in retired members' allowances. On the basis of the valuation, it is recommended that the State make contributions to the Retirement Fund at the rate of 21.19% of payroll.

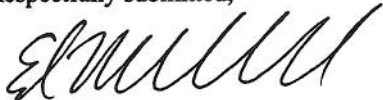
The financing objective of the Fund has been to have contribution rates remain relatively level over time as a percentage of payroll. The promised benefits of the Fund are included in the actuarially calculated contribution rates which are developed using the projected unit credit cost method. Market related value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a level percentage of payroll within a 21-year period, on the assumption that payroll will increase by 4.5% annually. The assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 25 and 27.

We have prepared the Schedule of Funding Progress and Trend Information shown in the financial section of the Annual Report, and all supporting schedules including the Schedule of Active Member Valuation Data and the Solvency Test shown in the actuarial section of the Annual Report.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Fund.

In our opinion the Fund is operating on an actuarially sound basis. Assuming that contributions to the Fund are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the Fund may be safely anticipated.

Respectfully submitted,



Edward A. Macdonald, ASA, MAAA, FCA
Principal and Consulting Actuary

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RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Actuarial Assumptions and Methods

Summary of Actuarial Assumptions and Methods

The Actuary selected the assumptions and methods used in the valuation based on the actuarial experience study submitted on December 2, 1996 and adopted by the Board on May 28, 1997.

Investment Rate of Return: 8% per annum, compounded annually.

Salary Increases: 5% per annum, compounded annually.

Separations Before Retirement: Representative values of the assumed annual rates of death and disability are as follows:

<u>Age</u>	<u>Annual Rate (%) of</u>		
	<u>Death</u>		<u>Disability</u>
	<u>Male</u>	<u>Female</u>	
30	0.08	0.03	0.08
35	0.08	0.04	0.16
40	0.09	0.06	0.27
45	0.14	0.09	0.43
50	0.21	0.12	0.65
55	0.36	0.19	1.00
60	0.63	0.34	1.58
64	1.01	0.58	2.28

Rates of Retirement: 30% of members are assumed to retire in the first year of eligibility and 5% in each year thereafter. All remaining members are assumed to retire at age 70.

Deaths after Retirement: According to the George B. Buck 1979 Table for males rated forward one year and the George B. Buck 1979 Table for females rated back one year for the period after service retirement. Special mortality tables are used for the period after disability retirement.

Percent Married: 90% of members are assumed to be married.

Actuarial Method: Projected unit credit method. Gains and losses are reflected in the unfunded accrued liability.

Assets: Actuarial Value. The actuarial value of assets recognizes 20% of the difference between the market value of assets and the expected actuarial value of assets.

Summary of Plan Provisions as Interpreted for Valuation Purposes

The Judicial Retirement Fund (JRF) was established on September 18, 1973. The valuation considered amendments to the JRF through the valuation date. The following summary describes the main benefit and contribution provisions of the JRF as interpreted for the valuation.

Membership

Any justice of the Supreme Court, judge of the Court of Civil Appeals, judge of the Court of Criminal Appeals, judge of the Circuit Court, or officeholder of any newly created judicial office receiving compensation from the State treasury who was holding office on the effective date of the Act and elected to come under its provisions became a member of the JRF. Justices, Appellate Judges, and Circuit Judges elected or appointed after September 18, 1973 must become a member of the JRF. Also, District Judges appointed after October 1, 1975 and Probate Judges elected or appointed after October 1, 1976 must become a member of the JRF. Certain other district and probate judges as well as certain former county court judges, district attorneys, or assistant district attorneys serving as circuit judges and certain supernumerary judges and justices may also elect to become a member.

Credited Service

Credited service is service as a member plus certain periods of previous service credited in accordance with the provisions of the Act.

Benefits

Service Retirement Benefit

Condition of Benefit

A retirement benefit is payable upon request of any member who has:

- Completed 12 years of credited service and has attained age 65, or
- Completed 15 years of credited service and whose age plus service equals or exceeds 77, or
- Completed at least 18 years of credited service or three full terms as a judge or justice, or
- Completed 10 years of credited service and has attained age 70, or
- Completed 25 years of service or 24 years of service provided the member purchases one year of service prior to retirement, regardless of age.

However, a judge who became a member on or after July 30, 1979 or who is a district or probate judge must meet the following age and service requirement combinations in order to be eligible to retire (except judges with at least 25 years of creditable service):

- Age 70 with at least 10 years of service
- Age 65 or greater with at least 12 years of service
- Age 62 or greater with at least 15 years of service
- Age 61 with at least 16 years of service
- Age 60 with at least 17 years of service

Amount of Benefit

The service retirement benefit for a member is equal to:

- (a) For a judge other than a probate or district judge who was a member prior to July 30, 1979: 75% of the member's salary prescribed by law for the position from which the member retires.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Summary of Plan Provisions (Continued) and Supporting Schedules

- (b) For a district judge: 75% of their salary immediately prior to retirement.
- (c) For probate judges and circuit and appellant judges who assumed office on or after July 30, 1979, 75% of the salary received at the time of their separation from service.

Disability Retirement Benefit

Condition of Benefit

A disability retirement benefit is payable to any member who becomes permanently unable, physically or mentally, to carry out their duties on a full-time basis, provided the member has completed five or more years of credited service.

Amount of Benefit

The disability retirement benefit for a judge is equal to 25% of the salary prescribed by law for the position at the time of retirement from which the member retires on disability plus 10% of such salary for each year of credited service in excess of five years. The disability retirement benefit is subject to a 30% minimum and a 75% maximum of such salary. The retirement benefit for a circuit judge and for an appellant judge who assumed office prior to July 30, 1979, is adjusted as current salaries are adjusted.

Spousal Benefits

Condition of Benefit

Upon the death of a member with at least 5 years of credited service, a death benefit is payable to the member's spouse.

Amount of Benefit

The death benefit for the spouse of a judge other than a district or probate judge consists of a yearly benefit equivalent to 3% of the salary prescribed by law for the position of the former member for each year of service, not to exceed 30% of such salary and shall change as the position salary changes.

The death benefit for the spouse of a district judge consists of a yearly benefit equal to 3% of the judge's salary prescribed by law for each year of service not to exceed 30% of such salary. The benefit is payable upon the death of the active or retired judge. The benefit shall not change as the position salary changes.

For the spouse of a probate judge, the yearly benefit is equal to the greater of \$480 for each year of credited service to a maximum of 10 year, or 3% of the judge's salary at the time of their separation from service for each year of credited service not to exceed 30% of such salary.

The benefit is payable for the spouse's life or until remarriage.

Benefit Payable on Separation from Service

If a member terminates service and elects not to withdraw their contributions and accrued interest from the JRF, the member is eligible to receive any of the benefits of the Act for which the member has sufficient credited service upon reaching an eligible retirement age.

A member terminating service prior to reaching eligibility for retirement benefits under the Act may elect to receive a refund of their accumulated contributions and interest (the amount of accrued interest refundable to a

District or Probate Judge is based upon the same rules and regulations applicable to similar refunds under ERS).

Member Contributions

Each member contributes 6% of salary.

State Contributions

The State makes contributions, which, in addition to the members' contributions, are sufficient to carry out the provisions of the Act.

Supporting Schedules

The following schedule presents six years of active member valuation data:

**JUDICIAL RETIREMENT FUND
SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase (Decrease) in Average Pay</u>
09/30/99 †	325	\$ 27,053,721	\$ 83,242	7.94
09/30/98 †	318	24,523,217	77,117	0.03
09/30/97 ‡	319	24,593,274	77,095	0.25
09/30/96	318	24,455,078	76,903	0.66
09/30/95	326	24,906,662	76,401	(1.49)
09/30/94	309	23,964,074	77,554	8.03

† Does not include salary increases granted to members of the Fund effective October 1, 2000.

The following schedule presents six years of solvency tests:

**JUDICIAL RETIREMENT FUND
SOLVENCY TEST**

(\$ in Thousands)

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities For</u>				<u>Portion (%) of Accrued Liabilities Covered by Reported Assets</u>		
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Reported Assets</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
	<u>Active Member Contributions</u>	<u>Retirants and Beneficiaries</u>	<u>Active Members (Employer Financed Portion)</u>				
09/30/99	\$ 18,812	\$ 171,346	\$ 73,333	\$ 221,926	100	100	43.3
09/30/98 †	17,665	154,319	74,194	210,116	100	100	51.4
09/30/97 ‡	16,294	120,633	53,644	198,014	100	100	113.9
09/30/96 §	15,070	95,185	42,421	146,001	100	100	84.3
09/30/95	13,851	94,407	38,782	133,120	100	100	64.1
09/30/94	13,964	80,068	47,303	123,409	100	100	62.1

† Reflects change in asset method from market value to market-related value.

‡ Reflects change in asset method from market-related value to market value.

§ Reflects changes in asset method from book value to market-related value.

RETIREMENT SYSTEMS OF ALABAMA

Actuarial Section

Judicial Retirement Fund

Supporting Schedules (Continued)

The following schedule presents six years of retirant and beneficiary data:

**JUDICIAL RETIREMENT FUND
SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED AND REMOVED FROM ROLLS**

Fiscal Year	Number of Retirees and Beneficiaries			Annual Allowances		
	Added	Removed	Year-end	Year-end	% Increase	Average
2000	3	3	252	\$ 11,060,436	(2.1)	43,891
1999	13	4	252	11,293,512	12.8	44,816
1998	8	3	243	10,015,812	2.5	41,217
1997	13	4	238	9,775,968	5.2	41,075
1996	9	9	229	9,292,836	1.5	40,580
1995	33	3	229	9,151,608	25.4	39,963

The following table provides an analysis of actuarial gains and losses:

**JUDICIAL RETIREMENT FUND
ANALYSIS OF ACTUARIAL GAINS AND LOSSES AS OF SEPTEMBER 30, 1999**

	Amount
(Overfunded)/Unfunded Actuarial Liability as of September 30, 1998	\$ 36,061,541
Normal Cost for 1999 Plan Year	3,633,194
Contribution Received During the Year	(2,420,368)
Interest to Year End	2,933,436
Expected (Overfunded)/Unfunded Actuarial Liability as of September 30, 1999	<u>40,207,803</u>
Actuarial (Gains)/Losses During the Year	
From Investments	(2,527,008)
From Actuarial Liabilities	3,884,624
Total Actuarial (Gains)/Losses During the Year	<u>1,357,616</u>
Actual (Overfunded)/Unfunded Actuarial Liability as of September 30, 1999	<u>\$ 41,565,419</u>

STATISTICAL SECTION

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section
Revenues by Source
Six-Year History

(Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM
REVENUES BY SOURCE

Fiscal Year	Member Contributions §	Employer Contributions		Investment Income	Total
		Amount	Employer Rate %		
2000	\$ 214,003	\$ 277,180	6.38	\$ 1,414,568	\$ 1,905,751
1999	217,205	166,100	4.03	1,829,883	2,213,188
1998	199,780	358,088	9.66	564,331	1,122,199
1997	190,802	330,658	9.23	2,313,425	2,834,885
1996	185,646	311,084	9.23	1,086,660	1,583,390
1995	177,416	288,526	6.31	762,429	1,228,371

EMPLOYEES' RETIREMENT SYSTEM
REVENUES BY SOURCE

Fiscal Year	Member Contributions §	Employer Contributions				Investment Income	Total
		Amount	Employer Rate %		Local		
			Regular	Law			
2000	\$ 118,128	\$ 113,991	4.08	9.45	*	\$ 655,108	\$ 887,227
1999	112,779	97,373	3.11	6.85	*	857,378	1,067,530
1998	108,477	157,246	7.56	15.74	*	254,330	520,053
1997	103,952	145,738	6.99	15.17	*	1,056,283	1,305,973
1996	103,877	139,196	6.99	15.22	*	501,830	744,903
1995	99,748	149,165	6.99	15.22	*	348,083	596,996

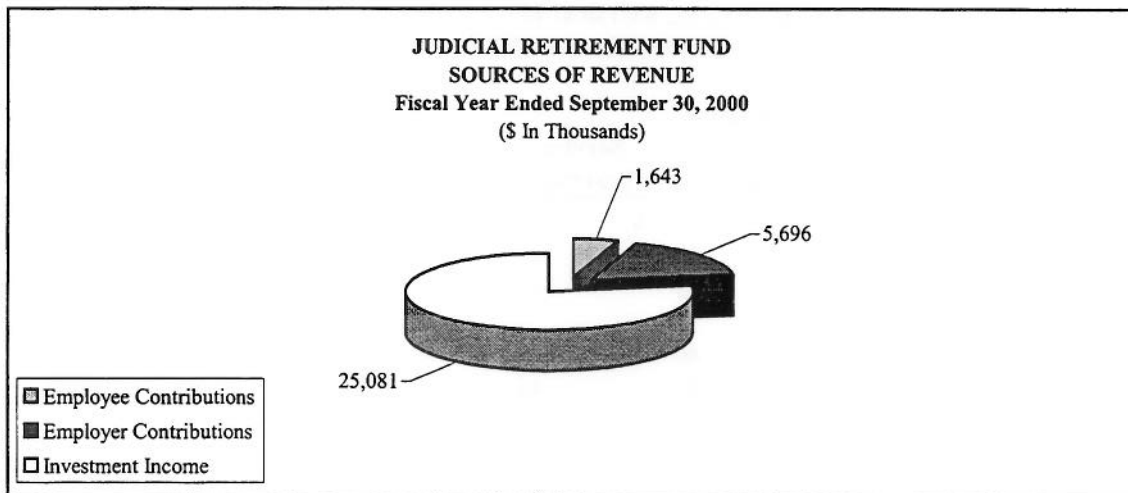
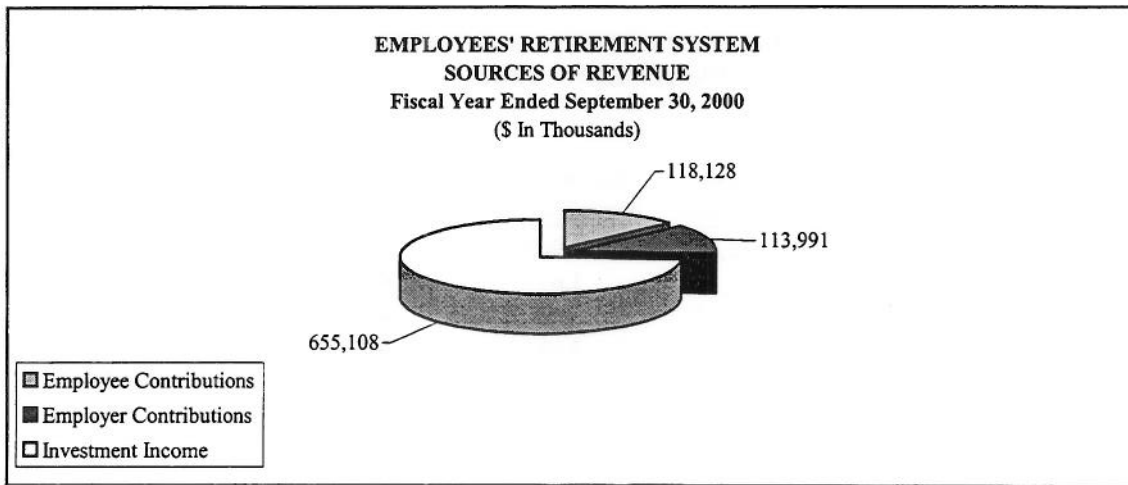
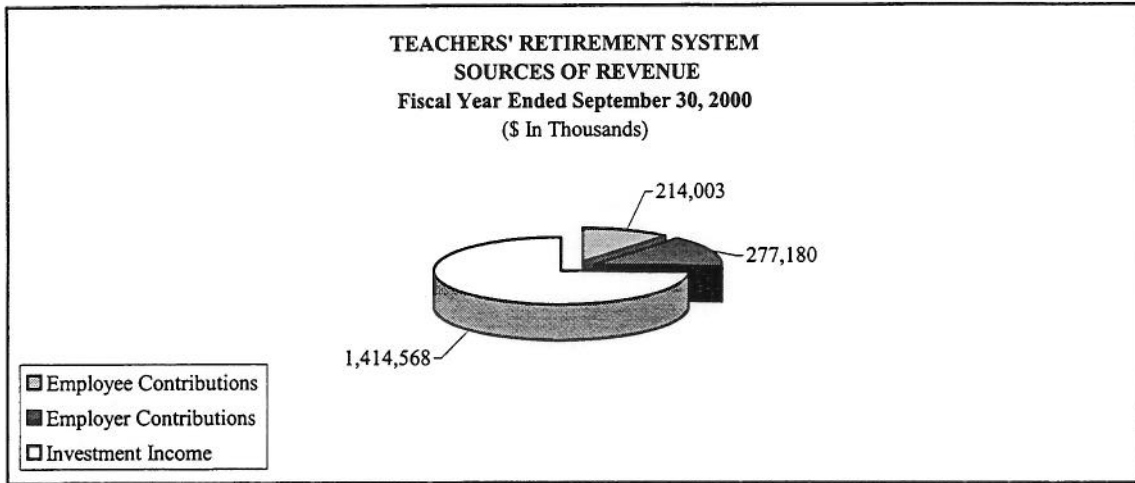
JUDICIAL RETIREMENT FUND
REVENUES BY SOURCE

Fiscal Year	Member Contributions §	Employer Contributions		Investment Income	Total
		Amount	Employer Rate %		
2000	\$ 1,643	\$ 5,696	21.19	\$ 25,081	\$ 32,420
1999	1,594	2,870	9.16	27,800	32,264
1998	1,467	5,417	19.71	17,378	24,262
1997	1,662	5,430	19.71	36,288	43,380
1996	1,513	6,193	23.05	14,698	22,404
1995	1,594	6,871	27.01	10,454	18,919

§ Includes transfers from other systems.

* Local agency rates differ for each participating agency.

Sources of Revenue



RETIREMENT SYSTEMS OF ALABAMA

Statistical Section
Expenses by Type
Six-Year History

(Amounts in Thousands)

TEACHERS' RETIREMENT SYSTEM
EXPENSES BY TYPE

Fiscal Year	Benefit Payments	Contribution		Service Transfers	Administrative Expenses	Other	Total
		Refunds & Death Benefits					
2000	\$ 720,576	\$ 33,978		\$ 1,534	\$ 5,639	\$ 165	\$ 761,892
1999	678,740	31,307		1,800	6,563	737	719,147
1998	576,463	32,636		1,116	7,076	547	617,838
1997	534,958	30,907		1,245	6,524	500	574,134
1996	466,479	29,345		1,127	3,443	429	500,823
1995	431,477	26,051		976	5,536	363	464,403

EMPLOYEES' RETIREMENT SYSTEM
EXPENSES BY TYPE

Fiscal Year	Benefit Payments	Contribution		Service Transfers	Administrative Expenses	Other	Total
		Refunds & Death Benefits					
2000	\$ 341,145	\$ 24,864		\$ 1,985	\$ 3,811	\$ 367	\$ 372,172
1999	330,231	25,291		1,674	4,812	333	362,341
1998	270,469	26,031		1,757	4,855	351	303,463
1997	252,023	23,716		2,021	4,273	337	282,370
1996	220,265	22,865		1,207	2,884	291	247,512
1995	204,201	19,868		999	3,811	269	229,148

JUDICIAL RETIREMENT FUND
EXPENSES BY TYPE

Fiscal Year	Benefit Payments	Contribution		Service Transfers	Administrative Expenses	Other	Total
		Refunds & Death Benefits					
2000	\$ 11,256	\$ 43		\$ -	\$ 263	\$ -	\$ 11,562
1999	11,150	101		-	226	-	11,477
1998	10,035	155		145	245	-	10,580
1997	9,678	6		-	299	-	9,983
1996	9,364	40		251	279	-	9,934
1995	8,766	91		46	295	-	9,198

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Benefits by Type

Six-Year History

(Amounts in Thousands)

**TEACHERS' RETIREMENT SYSTEM
BENEFIT EXPENSES BY TYPE**

<u>Fiscal Year</u>	<u>Age & Service Benefits</u>		<u>Disability</u>	<u>Death Benefits & Refunds</u>	
	<u>Retirants</u>	<u>Survivors</u>	<u>Benefits</u>	<u>Death</u>	<u>Resignation</u>
2000	\$ 676,365	\$ 19,384	\$ 24,827	\$ 9,800	\$ 24,178
1999	637,542	18,180	23,018	8,550	22,757
1998	541,729	15,267	19,467	9,171	23,465
1997	503,603	13,893	17,462	10,083	20,824
1996	439,566	12,066	14,847	8,066	21,279
1995	408,007	10,741	12,729	8,556	17,495

**EMPLOYEES' RETIREMENT SYSTEM
BENEFIT EXPENSES BY TYPE**

<u>Fiscal Year</u>	<u>Age & Service Benefits</u>		<u>Disability</u>	<u>Death Benefits & Refunds</u>	
	<u>Retirants</u>	<u>Survivors</u>	<u>Benefits</u>	<u>Death</u>	<u>Resignation</u>
2000	\$ 300,541	\$ 17,394	\$ 23,210	\$ 5,564	\$ 19,300
1999	291,548	16,489	22,194	6,195	19,096
1998	236,328	14,562	19,579	5,252	20,779
1997	219,592	13,620	18,811	5,676	18,040
1996	191,531	11,753	16,981	5,428	17,437
1995	178,896	10,778	14,527	4,308	15,560

**JUDICIAL RETIREMENT FUND
BENEFIT EXPENSES BY TYPE**

<u>Fiscal Year</u>	<u>Age & Service Benefits</u>		<u>Disability</u>	<u>Death Benefits & Refunds</u>	
	<u>Retirants</u>	<u>Survivors</u>	<u>Benefits</u>	<u>Death</u>	<u>Resignation</u>
2000	\$ 9,061	\$ 1,852	\$ 343	\$ -	\$ 43
1999	9,110	1,694	346	-	101
1998	8,194	1,509	332	-	155
1997	7,943	1,380	354	-	6
1996	7,590	1,412	362	-	40
1995	7,067	1,393	306	-	91
1994	5,906	1,204	297	-	-

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Retired Members by Type of Benefit as of June 30, 2000

Amount of Monthly Benefit	Number of Retirants	Type of Retirement †			Option Selected ‡				
		A	B	C	Maximum	Opt-1	Opt-2	Opt-3	Opt-4
\$ 1 - 250	1,737	1,131	409	197	401	616	325	393	2
251 - 500	7,324	5,903	649	772	2,203	3,452	782	876	11
501 - 750	5,360	4,405	444	511	1,642	2,459	595	658	6
751 - 1,000	4,434	3,767	233	434	1,413	2,017	460	539	5
1,001 - 1,250	4,642	4,134	156	352	1,389	2,166	512	571	4
1,251 - 1,500	5,780	5,469	102	209	1,372	3,031	672	700	5
1,501 - 1,750	5,427	5,242	70	115	1,120	3,216	483	604	4
1,751 - 2,000	3,794	3,699	42	53	713	2,341	330	404	6
2,001 - 2,250	2,420	2,361	31	28	446	1,416	246	307	5
2,251 - 2,500	1,584	1,546	20	18	274	857	214	237	2
2,501 - 2,750	1,132	1,111	17	4	193	580	170	184	5
2,751 - 3,000	770	759	9	2	117	405	112	133	3
3,001 - 3,250	562	549	11	2	110	297	74	79	2
3,251 - 3,500	404	399	3	2	84	198	51	69	2
3,501 - 3,750	304	299	5	-	38	164	44	56	2
3,751 - 4,000	211	207	4	-	31	106	32	39	3
4,001 - 4,250	151	149	2	-	22	77	20	30	2
4,251 - 4,500	110	107	2	1	17	56	16	21	-
4,501 - 4,750	85	82	1	2	12	39	13	19	2
4,751 - 5,000	44	43	1	-	6	17	7	14	-
Over 5,000	169	168	1	-	24	66	43	30	6
Totals	46,444	41,530	2,212	2,702	11,627	23,576	5,201	5,963	77

† Type of Retirement

A - Service
B - Survivor benefit
C - Disability

‡ Option

Maximum - Life Annuity
Opt-1 - Cash Refund
Opt-2 - 100% Joint Survivorship
Opt-3 - 50% Joint Survivorship
Opt-4 - Other

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Retired Members by Type of Benefit as of September 30, 1999

Amount of Monthly Benefit	Number of Retirants	Type of Retirement †			Option Selected ‡				
		A	B	C	Maximum	Opt-1	Opt-2	Opt-3	Opt-4
\$ 1 - 250	1,197	381	782	34	164	132	205	691	5
251 - 500	4,684	3,137	1,130	417	1,204	1,399	915	1,141	25
501 - 750	4,890	3,695	409	786	1,616	1,891	532	794	57
751 - 1,000	3,788	3,021	214	553	1,159	1,655	397	547	30
1,001 - 1,250	3,140	2,722	122	296	836	1,421	343	509	31
1,251 - 1,500	2,250	2,066	73	111	531	1,015	278	403	23
1,501 - 1,750	1,667	1,572	42	53	366	830	151	305	15
1,751 - 2,000	1,208	1,159	16	33	248	627	92	227	14
2,001 - 2,250	773	747	7	19	167	385	63	148	10
2,251 - 2,500	560	536	11	13	114	259	59	121	7
2,501 - 2,750	403	390	9	4	87	195	35	83	3
2,751 - 3,000	299	296	1	2	55	155	20	63	6
3,001 - 3,250	205	200	3	2	43	102	18	39	3
3,251 - 3,500	145	143	1	1	32	75	4	30	4
3,501 - 3,750	103	103	-	-	19	50	7	25	2
3,751 - 4,000	95	95	-	-	18	47	3	25	2
4,001 - 4,250	57	57	-	-	16	26	3	12	-
4,251 - 4,500	37	37	-	-	12	18	1	6	-
4,501 - 4,750	31	31	-	-	8	12	2	8	1
4,751 - 5,000	24	24	-	-	12	7	1	3	1
Over 5,000	63	62	1	-	24	23	-	14	2
Totals	25,619	20,474	2,821	2,324	6,731	10,324	3,129	5,194	241

† Type of Retirement

- A - Service
- B - Survivor benefit
- C - Disability

‡ Option

- Maximum - Life Annuity
- Opt-1 - Cash Refund
- Opt-2 - 100% Joint Survivorship
- Opt-3 - 50% Joint Survivorship
- Opt-4 - Other

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Retired Members by Type of Benefit as of September 30, 1999

Amount of Monthly Benefit	Number of Retirants	Type of Retirement †			Option	
		A	B	C	Maximum	Joint Survivorship
\$ 1 - 250	1	-	1	-	-	1
251 - 500	2	-	2	-	-	2
501 - 750	11	1	10	-	-	11
751 - 1,000	9	1	7	1	1	8
1,001 - 1,250	6	1	5	-	1	5
1,251 - 1,500	3	-	2	1	1	2
1,501 - 1,750	5	3	1	1	1	4
1,751 - 2,000	3	-	3	-	-	3
2,001 - 2,250	46	1	45	-	1	45
2,251 - 2,500	8	3	3	2	5	3
2,501 - 2,750	8	6	2	-	4	4
2,751 - 3,000	1	1	-	-	-	1
3,001 - 3,250	10	6	4	-	4	6
3,251 - 3,500	11	8	1	2	2	9
3,501 - 3,750	8	8	-	-	3	5
3,751 - 4,000	7	5	-	2	3	4
4,001 - 4,250	1	1	-	-	-	1
4,251 - 4,500	1	1	-	-	-	1
4,501 - 4,750	2	2	-	-	-	2
4,751 - 5,000	3	3	-	-	1	2
Over 5,000	105	105	-	-	-	105
Totals	251	156	86	9	27	224

† Type of Retirement

A - Service

B - Survivor benefit

C - Disability

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Teachers' Retirement System

Six-Year History of Average Monthly Benefit Payments as of June 30

	Years Credited Service				
	10-14	15-19	20-24	25-29	30 & over
2000					
Average monthly benefit	\$ 465	\$ 756	\$ 1,036	\$ 1,698	\$ 2,387
Average final average salary	\$ 24,661	\$ 27,450	\$ 28,961	\$ 39,249	\$ 44,226
Number of active retirants	564	433	452	1,370	814
1999					
Average monthly benefit	\$ 484	\$ 726	\$ 980	\$ 1,723	\$ 2,528
Average final average salary	\$ 24,412	\$ 24,802	\$ 26,105	\$ 38,510	\$ 44,668
Number of active retirants	553	381	557	1,427	805
1998					
Average monthly benefit	\$ 414	\$ 675	\$ 885	\$ 1,577	\$ 2,255
Average final average salary	\$ 21,919	\$ 24,090	\$ 24,853	\$ 36,538	\$ 41,688
Number of active retirants	468	426	510	1,273	787
1997					
Average monthly benefit	\$ 419	\$ 642	\$ 952	\$ 1,621	\$ 2,378
Average final average salary	\$ 21,281	\$ 22,344	\$ 26,316	\$ 37,035	\$ 43,046
Number of active retirants	497	457	513	1,241	862
1996					
Average monthly benefit	\$ 366	\$ 595	\$ 947	\$ 1,567	\$ 2,264
Average final average salary	\$ 19,519	\$ 21,491	\$ 27,076	\$ 36,483	\$ 42,361
Number of active retirants	418	452	424	931	705
1995					
Average monthly benefit	\$ 360	\$ 550	\$ 949	\$ 1,472	\$ 2,075
Average final average salary	\$ 19,365	\$ 20,058	\$ 27,328	\$ 34,253	\$ 38,078
Number of active retirants	422	473	327	824	605

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Six-Year History of Average Monthly Benefit Payments as of September 30

	Years Credited Service				
	10-14	15-19	20-24	25-29	30 & over
1999					
Average monthly benefit	\$ 731	\$ 899	\$ 1,173	\$ 1,455	\$ 2,249
Average final average salary	\$ 28,201	\$ 29,501	\$ 29,572	\$ 34,234	\$ 42,655
Number of active retirants	362	206	192	287	40
1998					
Average monthly benefit	\$ 799	\$ 814	\$ 1,140	\$ 1,447	\$ 2,352
Average final average salary	\$ 28,045	\$ 28,400	\$ 30,618	\$ 33,502	\$ 42,894
Number of active retirants	626	398	417	1,114	561
1997					
Average monthly benefit	\$ 659	\$ 866	\$ 1,110	\$ 1,404	\$ 2,175
Average final average salary	\$ 26,217	\$ 29,096	\$ 29,994	\$ 33,224	\$ 41,250
Number of active retirants	381	261	217	324	105
1996					
Average monthly benefit	\$ 730	\$ 837	\$ 1,112	\$ 1,439	\$ 2,336
Average final average salary	\$ 26,120	\$ 27,103	\$ 28,978	\$ 32,150	\$ 41,332
Number of active retirants	508	314	310	543	320
1995					
Average monthly benefit	\$ 522	\$ 783	\$ 1,079	\$ 1,423	\$ 2,019
Average final average salary	\$ 22,835	\$ 26,252	\$ 27,864	\$ 32,831	\$ 38,143
Number of active retirants	393	267	259	238	88
1994					
Average monthly benefit	\$ 634	\$ 779	\$ 976	\$ 1,288	\$ 1,889
Average final average salary	\$ 23,015	\$ 25,433	\$ 26,745	\$ 30,158	\$ 35,137
Number of active retirants	467	326	295	381	293

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Judicial Retirement Fund

Six-Year History of Average Monthly Benefit Payments as of September 30

	Years of Credited Service			
	10-14	15-19	20-24	25-29
1999				
Average monthly benefit	\$ 4,144	\$ 5,285	\$ 6,127	\$ 7,809
Number of active retirants	4	2	6	1
1998				
Average monthly benefit	\$ -	\$ 4,894	\$ 4,100	\$ -
Number of active retirants	-	1	8	-
1997				
Average monthly benefit	\$ 7,231	\$ 4,282	\$ 5,822	\$ -
Number of active retirants	2	4	5	-
1996				
Average monthly benefit	\$ 4,871	\$ 4,894	\$ 3,630	\$ -
Number of active retirants	4	3	2	-
1995				
Average monthly benefit	\$ 2,678	\$ 4,132	\$ 4,894	\$ -
Number of active retirants	5	23	6	-
1994				
Average monthly benefit	\$ 6,727	\$ 3,525	\$ -	\$ -
Number of active retirants	2	6	-	-

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Abbeville Water Works Board	Auburn Extension
Abbeville, City of	Auburn Housing Authority
Adamsville, City of	Auburn Water Works Board
Addison, Town of	Auburn, City of
Alabama Elk River Development Agency	Autauga County Commission
Alabama Historic Ironworks Commission	Autauga County Emergency Management Communication District
Alabama League of Municipalities	Autauga County Water Authority
Alabama Municipal Electric Authority	Autauga/Prattville Public Library
Alabama Music Hall of Fame	B. B. Comer Memorial Library
Alabama Space & Rocket Center	Bakerhill Water Authority
Alabama Tombigbee Regional Commission	Baldwin County Board of Revenue
Alabaster Water & Gas Board	Baldwin County Emergency Communication District
Alabaster, City of	Baldwin County Mental Health-Mental Retardation Center
Albertville Municipal Utilities Board	Baldwin County Mental Retardation Board
Albertville, City of	Baldwin County Soil & Water Conservation District
Alexander City, City of	Barbour County Commission
Aliceville Housing Authority	Bay Minette Housing Authority
Aliceville, City of	Bay Minette, City of
Altoona, Town of	Bayou La Batre Water, Sewer and Gas Board
Andalusia Housing Authority	Bayou La Batre, City of
Andalusia, City of	Bear Creek Development Authority
Anniston Housing Authority	Bear Creek, Town of
Anniston Water Works & Sewer Board	Beauregard Water & Fire Protection Authority
Anniston, City of	Berry, Town of
Anniston/Calhoun County Public Library	Bessemer, City of
Arab Sewer Board	Bibb County Commissioners Court
Arab Water Works Board	Bibb County Emergency Management Commissions District
Arab, Town of	Bibb, Pickens & Tuscaloosa County Mental Health-Mental Retardation Board
Arley, Town of	Birmingham Racing Commission
Ashland Housing Authority	Birmingham Regional Planning Commission
Ashville Water & Gas Board	Black Warrior Solid Waste Disposal Authority
Ashville, Town of	Blount County Commission District
Association of County Commissioners	Blount County Commissioners Court
Athens, City of	Blountsville Utility Board
Athens/Limestone County Emergency Management Communication District	
Atmore Utilities Board	
Atmore, City of	
Attalla Water Works Board	
Attalla, City of	

Blountsville, Town of
Boaz Water & Sewer Commissioners Board
Boaz, City of
Boldo Water & Fire Protection Authority
Brantley Housing Authority
Brent Housing Authority
Brent, City of
Brewton Housing Authority
Brewton, City of
Bridgeport Utilities Board
Bridgeport, City of
Brilliant, Town of
Brookwood, Town of
Brundige, City of
Buhl-Elrod-Holman Water Authority
Bullock County Commissioners Court
Butler County Commissioners Court
Butler County Emergency Communication District
Butler, City of
Cahaba Center for Mental Health & Mental Retardation
Cahaba Valley Fire & Emergency Medical Rescue District
Calera, City of
Calhoun County 911 District
Calhoun County Commission
Calhoun County Water & Fire Protection Authority
Calhoun/Cleburne Mental Health Board
Camden, City of
Camp Hill, City of
Carbon Hill Improvement Authority
Carbon Hill, City of
Carl Elliot Regional Library
Carroll's Creek Water Authority
Carrollton, Town of
Cedar Bluff, Town of
Center Point Fire District
Centerville, City of

Central Alabama Aging Consortium
Central Alabama Regional Planning & Development Commission
Central Elmore Water Authority
Centre Water Works & Sewer Board
Centre, City of
Chambers County Commissioners Court
Chambers County Emergency Management Communications District
Chambers County Library Board
Chatom, City of
Cheaha Regional Library
Cheaha Regional Mental Health-Mental Retardation Board
Cherokee County Commission
Cherokee County Water Authority
Cherokee Water Works & Gas Board
Cherokee, Town of
Chickasaw Utilities Board
Chickasaw, Town of
Childersburg Water, Sewer & Gas Board
Childersburg, City of
Chilton County Commission
Chilton County Soil & Water Conservation District
Chilton Water Authority
Chilton/Clanton Public Library
Chilton/Shelby Mental Health Center
Clanton Housing Authority
Clanton Water Works & Sewer Board
Clanton, City of
Clark County Commission
Clarke/Mobile County Gas District
Clay County Commission
Clay County E-911
Clay County Water Authority
Clayton Housing Authority
Clayton Water & Sewer Board
Clayton, City of
Cleburne County Commission
Cleveland, Town of

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Coffee County Commissioners Court	Dadeville Housing Authority
Coffee County Soil & Water Conservation District	Dadeville Water Supply & Gas Board
Coker Water & Fire Protection Authority	Dadeville, City of
Colbert County Board of Revenue	Dale County Commissioners Court
Colbert County Emergency Management Communications District	Dale County Water Authority
Collinsville Water Works Board	Daleville Housing Authority
Collinsville, City of	Daleville, City of
Columbia, Town of	Dallas County Court of County Revenue
Columbiana Water Works Board	Daphne Utility Board
Concord Fire District	Daphne, City of
Conecuh County Board of Directors	Dauphin Island Water & Sewer Authority
Cook Springs Water Authority	Dauphin Island, Town of
Coosa County Commissioners Court	Decatur, City of
Coosada, Town of	DeKalb County Commission
Cordova Water & Gas Board	DeKalb County Economic Development Authority
Cordova, City of	DeKalb County Emergency Communications District
Cottonwood, City of	DeKalb County Hospital Association
Courtland, Town of	DeKalb County Mental Retardation Board
Covington County Board of Revenue	DeKalb/Cherokee County Gas District
Cowarts, Town of	Demopolis Housing Authority
Crenshaw County Court of Commissioners	Demopolis, City of
Crenshaw County Emergency Management Communications District	Dora Gas Board
Creola, City of	Dora, City of
Cross Trails Regional Library	Dothan/Houston County Mental Retardation Board
Cuba, Town of	Double Springs Water Works Board
Cullman Area Mental Health Authority	Double Springs, Town of
Cullman County Board of Revenue	Douglas Water & Fire Protection Authority
Cullman County Center for the Development Disabled	Douglas, Town of
Cullman County E-911	Dutton, Town of
Cullman County Parks & Recreation	East Alabama Mental Health-Mental Retardation Board
Cullman County Public Library	East Alabama Regional Planning & Development Commission
Cullman Power Board	East Alabama Water, Sewer, & Fire Protection District
Cullman, City of	East Brewton Water Works & Sewer Board
Cullman/Jefferson County Gas District	East Brewton, City of
Cumberland Mountain Water & Fire Protection Authority	East Central Alabama Gas District
Curry Water Authority	

East Lauderdale County Water &
Fire Protection Authority
Eclectic Water Works & Sewer Board
Eclectic, Town of
Elba General Hospital & Nursing Home
Elba Water & Electric Board
Elba, City of
Elmore County Commissioners Court
Elmore Water Authority
Enterprise, City of
Enterprise Housing Authority
Enterprise Water Works Board
Escambia County Commission
Escambia County Cooperative Library
System
Etowah County Board of Revenue
Etowah County Communications District
Etowah Solid Waste Disposal Authority
Eufaula Housing Authority
Eufaula Water Works & Sewer Board
Eufaula, City of
Eutaw Medical Clinic Board
Eutaw, City of
Evergreen Housing Authority
Evergreen, City of
Excel, Town of
Fairfield, City of
Fairhope Public Library
Fairhope, City of
Falkville, Town of
Fayette County Commission
Fayette County E911 District
Fayette Gas Board
Fayette Water Works Board
Fayette County Water Coordination &
Fire Protection Authority
Fayette, City of
Fayetteville Water Authority
Flomaton, Town of
Foley Utilities Board
Foley, City of

Forestdale Fire District
Fort Deposit Water Works & Sewer Board
Fort Deposit, Town of
Fort Payne Housing Authority
Fort Payne Improvement Authority
Fort Payne Water Works Board
Fort Payne, City of
Fosters-Ralph Water Authority
Franklin County Commission
Franklin County Soil and Water Conservation
Franklin County Water Service Authority
Fultondale, City of
Gadsden Water & Sewer Board
Gadsden, City of
Garden City, Town of
Gardendale, City of
Geneva County Court of Commissioners
Geneva Water Works & Sewer Board
Geneva, City of
Gilberttown Utilities Board
Gilberttown, Town of
Glencoe, City of
Goodwater, City of
Gordo, City of
Grant Water Works Board
Grant, Town of
Graysville Public Library
Graysville, City of
Greater Etowah Mental Retardation 310 Board
Greater Mobile/Washington County Mental
Health-Mental Retardation Board
Greene County Ambulance Service
Greene County Commission
Greene County Economic & Industrial
Development Board
Greene County Hospital
Greene County Housing Authority
Greene County Racing Commission
Greenhill Water & Fire Protection Authority
Greensboro Housing Authority

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Greensboro, City of	Historic Blakeley Authority
Greenville Water Works & Sewer Board	Historic Chattahoochee Commission
Greenville, City of	Hodges, Town of
Grove Hill, City of	Hokes Bluff Sewer Board
Guin Water & Sewer Board	Hokes Bluff Water Works Board
Guin, City of	Hokes Bluff, Town of
Guntersville Electric Board	Holly Pond, Town of
Guntersville Water & Sewer Board	Hollywood, Town of
Guntersville, City of	Homewood, City of
Gurley, Town of	Hoover, City of
Hackleburg, Town of	Horseshoe Bend Regional Library
Hackneyville Water & Fire Protection Authority	Houston County Board of Revenue and Control
Hale County Commission	Houston County Soil Conservation District
Hale County Soil & Water Conservation District	Houston/Love Memorial Library
Hale County Water Authority	Hueytown, City of
Haleyville, City of	Huntsville Electric System
Hamilton, City of	Huntsville Gas System
Hanceville, City of	Huntsville Solid Waste Disposal Authority
Hanceville Waterworks & Sewer Board	Huntsville Water System
Harpersville, Town of	Huntsville, City of
Hartford, City of	Huntsville/Madison County Airport Authority
Hartford Housing Authority	Huntsville/Madison County Marina & Port Authority
Hartselle Utilities Board	Huntsville/Madison County Mental Health Board
Hartselle, City of	Indian Pines Recreation Authority
Harvest-Monrovia Water & Fire Protection Authority	International Motorsports Hall of Fame
Hayneville, City of	Irondale, City of
Headland Housing Authority	Jackson County Commission
Headland Water Works Board	Jackson County Economic Development Authority
Headland, City of	Jackson County Emergency Management Communications District
Heflin, City of	Jackson County Soil & Water Conservation District
Heflin Water Works & Sewer Board	Jackson, City of
Helen Keller Memorial Hospital	Jackson County Water Authority
Helena Utilities Board	Jackson's Gap Water Authority
Helena, City of	Jackson's Gap, Town of
Henry County Commissioners Court	Jacksonville Housing Authority
Henry County Soil & Water Conservation District	Jacksonville Water Works, Gas & Sewer
Henry County Water Authority	
Highland Water Authority	

Jacksonville, City of
Jasper Water Works & Sewer Board
Jasper, City of
Jefferson County Department of Health
Jefferson/Blount/St. Clair Mental Health Authority
Jemison, Town of
John Paul Jones Hospital
Killen, City of
Kinsley, Town of
Lafayette, City of
Lamar County Commission
Lamar County Gas District
Lamar County Water & Fire Protection Authority
Lanette, City of
Lauderdale County Commission
Lauderdale County Regional Library System
Lawrence County Commission
Lawrence/Colbert County Gas District
Lawrence/Cullman/Morgan Regional Housing Authority
Lee County Commissioners Court
Lee County Emergency Communications District
Lee/Russell Council of Governments
Leeds Housing Authority
Leeds, City of
Leesburg, Town of
Leighton, Town of
Lexington, Town of
Limestone County Board of Revenue
Limestone County Water Authority
Lincoln, City of
Linden, City of
Lineville Housing Authority
Lineville Water & Sewer Board
Lineville, City of
Livingston Housing Authority
Livingston, City of
Loachapoka Water Authority

Lowndes County Board of Revenue
Loxley, City of
Luverne Housing Authority
Luverne, City of
Macon County Commission
Macon County Racing Commission
Madison County Commissioners Court
Madison County Communications District
Madison County Mental Retardation Board
Madison Water & Wastewater Board
Madison, City of
Malvern, Town of
Maplesville Water & Gas Board
Marengo County Commission
Marengo County Emergency Communications District
Marengo County Nursing Home
Marion County Board of Revenue
Marion County Public Water Authority
Marion Housing Authority
Marion, City of
Marshall County Commission on Government and Finance
Marshall County Emergency Telephone Service Board
Marshall County Gas District
Middle Alabama Area Agency on Aging
Midfield Library Board
Midfield, City of
Mildred B. Harrison Library
Millbrook, City of
Millport Housing Authority
Millport, Town of
Mobile Airport Authority
Mobile County Commission
Mobile County Communications District
Mobile County Emergency Management Agency
Mobile County Health Department
Mobile County Housing Authority

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Mobile County Law Enforcement & Firefighters Pension Fund	North Bibb, Town of
Mobile County Personnel Board	North Central Alabama Mental Health Center
Mobile County Racing Commission	North Central Alabama Mental Retardation Authority
Mobile County Water, Sewer & Fire Protection Authority	North Central Alabama Regional Council of Governments
Mobile Public Library	North Dallas County Water Authority
Mobile Transit Authority	North Jackson County Water & Fire Protection Authority
Mobile Water Service System	North Shelby County Library
Mobile, City of	Northeast Alabama Mental Retardation-Development Disability Authority
Monroe County Commission	Northeast Alabama Water, Sewer & Fire Protection District
Monroeville Housing Authority	Northeast Morgan County Water Authority
Monroeville Water Board	Northport Housing Authority
Monroeville, City of	Northport, City of
Montevallo, City of	Northwest Alabama Council of Local Governments
Montgomery Area Mental Health Authority	Northwest Alabama Mental Health Center
Montgomery County Soil & Water Conservation District	Northwest Blount County Water & Fire Protection Authority
Moody, City of	Northwest Regional Library
Morgan County Commission	Notasulga, Town of
Morgan County Emergency Management Communication District	Oak Grove, Town of
Moulton Housing Authority	Oakman Waterworks
Moulton, City of	Oakman, Town of
Moundville, City of	Oakwood-North Baldwin's Center for Living
Mount High-Rock Springs Water Authority	Odenville Utilities Board
Mountain Brook Library Board	Odenville, Town of
Mountain Brook Park & Recreation Board	Ohatchee, Town of
Mountain Brook, City of	Oneonta Utilities
Mt. Vernon, Town of	Oneonta, City of
Muscle Shoals Electric Board	Opelika Housing Authority
Muscle Shoals Regional Airport Authority	Opelika Water Works Board
Muscle Shoals Utilities Board	Opelika, City of
Muscle Shoals, City of	Opp Utility Board
Myrtlewood, Town of	Opp, City of
New Hope, Town of	Orange Beach Water, Sewer & Fire Protection Authority
New London Water, Sewer & Fire Protection Authority	Orange Beach, Town of
New Site, Town of	
North Alabama Gas District	
North Baldwin County Hospital Board	

Oxford, City of
Ozark Utilities Board
Ozark, City of
Pelham, City of
Pell City Housing Authority
Pell City, City of
Pennington, City of
Perry County Commissioners Court
Phenix City Utilities
Phenix City, City of
Phil Campbell Water Works Board
Phil Campbell, Town of
Pickens County Commission
Pickens County Cooperative Library
Pickens County E-911 Board
Pickens County Water Authority
Pickensville, Town of
Piedmont Housing Authority
Piedmont Water, Gas & Sewer Board
Piedmont, City of
Pike County Commissioners Court
Pike County Soil & Water Conservation
District
Pine Hill, Town of
Pine Level Water & Fire Protection
Authority
Pisgah, Town of
Pleasant Grove, City of
Prattville Housing Authority
Prattville Water Works Board
Prattville, City of
Priceville, Town of
Prichard Housing Authority
Quint-Mar Water & Fire Protection
Authority
Rainbow City Gas, Water & Sewer Board
Rainbow City, City of
Rainsville, City of
Randolph County Commissioners Court
Randolph County Hospital Association
Red Bay Water & Gas Board
Red Bay, City of

Reform Housing Authority
Reform, City of
Riverbend Center for Mental Health
Riverside, Town of
Roanoke Utilities Board
Roanoke, City of
Robertsdale, City of
Rogersville Water Works & Sewer Board
Rogersville, Town of
Russell County Commissioners Court
Russell County Emergency Communications
District
Russell County Soil & Water Conservation
District
Russell County Utilities Board
Russellville Electric Board
Russellville Gas Board
Russellville Water Works Board
Russellville, City of
Rutledge, Town of
Sand Mountain Water Authority
Sand Springs Water Authority
Saraland Water Service
Saraland, City of
Sardis City Water Board
Sardis City, City of
Satsuma Water Works Board
Satsuma, City of
Scottsboro Electric Power Board
Scottsboro Public Library
Scottsboro Public Park & Recreation Board
Scottsboro Water Works & Supply Board
Scottsboro Water Works, Sewer & Gas Board
Scottsboro, City of
Section Water Works Board
Selma Housing Authority
Selma Water Works & Sewer Board
Selma, City of
Sheffield Power, Water & Gas Department
Sheffield, City of

RETIREMENT SYSTEMS OF ALABAMA

Statistical Section

Employees' Retirement System

Local Participating Employers

Shelby County Board of Revenue	Sumter County Soil & Water Conservation District
Shelby County Soil Conservation District	Sumter County Water Authority
Shoals Industrial Development Authority	Sylacauga Park & Recreation Department
Shoals Solid Waste Disposal Authority	Sylacauga Utilities Board
Silas, Town of	Sylacauga, City of
Silverhill, Town of	Talladega County Board of Revenue
Sipsey, Town of	Talladega County Emergency Management Communications District
Snead, Town of	Talladega County Soil & Water Conservation District
South Alabama Regional Planning Commission	Talladega Water & Sewer Board
South Central Alabama Development Authority	Talladega, City of
South Central Mental Health Center	Tallapoosa County Court of Commissioners
South Crenshaw County Water Authority	Tallapoosa County Emergency Management Communications District
Southeast Alabama Regional Planning & Development Commission	Tallassee, City of
Southeast Alabama Solid Waste Disposal Authority	Tarrant City Electric System
Southern Alabama Regional Council on Aging	Tarrant City, City of
Southside Water & Sewer Board	Tarrant Housing Authority
Southside, City of	Taylor, Town of
Southwest Alabama Water Authority	Tennessee Valley Exhibit Commission
Spanish Fort, City of	Thomas Hospital
Spring Creek Water Authority	Thomaston, Town of
Springville, Town of	Thomasville, City of
St. Clair County Commissioners Court	Thorsby, Town of
St. Clair County Industrial Development Board	Top of Alabama Regional Council of Governments
St. Clair County Library	Town Creek, Town of
St. Clair County Soil & Water Conservation District	Triana, City of
St. Florian, Town of	Tri-County Mental Retardation-Development Disability Board
Steele, Town of	Trinity, Town of
Stevenson Housing Authority	Troy, City of
Stevenson Utilities Board	Trussville Utilities Board
Stevenson, City of	Trussville, City of
Stewartville Water Authority	Tuscaloosa County Board of Revenue
Sulligent, City of	Tuscaloosa County Park and Recreation Board
Sumiton Water Works Board	Tuscaloosa County Parking & Transit Authority
Sumiton, City of	Tuscaloosa County Public Defenders Office
Summerdale, Town of	
Sumter County Board of Commissioners	
Sumter County Industrial Development Authority	

Tuscaloosa County Soil & Water
Conservation District
Tuscaloosa County Special Tax Board
Tuscaloosa Public Library
Tuscaloosa, City of
Tuscumbia, City of
Tuskegee, City of
Union Grove Utilities Board
Union Springs Utilities Board
Union Springs, City of
Uniontown Housing Authority
Uniontown Utilities Board
Uniontown, City of
USS Alabama Battleship Commission
Valley Head Water Works Board
Valley Housing Authority
Valley Water Authority
Valley, City of
Vance, Town of
Vernon Housing Authority
Vernon, City of
Vestavia Hills, City of
Vincent, City of
Von Braun Civic Center
Walker County Commission
Walker County E911 District
Walker County Housing Authority
Walker County Soil & Water Conservation
District
Wall Street Water Authority
Walnut Hill Water Authority
Warrior River Water & Fire Protection
Authority
Warrior, City of
Washington County Commissioners Court
Weaver, City of
Webb, Town of
Wedowee Hospital
Wedowee, City of

West Alabama Planning & Development
Commission
West Etowah County Water Authority
West Jefferson, Town of
West Lauderdale County Water & Fire
Protection Authority
West Morgan/East Lawrence Water Authority
Westover Water & Fire Protection Authority
Wetumpka Water & Sewer Board
Wetumpka, City of
White Hall, Town of
Wilcox County Commission
Wilcox County Gas District
Wilsonville, Town of
Winfield Water Works Board
Winfield, City of
Winston County Commission
Winston County E-911 Communications District
York Housing Authority
York, City of