

Employees' Retirement System of Alabama
Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Fiscal Year Ended September 30, 2020

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

201 South Union Street • P. O. Box 302150 • Montgomery, Alabama 36130-2150
(334) 517-7000 or 1-877-517-0020 • <http://www.rsa-al.gov>

Employees' Retirement System of Alabama
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INDEPENDENT AUDITORS' REPORT

To the Board of Control
Employees' Retirement System of Alabama

Report on the Combined Financial Statements

We have audited the fiduciary net position as of September 30, 2020, and the changes in fiduciary net position for the year then ended, included in the accompanying schedule of changes in fiduciary net position by employer (the "schedule") of the Employees' Retirement System of Alabama (ERS), and the related notes.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the fiduciary net position included in the schedule 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 fiduciary net position and the changes in fiduciary net position included in the schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the ERS's preparation and fair presentation of the fiduciary net position and the changes in fiduciary net position included in the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ERS's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule referred to above presents fairly, in all material respects, the fiduciary net position of the Employees' Retirement System of Alabama as of September 30, 2020, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Retirement Systems of Alabama as of and for the year ended September 30, 2020, and our report thereon, dated January 15, 2021, expressed an unmodified opinion on those financial statements.

Our audit of the financial statements of the Retirement Systems of Alabama was conducted for the purposes of forming an opinion on the financial statements as a whole. The individual employer information presented in the each of the individual rows of the accompanying schedule is presented for purposes of additional analysis and is not required part of the financial statements. The individual employer information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. Each row of individual employer information has been subjected to the auditing procedures applied in the audit of the financial statements.

Restriction on Use

Our report is intended solely for the information and use of ERS management, members of the Board of Control, ERS plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

April 30, 2021
Montgomery, Alabama

Employees' Retirement System of Alabama
Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Fiscal Year Ended September 30, 2020

Employer	Employer Code	Valuation	Fiduciary Net Position Restricted for Pension Benefits at 9/30/2019 (See Note A)	Employer Contributions (See Note B)	Additions			Deductions				Net Change	Fiduciary Net Position Restricted for Pension Benefits at 9/30/2020
					Member Contributions	New Units	Other	Net Investment Income	Benefit Payments & Refunds	Administrative Expenses	Transfers Among Employers		
Bear Creek Development Authority	BCD	4482	694,504	69,067	14,142	-	40,250	(94,084)	-	30,613	59,988	754,492	
Bear Creek Water Works Board	BCB	4989	130,725	4,064	5,630	-	7,289	(16,736)	-	658	905	131,650	
Bear Creek, Town of	BER	2429	407,265	8,143	6,539	-	22,224	(51,355)	-	-	(14,449)	392,816	
Beauregard, Town of	BET	2532	-	-	-	-	-	-	-	-	-	-	
Beauregard Water Authority	BEA	4668	826,890	39,629	20,907	-	48,056	(32,343)	-	-	76,249	903,139	
Berry, Town of	BEY	2458	1,653,938	58,041	32,988	-	94,944	(92,878)	-	16,992	110,087	1,764,025	
Bessemer, City of	BBM	2276	83,839,684	4,635,849	1,840,955	-	4,673,637	(9,620,075)	-	(958,511)	571,855	84,411,539	
Beulah Utilities District	BEU	4024	165,252	532	13,259	-	9,508	(11,484)	-	-	11,815	177,067	
Bibb County Commission	BIB	1119	5,777,372	119,858	126,027	-	324,171	(454,663)	-	64	115,457	5,892,829	
Bibb County Emergency Management Communication District	BIC	4856	473,564	18,148	17,219	-	27,333	(25,895)	-	-	36,805	510,369	
Big Will's Water Authority	BGW	4966	185,334	875	6,035	-	10,788	-	-	-	17,698	203,032	
Bilingsley, Town of	BIL	2500	-	-	-	-	-	-	-	-	-	-	
Birmingham Racing Commission	BRM	4780	2,630,870	40,387	25,951	-	147,021	(181,280)	-	(1,043)	31,036	2,661,906	
Birmingham Regional Planning Commission	BRD	4908	5,951,753	223,363	244,662	-	340,090	(513,376)	-	4,501	339,755	6,291,508	
Birmingham Fire District	BRF	4019	228,396	13,887	13,924	-	13,924	-	-	-	44,472	272,868	
Black Warrior Solid Waste Disposal Authority	BSW	4666	3,046,674	113,350	43,403	-	171,143	(50,119)	-	-	283,777	3,330,451	
Blount County Commission	BLT	1126	18,797,312	467,119	424,734	-	1,066,807	(1,477,685)	-	(20,468)	480,507	19,247,819	
Blount County Communications District	BCC	4766	1,766,280	32,981	47,063	-	99,947	(114,471)	-	-	65,520	1,831,800	
Blount County Industrial Development Board	BBI	4994	4,836	68,805	45,448	-	156,505	(106,617)	-	-	164,139	4,936,134	
Blount County Water Authority	BWA	4896	2,734,021	-	-	-	4,602	(7,133)	-	-	30,103	2,757,490	
Birmingham Memorial Hospital	BMH	4754	829,752	18,058	13,110	-	18,058	(88,259)	-	-	70,109	912,666	
Bonhamville Utility Board	BUV	4245	1,944,046	24,586	24,304	-	72,926	(66,960)	-	-	37,461	1,977,607	
Bonhamville, Town of	BLO	4786	3,686,716	130,666	54,504	-	205,471	(356,960)	-	-	23,625	3,370,391	
Bozoz, Board of Water & Sewer Commissioners	BOZ	2351	13,470,943	375,727	324,203	-	750,605	(1,135,602)	-	(144,146)	80,787	13,551,290	
Bozoz, City of	BOZ	4709	19,456	19,456	12,643	-	23,902	(31,096)	-	-	24,905	142,689	
Bolton Water & Fire Protection Authority	BWF	4944	792,552	43,928	8,521	-	46,161	(68,467)	-	-	50,143	842,695	
Bontheley Housing Authority	BH	4530	308,651	308,651	10,142	-	17,998	(39,305)	-	-	30,652	339,303	
Bontley Housing Authority	HAB	4530	768,701	41,817	9,918	-	44,208	(49,419)	-	-	54,063	822,764	
Bont Housing Authority	HCB	4543	-	-	10,142	-	19,137	(48,823)	-	(49,356)	185,521	3,537,531	
Brent, City of	BNT	2313	3,352,010	40,593	51,730	-	191,377	(68,823)	-	-	(15,280)	3,538,102	
Brewton Housing Authority	HBR	2505	553,382	7,302	9,981	-	30,330	(975,820)	-	(186,132)	507,143	13,729,006	
Brewton, City of	BRB	4663	13,221,863	7,022	32,876	-	750,177	(25,192)	-	-	285,459	13,729,006	
Bridgport Housing Authority	BRH	4941	215,278	4,461	2,520	-	11,780	(25,192)	-	-	(64,311)	208,847	
Bridgport Utilities Board	BRU	4692	3,814,130	105,682	59,642	-	219,825	(99,690)	-	-	285,459	4,099,589	
Bridgeport, City of	BIT	2492	1,511,864	11,755	43,115	-	84,523	(120,243)	-	-	191,150	1,531,014	
Bright, Town of	BRH	2492	2,434,470	13,477	11,718	-	14,258	(6,044)	-	(6,488)	26,361	2,698,331	
Brookwood, Town of	BK	2251	1,884,268	43,954	35,515	-	108,105	(64,341)	-	-	123,233	2,007,503	
Brookwood Water Authority	BWG	2251	6,558,869	98,316	98,767	-	375,498	(98,767)	-	(1,707)	400,166	6,959,035	
Brundidge, City of	BR	4625	629,663	14,012	11,695	-	36,715	(170,708)	-	-	62,422	692,085	
Buhl-Elrod-Holman Water Authority	BUL	1105	5,447,663	124,619	124,619	-	300,073	(467,924)	-	(134,414)	(92,696)	5,354,967	
Bull Creek County Commission	BCC	4817	7,880,660	247,552	161,721	-	439,610	(615,211)	-	(169,080)	64,592	7,945,252	
Bulter County Emergency Communication District	BCT	4817	-	2,771	21,533	-	29,378	(17,532)	-	-	36,150	546,903	
Butler, City of	BUT	2258	1,905,825	101,651	53,707	-	112,018	(146,606)	-	100,183	220,953	2,126,778	
Calaba Center for Mental Health & Mental Retardation	CCM	4742	16,626,005	206,106	226,630	-	919,029	(12,788,081)	-	(240,560)	16,459,129		
Calaba Valley Fire & Emergency Medical Rescue District	CVF	4825	3,965,586	97,036	115,132	-	2,288,446	(860,005)	-	-	307,290	4,272,876	
Calera, City of	CLR	2446	24,756,007	642,084	600,384	-	1,423,265	(860,005)	-	(80,202)	1,725,526	26,481,533	
Callahan County 911 District	CCN	4679	2,884,668	45,648	78,649	-	164,228	(156,156)	-	10,487	142,856	3,027,524	
Callahan County Commission	CCO	4879	32,895,865	915,170	670,752	-	1,844,791	(2,604,188)	-	(205,718)	620,807	33,516,672	
Callahan County Community Punishment & Corrections Authority	CCP	4920	1,573,944	17,886	34,825	-	90,503	(87,785)	-	54,773	110,302	1,684,166	
Callahan County Economic Development Council	CCO	4600	3,195,061	86,828	22,925	-	51,915	(16,694)	-	-	75,396	3,271,712	
Callahan County Water & Fire Protection Authority	CCW	4775	17,706,746	663,532	354,470	-	1,987,431	(2,224,466)	-	(9,904)	118,104	18,200,769	
Callison-Cleburne Mental Health Board	CAM	2441	1,717,547	54,567	59,118	-	97,891	(89,747)	-	(32,832)	88,997	1,806,544	
Camden, City of	CAM	2211	931,118	-	-	-	524,390	(27,195)	-	-	25,235	956,353	
Carroll Hill Utilities Board	CIA	4646	684,912	19,174	12,288	-	39,514	(18,293)	-	-	52,683	737,595	
Carroll Hill, City of	CAR	2402	766,250	22,110	33,196	-	44,023	(56,387)	-	9,368	52,310	818,560	
Carl Elliott Regional Library	CEL	4526	369,062	18,266	7,287	-	21,080	(25,900)	-	-	20,733	389,795	
Carroll's Creek Water Authority	CCL	4677	779,269	7,787	20,820	-	45,030	(8,346)	-	(2,777)	62,514	841,783	
Carrollton, Town of	CRK	2469	764,207	26,543	16,260	-	43,558	(48,527)	-	1,833	39,667	803,874	
Castleberry, Town of	CAS	2518	171,950	1,008	2,336	-	9,865	(1,959)	-	-	11,250	183,200	
Cedar Bluff Utilities Board & Solid Waste Authority	CUS	4933	461,205	16,321	12,283	-	26,973	(6,956)	-	-	48,641	509,846	
Cedar Bluff, Town of	CED	2457	1,064,312	22,340	24,245	-	61,017	(50,880)	-	11,220	67,942	1,132,254	
Center Point Fire District	CFD	4632	12,795,715	678,506	262,129	-	714,867	(1,084,739)	-	(426,850)	143,860	12,939,575	
Center Point, City of	CFP	2508	2,078,227	108,622	130,543	-	124,475	(67,139)	-	-	324,618	2,402,845	
Central Alabama Aging Consortium	CAC	4807	1,778,241	60,662	73,293	-	101,158	(155,755)	-	6,461	185,219	1,863,460	
Central Alabama Regional Planning & Development Commission	CAP	4658	1,279,952	11,677	19,987	-	74,869	(42,717)	-	71,574	135,390	1,415,342	
Central Alabama Youth Services	CAY	4611	1,631,090	-	-	-	93,078	(6,476)	-	-	88,676	1,719,766	
Central Elmore Water & Sewer Authority	CEW	4680	4,469,707	26,628	79,915	-	256,720	(60,702)	-	-	302,487	4,772,194	
Central Talladega County Water District	CCT	4552	90,945	4,506	5,508	-	3,508	(6,476)	-	-	16,372	107,317	
Centre Water Works & Sewer Board	CWS	4552	1,667,024	26,134	240,229	-	92,857	(134,188)	-	-	8,852	1,675,856	

The accompanying notes are an integral part of the Schedule of Changes in Fiduciary Net Position by Employer. See Independent Auditors' Report.

Employees' Retirement System of Alabama
Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Fiscal Year Ended September 30, 2020

Employer Code	Employer Valuation Code	Fiduciary Net Position Restricted for Pension Benefits at 9/30/2019 (See Note A Below)	Additions				Deductions			Net Change	Fiduciary Net Position Restricted for Pension Benefits at 9/30/2020
			Fiduciary Net Position Restricted for Pension Benefits at 9/30/2019 (See Note A Below)	Employer Contributions (See Note B Below)	Member Contributions	New Units	Other	Net Investment Income	Benefit Payments & Refunds		
ECL	2395	1,379,949	49,282	44,284	-	77,848	(71,503)	-	(57,290)	42,621	
ECLE	4750	7,694,566	-	-	-	420,124	(684,353)	-	(264,229)	7,430,137	
EWE	2349	1,508,425	38,782	27,271	-	84,921	(131,679)	-	21,068	1,548,788	
ELB	2348	4,373,249	94,037	87,424	-	240,752	(344,689)	-	(79,417)	4,293,832	
EBT	2504	1,138,955	207,84	36,328	-	64,958	(91,631)	-	281,36	1,199,530	
ECA	4990	656,670	14,989	14,989	-	36,899	-	-	51,798	688,468	
ELM	1116	22,333,794	455,563	529,073	-	1,268,496	(1,175,987)	-	(78,841)	23,332,698	
ECE	4909	240,115	9,844	4,360	-	17,717	(17,717)	-	10,107	250,222	
EWA	4832	9,005,315	33,414	35,494	-	52,206	(42,768)	-	78,346	9,788,861	
ENH	4860	1,256,991	103,669	15,841	-	69,008	(124,875)	-	(29,657)	1,227,334	
EWV	4768	1,874,081	119,760	53,745	-	109,285	(113,051)	-	186,112	2,060,193	
ETP	2343	27,673,513	783,761	62,2374	-	1,566,067	(1,884,246)	-	1,031,422	28,704,935	
MPP	4900	234,606	1,806	825	-	12,197	(24,922)	-	(10,094)	214,512	
ESC	1155	16,474,535	250,574	366,928	-	921,757	(1,182,566)	-	234,252	16,708,787	
ECS	4811	111,632	-	923	-	6,406	-	-	7,329	118,961	
EBC	4007	116,118	4,748	5,980	-	6,941	-	-	17,669	133,787	
EHC	1112	33,419,312	952,528	873,360	-	1,880,788	(2,937,067)	-	869,787	34,289,699	
ECC	4770	2,048,147	44,600	61,499	-	117,905	(75,886)	-	148,146	2,196,293	
EFC	4885	1,051,388	24,880	33,391	-	61,459	(9,355)	-	109,773	1,161,163	
EVD	4913	200,028	8,860	6,267	-	17,291	-	-	22,418	242,446	
ESV	4534	702,023	60,475	16,250	-	115,730	(67,781)	-	85,240	785,261	
HAZ	2093	2,046,452	21,040	60,679	-	158,714	(190,714)	-	110,782	2,136,671	
ELW	2293	3,606,645	440,057	361,111	-	921,629	(1,144,557)	-	111,169	3,176,214	
ELF	2234	2,600,304	37,816	18,330	-	142,897	(144,557)	-	466,197	2,844,031	
EUT	4588	821,905	18,295	13,277	-	47,868	(26,816)	-	79,440	901,345	
EHA	4588	821,905	18,295	13,277	-	47,868	(26,816)	-	79,440	901,345	
EWS	2236	749,122	245,726	175,200	-	423,533	(583,057)	-	254,939	775,161	
EXC	2463	539,568	18,857	8,265	-	28,030	(47,524)	-	(69,638)	469,740	
FAL	2255	15,184,484	375,661	114,985	-	824,352	(1,820,861)	-	(632,620)	14,522,222	
FPL	4558	984,565	32,554	44,410	-	56,580	(65,814)	-	67,730	1,052,295	
FAR	2328	36,857,001	1,200,051	913,202	-	2,096,271	(2,884,262)	-	426,549	38,608,812	
FAY	2442	825,971	41,313	34,550	-	48,806	(28,075)	-	105,118	1,751,811	
FCE	1144	6,644,689	95,202	119,092	-	376,348	(414,032)	-	82,527	259,137	
FCE	4814	42,2915	13,001	12,136	-	24,885	-	-	5,0022	472,937	
FWC	4859	41,1519	15,873	8,917	-	23,704	(8,184)	-	30,310	441,829	
FGE	4700	1,690,613	33,691	21,964	-	94,290	(141,492)	-	2,777	1,703,843	
FVB	4904	737,147	22,891	12,590	-	41,647	(56,177)	-	24,981	762,128	
FVH	4701	3,183,958	55,717	35,889	-	178,323	(218,183)	-	51,746	3,235,704	
FWW	2422	6,258,145	202,659	122,256	-	351,079	(482,342)	-	122,539	6,380,684	
FVA	4833	441,287	11,019	13,435	-	25,036	(30,783)	-	18,705	459,992	
FSS	4971	441,778	12,448	16,464	-	26,072	-	-	54,984	496,762	
FLM	2451	1,588,470	32,511	17,552	-	107,727	(137,789)	-	74,653	1,706,524	
FLC	4908	5,780,852	36,936	51,053	-	317,544	(521,040)	-	(14,664)	5,650,678	
FLL	4887	348,156	15,259	18,237	-	20,853	-	-	54,349	402,505	
FLE	4854	53,356,412	1,206,512	858,012	-	2,988,248	(4,166,170)	-	864,269	54,220,681	
FOL	2221	31,421,008	985,338	964,212	-	1,812,169	(1,350,241)	-	2,396,014	33,817,022	
FHVV	4677	3,183,668	70,249	73,628	-	164,001	(73,906)	-	(69,627)	2,720,713	
FDP	4670	293,444	5,382	9,992	-	17,205	(38)	-	32,541	325,985	
FDP	2412	255,318	26,285	16,205	-	12,229	(12,702)	-	(70,421)	184,897	
FPH	4544	1,577,688	44,733	29,713	-	89,234	(106,606)	-	57,074	1,634,762	
FPI	4855	5,750,511	395,851	110,392	-	326,587	(582,875)	-	6,181	256,136	
FPW	2312	3,785,396	108,266	84,145	-	216,543	(185,690)	-	224,791	4,010,187	
CFP	2314	25,694,663	928,386	529,866	-	1,449,764	(2,147,854)	-	41,706	26,496,731	
FRW	4815	400,154	20,834	9,848	-	22,888	(29,924)	-	23,646	423,800	
FRA	1150	13,689,380	343,856	269,720	-	775,003	(857,397)	-	(9,825)	14,210,737	
FCS	4865	153,916	3,679	2,028	-	8,715	(8,516)	-	5,906	159,822	
FCW	4840	1,039,621	3,496	20,817	-	59,444	(23,029)	-	60,728	1,100,349	
FRI	2546	355,741	46,902	13,492	-	21,957	(11,752)	-	78,953	434,694	
FUG	4991	5,359,885	138,381	89,353	-	304,577	(287,352)	-	244,959	5,604,844	
FUL	2287	12,283,686	369,878	275,686	-	694,219	(884,830)	-	424,506	12,708,192	
FYP	2998	416,863	6,391	17,608	-	24,320	(6,578)	-	41,741	458,624	
GWW	2259	15,711,012	739,317	290,163	-	884,029	(1,510,452)	-	403,057	16,114,669	
COG	2242	74,735,619	3,955,705	1,659,833	-	4,171,938	(6,887,825)	-	718,745	75,454,564	
GAN	2547	28,001	7,637	2,392	-	1,776	-	-	7,929	35,930	
GDN	2881	338,129	22,516	8,366	-	19,602	(21,071)	-	29,413	367,542	
GAR	2299	23,054,044	765,788	45,966	-	1,314,171	(1,735,286)	-	1,202,048	24,256,692	
GEN	1114	9,776,408	219,728	254,685	-	534,009	(685,689)	-	391,536	10,167,344	
GCB	4903	517,841	9,106	16,094	-	30,049	(9,059)	-	48,800	563,941	
GSB	4705	1,152,355	41,639	151,880	-	65,032	(45,405)	-	76,448	1,208,803	

Employees' Retirement System of Alabama
Notes to the Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Fiscal Year Ended September 30, 2020

1) Plan Description

The Employees' Retirement System of Alabama (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. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of the ERS is vested in its Board of Control.

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

The ERS membership includes approximately 101,245 participants from approximately 907 local participating employers. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	28,672
Terminated employees entitled to	
but not yet receiving benefits	1,974
Terminated employees not	
entitled to a benefit	14,133
Active Members	56,369
Post-DROP participants who	
are still in active service	97
Total	101,245

Employees' Retirement System of Alabama
Notes to the Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Fiscal Year Ended September 30, 2020

1) Plan Description, continued

Pension Benefits

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for Tier 1 ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable 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 creditable 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, Tier 1 members of the 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.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and 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, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Member and Employer Contributions

Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 7.50% of earnable compensation. Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. Tier 1 State Police members of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Employees' Retirement System of Alabama
Notes to the Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Fiscal Year Ended September 30, 2020

1) Plan Description, continued

Tier 2 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

2) Measurement Focus and Basis of Accounting

The Schedule of Changes in Fiduciary Net Position by Employer is presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). As prescribed by GASB, they are reported using the economic resources measurement focus and the accrual basis of accounting.

For purposes of measuring the fiduciary net position and changes in the fiduciary net position of the ERS, information about the fiduciary net position of each employer and the changes in each employer's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employer contribution rates are based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements of the ERS and the Schedule of Changes in Fiduciary Net Position by Employer.

3) Additional Financial and Actuarial Information

This report was prepared to provide participating employers with additional information needed to comply with the financial reporting requirements promulgated under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Additional financial and actuarial information, including RSA's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020, is available at www.rsa-al.gov.

This report provides specific detailed information and should be utilized by the ERS participating employers to assist with the preparation of their financial statements. Data provided in this report is limited in time, nature, and scope and does not provide complete financial information related to the ERS or its participating employers.