

**State of Oklahoma
Uniform Retirement System
For Justices & Judges**

**Actuarial Valuation Report
as of July 1, 2007**

Prepared: October 2007



Uniform Retirement System For Justices & Judges Actuarial Valuation Report

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October 18, 2007

Board of Trustees
Uniform Retirement System
For Justices & Judges
5801 N. Broadway Extension, Suite 400
P.O. Box 53007
Oklahoma City, OK 73152-3007

Dear Members of Board:

At your request, we have completed an actuarial valuation of the Uniform Retirement System For Justices & Judges (URSJJ) as of July 1, 2007 for the purpose of determining the actuarial contribution rate for the fiscal year ending June 30, 2008 and calculating and analyzing key financial measurements. The major findings of the valuation are contained in this report. There was no change in the benefit provisions, actuarial assumptions or methods from the prior valuation.

In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB) and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting recommendations of the American Academy of Actuaries.

We hereby further certify that, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and has adopted them as indicated in Appendix C.



In the course of this valuation, we have examined the relative magnitude of medical benefits provided under Section 401(h) of the Internal Revenue Code. We have determined that these medical benefits are subordinate to the retirement benefits, as required.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in this report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for URSJJ for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning URSJJ operations, and uses URSJJ data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We would like to express our appreciation to OPERS staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and look forward to discussing it with you.

I, Patrice A. Beckham F.S.A., am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I, Brent A. Banister F.S.A., am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MILLIMAN, Inc.

Sincerely,

Patrice A. Beckham, F.S.A.
Consulting Actuary

Brent A. Banister, F.S.A.
Actuary

SECTION I BOARD SUMMARY

OVERVIEW

The Uniform Retirement System For Justices & Judges (URSJJ) provides retirement benefits for all Justices and Judges of the Oklahoma Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, and District Courts. URSJJ is administered by the Oklahoma Public Employees Retirement System and its Board of Trustees.

This report presents the results of the July 1, 2007 actuarial valuation for the System. The primary purposes of performing an actuarial valuation are to:

- determine the employer contribution rates required to fund each System on an actuarial basis,
- disclose asset and liability measures as of the valuation date,
- determine the experience of the System since the last valuation date, and
- analyze and report on trends in System contributions, assets, and liabilities over the past several years.

There was no change in the benefit provisions, actuarial assumptions or methods from the prior valuation.

The valuation results provide a "snapshot" view of the System's financial condition on July 1, 2007. The system has been in a surplus position (actuarial assets exceed actuarial accrued liability) for many years. With the 2007 valuation the System is no longer in a surplus funded position and now has an unfunded actuarial accrued liability. The change in the System's funding is due to various factors. A detailed analysis of the change in the unfunded actuarial accrued liability from July 1, 2006 to July 1, 2007 is shown on page 4.

The highlights of the valuation are:

Funded Status (\$M)	Actuarial Valuation	
	July 1, 2007	July 1, 2006
Actuarial Accrued Liability	\$227.1	\$205.3
Actuarial Value of Assets	224.6	210.4
Unfunded Actuarial Accrued Liability/(Surplus)	2.5	(5.1)
Funded Ratio (Actuarial Value)	98.9%	102.5%
Funded Ratio (Market Value)	105.8%	104.1%

There was a net liability loss which increased the actuarial accrued liability more than expected (3.27% of expected liability). The components of this liability loss are identified on page 4 of this report. As that table shows, the largest source of loss was salary increases that were higher than assumed.

The return on the market value of assets was approximately 15.1% for the year ended June 30, 2007. The actuarial value of assets is determined using a method to smooth gains and losses in order to result in more stable contribution rates. The return on the actuarial value of assets was approximately 9.4%, which resulted in an actuarial gain of \$4.5 million.



The actuarial contribution rate for the employer increased to 23.66% of payroll:

Contribution Rate	Actuarial Valuation	
	July 1, 2007	July 1, 2006
Normal Cost	30.28%	31.88%
Amortization of UAAL/(Surplus)	0.72%	(1.68%)
Budgeted Expenses	<u>0.66%</u>	<u>0.76%</u>
Actuarial Contribution Rate	31.66%	30.96%
Less Estimated Member Contribution Rate	<u>8.00%</u>	<u>8.00%</u>
Employer Contribution Rate	23.66%	22.96%
Less Statutory Contribution Rate	5.50%	4.00%
Shortfall	18.16%	18.96%

Additional detail on the valuation results follows in the remainder of this section of the report.

EXPERIENCE

July 1, 2006 – June 30, 2007

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2007. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process leads to a method of determining the contributions needed by members and employers in the future to balance the System assets and liabilities.

Changes in the System's assets and liabilities impacted the change in the actuarial contribution rates between the July 1, 2006 and July 1, 2007 actuarial valuations. On the following pages each component is discussed.

ASSETS

As of July 1, 2007, the System had total funds when measured on a market value basis, of \$240 million. This was an increase of \$26 million from the July 1, 2006 figure of \$214 million.

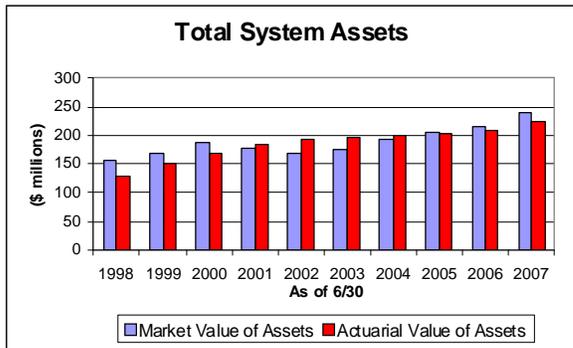
The market value of assets is not used directly in the calculation of contribution rates. An asset valuation method is used to smooth the effect of market fluctuations. See Table 3 on page 14 for the detailed development of the actuarial value of assets as of July 1, 2007.

The actuarial value of assets as of July 1, 2007, was \$225 million. The annualized dollar-weighted rate of return for FY2007 measured on the actuarial value of assets was approximately 9.4% and measured on the market value of assets, was 15.0%, net of investment expenses. The components of the change in the market and actuarial value of assets for the Retirement System (in millions) are set forth below.

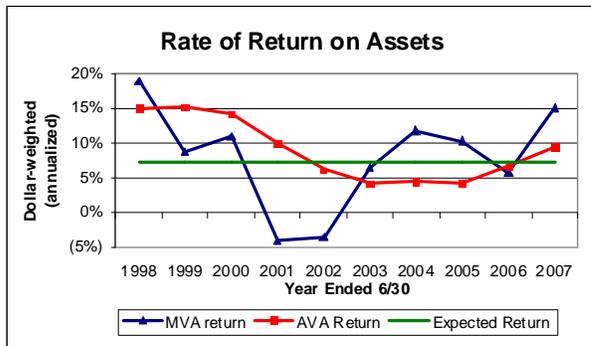
	Market Value \$(millions)	Actuarial Value \$(millions)
Net Assets, July 1, 2006	214	210
• Employer and Member Contributions	4	4
• Benefit Payments and Expenses	(9)	(9)
• Investment Income	31	20
Net Assets, July 1, 2007	\$240	\$225

Due to the use of an asset smoothing method, there is about \$15 million of net deferred investment gain experience that has not yet been recognized. Absent unfavorable investment experience in the future, this deferred investment gain will be reflected in the actuarial value of assets over the next few years.

As a result of the increase in the employer contribution rate, the shortfall between the employer actuarial contribution rate and the statutory contribution rate decreased by 0.80% from the 2006 to the 2007 valuation. The contribution shortfall results in a decrease in surplus/ increase in the UAAL which increases the contribution rate in the subsequent year. Negative liability experience for the year ended June 30, 2007 coupled with the contribution shortfall resulted in the System's actuarial liability exceeding actuarial assets. As a result, there is now an unfunded actuarial accrued liability.



In the early part of the last decade, the market value of assets exceeded the actuarial value. Investment experience in the middle part of the decade reversed the situation. As the negative investment experience was recognized in the smoothing process and favorable experience occurred over the last few years, the market value is again larger than the actuarial value.



Rates of return on the market value of assets are very volatile. The return on the actuarial value of assets illustrates the advantage of using an asset smoothing method.

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial accrued liability (UAAL). The unfunded actuarial accrued liability will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial accrued liability. Benefit improvements, experience gains and losses, and changes in actuarial assumptions and methods will also impact the total actuarial accrued liability (AAL) and the unfunded portion thereof.

The unfunded actuarial accrued liability is summarized below:

Actuarial Accrued Liability	\$ 227,062,193
Actuarial Value of Assets	<u>224,577,704</u>
Unfunded Actuarial Accrued Liability/(Surplus)	\$ 2,484,489

See Table 5 on page 17 for the detailed development of the Actuarial Accrued Liability. The calculation of the Unfunded Actuarial Accrued Liability is shown in Table 8 on page 21.

Other factors influencing the UAAL from year to year include actual experience versus that expected based on the actuarial assumptions (both asset and liability), changes in actuarial assumptions, procedures or methods and changes in benefit provisions. The actual experience measured in this valuation is that which occurred during the prior plan year (fiscal year 2007). There was an experience gain from experience on the actuarial value of assets and an experience loss from the actuarial accrued liability.

Between July 1, 2006 and July 1, 2007 the change in the unfunded actuarial accrued liability for the System was as follows (in millions):

	<u>\$millions</u>
Unfunded Actuarial Accrued Liability, July 1, 2006	\$(5.1)
• effect of contributions less than actuarial rate	4.8
• expected decrease due to amortization method	0.1
• investment experience	(4.5)
• liability experience ¹	7.2
• change in actuarial assumptions	0.0
Unfunded Actuarial Accrued Liability, July 1, 2007	\$2.5

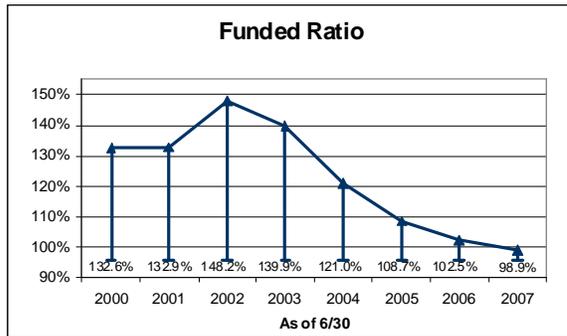
¹ Liability loss is about 3.3% of total actuarial accrued liability.

The liability loss for the System can be allocated to experience related to each actuarial assumption as follows:

Liability Source	Impact on AAL (\$M)	% of Expected Liability
Salary increase	5.1	2.31%
Deaths	0.7	0.32
Termination of employment	(0.2)	(0.09)
Retirements	1.1	0.50
New entrants and rehires	0.1	0.05
Miscellaneous/Data changes	0.4	0.18
Total (gain)/loss	7.2	3.27%

An evaluation of the unfunded actuarial accrued liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial accrued liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information is shown below (in millions).

	7/1/04	7/1/05	7/1/06	7/1/07
Actuarial Assets	\$201	\$204	\$210	\$225
Actuarial Accrued Liability	166	188	205	227
Funded Ratio	121.0%	108.7%	102.5%	98.9%
Unfunded Actuarial Accrued Liability (UAAL)	\$(35)	\$(16)	\$(5)	\$2



The funded ratio has generally been above 100% during this period but has been declining. Several factors have contributed to the decline in the funded ratio including changes in benefit provisions, contributions less than the actuarial rate, changes in actuarial assumptions, demographic experience and investment experience from 2001 – 03.

CONTRIBUTION RATES

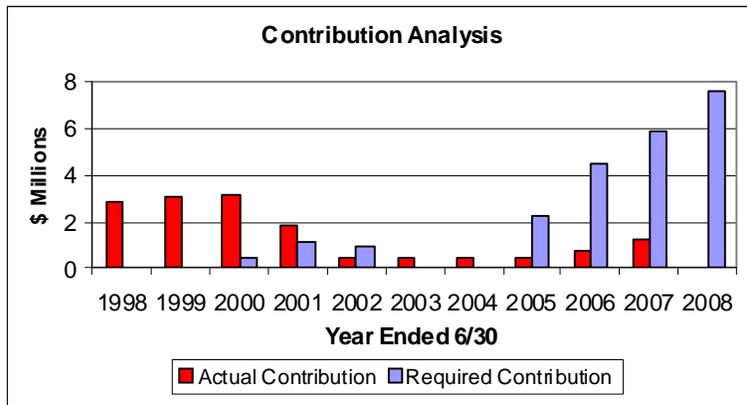
The funding objective of the System is to pay the normal cost rate plus an amount which will pay off the unfunded actuarial accrued liability over a 40 year period commencing July 1, 1987.

Under the Entry Age Normal cost method, the actuarial contribution rate consists of:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date,
- an "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets on hand.

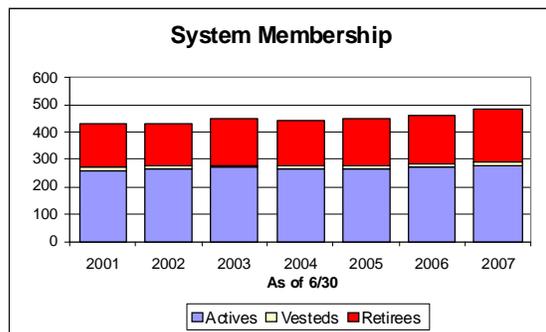
Contributions to the Retirement System are made by the members and their employers. Members pay 8% of salary. The employer contribution rate is scheduled to increase each year until it reaches 22.0% for the fiscal year ending June 30, 2019. The Board is authorized to adjust the contribution rates to prevent a funded ratio of less than 100%. The actuarial employer contribution rate in the 2007 valuation is 23.66% and the statutory contribution rate is 5.50%. Based on a projection model prepared by Milliman using the July 1, 2006 valuation, the scheduled increases in the statutory contribution rate are not expected to be sufficient to reach the actuarial contribution rate before the end of the amortization period, even if all actuarial assumptions are met in future years. Future experience will determine if the ultimate employer contribution rate of 22% is sufficient to meet the System's funding requirement, but the long term funding of the System should continue to be monitored closely in future years.

The graph below represents the total required employer contribution compared to the amount actually received in the fiscal year. The funding policy contribution equals the System's normal cost, budgeted expenses and an amortization of the unfunded actuarial accrued liability/(surplus). For the July 1, 1999 valuation, the amortization period was changed to 40 years from July 1, 1987 (20 years remaining as of July 1, 2007).

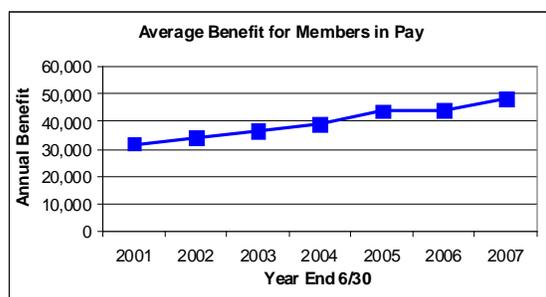


MEMBER INFORMATION

The number of active members included in the valuation increased slightly from 2006 to 2007. Retired member counts and average retirement benefit amounts continue to increase. There were 194 retirees and beneficiaries in the 2007 valuation with an average benefit of \$4,043 per month. This represents a 4% increase in the average monthly benefit.



The number of active members has remained relatively level over this time period. The number of retirees has increased slightly, which is expected in an ongoing system.



The average benefit for retirees has climbed steadily over the past 10 years as new retirees retire with higher salaries and therefore higher benefits than those already retired. In addition, effective July 1, 2004, the maximum benefit was increased from 72.5% to 100% of pay. Ad hoc COLAs have also increased the average benefit during this period.

SUMMARY

At the current contribution levels, the combined member and employer contributions are significantly less than the normal cost for the year. This contribution shortfall reduces surplus assets or, as is now the case, will increase the unfunded actuarial accrued liability. For FY07, contributions received were \$3.8 million, about 45% of the normal cost dollar amount of \$8.2 million. As a result, the actuarial value of assets over the actuarial accrued liability was reduced by the difference with interest, about \$5 million for this year. Even with the increasing schedule of employer contributions in future years, the funded ratio of the System is expected to decline absent favorable experience.

A summary of key data elements and valuation results as of July 1, 2007 and July 1, 2006 are presented on the following page. More detail on each of these elements can be found in the following sections of the report.



SUMMARY OF PRINCIPAL RESULTS
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES

	7/1/2007 Valuation	7/1/2006 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members*	278	272	2.2
Retired and Disabled Members and Beneficiaries	194	180	7.8
Inactive Members	<u>11</u>	<u>10</u>	10.0
Total Members	<u><u>483</u></u>	<u><u>462</u></u>	4.5
Projected Annual Salaries* of Active Members	\$ 32,191,938	\$ 27,488,381	17.1
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 9,410,934	\$ 8,365,205	12.5
* Includes "No Application" members			
2. ASSETS AND LIABILITIES			
Total Actuarial Accrued Liability	\$ 227,062,193	\$ 205,305,048	10.6
Market Value of Assets	240,250,642	213,717,521	12.4
Actuarial Value of Assets	224,577,704	210,376,209	6.8
Unfunded Actuarial Accrued Liability	2,484,489	(5,071,161)	(149.0)
Funded Ratio	98.9%	102.5%	(3.5)
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost Rate	30.28%	31.88%	(5.0)
Amortization of Unfunded Actuarial Accrued Liability	0.72%	(1.68%)	(142.9)
Budgeted Expenses	<u>0.66%</u>	<u>0.76%</u>	(13.2)
Actuarial Contribution Rate	31.66%	30.96%	2.3
Less Estimated Member Contribution Rate	<u>8.00%</u>	<u>8.00%</u>	0.0
Employer Actuarial Required Contribution Rate	23.66%	22.96%	3.0
Less Statutory Employer Contribution Rate	<u>5.50%</u>	<u>4.00%</u>	37.5
Contribution Shortfall	18.16%	18.96%	(4.2)

SECTION 2

SCOPE OF THE REPORT

This report presents the actuarial valuation of the Uniform Retirement System for Justices & Judges (URSJJ) as of July 1, 2007. This valuation was prepared at the request of the System's Board of Trustees.

The reader is encouraged to review the actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. Also included in this letter are comments on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the System. Sections 4 and 5 describe how the obligations of the System are to be met under the actuarial cost method in use.

This report includes several Appendices and an Addendum:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on July 1, 2007.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.
- Addendum Provides required information for the Oklahoma State Pension Commission using a prescribed set of actuarial assumptions and methods under 20 Okla.Stat, Section 1108(D).

SECTION 3

ASSETS

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, market values of assets provide a basis for measuring investment performance from time to time. At July 1, 2007 the market value of assets for the Retirement System was \$240.3 million. Table 1 on page 12 is a comparison, at market values, of System assets as of July 1, 2007, and July 1, 2006, in total and by investment category. Table 2 on page 13 summarizes the change in the market value of assets from July 1, 2006 to June 30, 2007.

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of System assets, nor the book value of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values.

The actuarial value of assets is based on a five-year moving average of expected and actual market values determined as follows:

- at the beginning of each fiscal year, a preliminary expected actuarial asset value is calculated as the sum of the previous year's actuarial value increased with a year's interest at the System valuation rate plus net cash flow adjusted for interest (at the same rate) to the end of the previous fiscal year;
- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year;
- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous fiscal year;
- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous fiscal years, but in no case more than 120% of the market value or less than 80% of the market value.

Table 3 on page 14 shows the development of the actuarial value of assets (AVA) as of the valuation date.

TABLE 1
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
STATEMENT OF NET ASSETS AT MARKET VALUE

	<u>June 30, 2007</u>		<u>June 30, 2006</u>	
	<u>Amount</u> (\$ Millions)	<u>% of</u> <u>Total</u>	<u>Amount</u> (\$ Millions)	<u>% of</u> <u>Total</u>
Cash & Equivalents	\$ 1.2	0.5	\$ 0.5	0.2
Short-term Investments	6.6	2.6	0.9	0.4
Government Obligations	69.8	27.5	61.0	27.0
Corporate Bonds	42.6	16.7	45.6	20.2
Domestic Equity	93.3	36.7	81.1	35.9
International Equity	40.6	16.0	36.9	16.3
Subtotal	\$ 254.1	100.0	\$ 226.0	100.0
Net Receivables/(Payables)	<u>(13.8)</u>		<u>(12.3)</u>	
Net Assets	\$ <u>240.3</u>		\$ <u>213.7</u>	

TABLE 2
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF CHANGES IN NET ASSETS

(Market Value)

	Fiscal Year Ended June 30	
	2007	2006
1. Market Value of Net Assets at Beginning of Year	\$ 213,717,521	\$ 205,705,354
2. Contributions:		
a. Members	2,599,296	2,058,456
b. State and Local Agencies	1,223,765	791,343
c. Total Contributions (2a) + (2b)	<u>3,823,061</u>	<u>2,849,799</u>
3. Net Investment Income:		
a. Net appreciation in fair value of investments	27,052,338	9,093,971
b. Interest	4,940,973	4,324,819
c. Securities lending activities	36,642	48,312
d. Other	<u>0</u>	<u>0</u>
e. Total investment income (3a) + (3b) + (3c) + (3d)	<u>32,029,953</u>	<u>13,467,102</u>
f. Investment expenses	<u>(148,778)</u>	<u>(141,612)</u>
g. Net investment income (3e) + (3f)	31,881,175	13,325,490
h. Total additions (2c) + (3g)	35,704,236	16,175,289
4. Deductions:		
a. Retirement, death, and survivor benefits	8,962,416	8,009,684
b. Refunds and withdrawals	97,642	55,220
c. Administrative expenses	111,057	98,218
d. Total deductions (4a) + (4b) + (4c)	<u>9,171,115</u>	<u>8,163,122</u>
5. Net Change in Assets (3h) - (4d)	26,533,121	8,012,167
6. Market Value of Net Assets at End of Year (1) + (5)	<u>\$ 240,250,642</u>	<u>\$ 213,717,521</u>

TABLE 3
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL VALUE OF ASSETS

Schedule Of Asset Gains/(Losses)

Year End	Original Amount	Recognized in Prior Years	Recognized in This Year	Recognized in Future Years
2003	\$ (3,513,375)	\$ (2,810,700)	\$ (702,675)	\$ -
2004	5,906,597	3,543,957	1,181,319	1,181,321
2005	4,497,876	1,799,150	899,575	1,799,151
2006	(1,271,724)	(254,345)	(254,345)	(763,034)
2007	16,819,375	0	3,363,875	13,455,500
Total	\$ 22,438,749	\$ 2,278,062	\$ 4,487,749	\$ 15,672,938

Development of Actuarial Value of Assets

1. Actuarial value as of July 1, 2006	\$ 210,376,209
2. Contributions	
a. Member	\$ 2,599,296
b. Employer	1,223,765
c. Total (a) + (b)	\$ 3,823,061
3. Decreases during year	
a. Benefit payments	\$ (8,962,416)
b. Return of member contributions	(97,642)
c. Noninvestment expenses	(111,057)
d. Total (a) + (b) + (c)	\$ (9,171,115)
4. Expected return at 7.25% on:	
a. Item 1	\$ 15,252,275
b. Item 2 (one-half year)	136,161
c. Item 3 (one-half year)	(326,636)
d. Total (a) + (b) + (c)	\$ 15,061,800
5. Expected actuarial value as of June 30, 2007 (1) + (2) + (3) + (4)	\$ 220,089,955
6. Unrecognized asset gain/(loss) as of June 30, 2006	\$ 3,341,312
7. Expected actuarial value June 30, 2007, plus previous year's unrecognized asset gain/(loss) (5) + (6)	\$ 223,431,267
8. Market value June 30, 2007	\$ 240,250,642
9. Year end 2007 asset gain/(loss) (8) – (7)	\$ 16,819,375
10. Asset gain/(loss) to be recognized as of June 30, 2007	\$ 4,487,749
11. Initial actuarial value July 1, 2007 (5) + (10)	\$ 224,577,704
12. Constraining values:	
a. 80% of market value (8) x 0.8	\$ 192,200,514
b. 120% of market value (8) x 1.2	\$ 288,300,770
13. Actuarial value as of July 1, 2007 (11), but no less than (12a), nor greater than (12b)	\$ 224,577,704

SECTION 4

SYSTEM LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the System as of the valuation date, July 1, 2007. In this section, the discussion will focus on the commitments of the System, which are referred to as its liabilities.

Table 4 on page 16 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries. The analysis is provided for each group.

The liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of the surviving beneficiaries.

The actuarial assumptions used to determine liabilities are based on the results of an Experience Study based on the three year period ended June 30, 2004. This set of assumptions, as shown in Appendix C, was first used for the July 1, 2005 valuation.

The liabilities reflect the benefit structure in place as of July 1, 2007. Additionally, a 2% annual COLA in future years is included in the liabilities shown in the report.

Actuarial Liabilities

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to “breakdown” the present value of future benefits into two components:

- (1) that which is attributable to the past and
- (2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the “past service liability” or the “actuarial accrued liability”. The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the “normal cost”. Table 5 on page 17 contains the calculation of actuarial accrued liability.

The System uses an assumption of a 2% annual COLA each year in developing liabilities and contribution rates even though the System does not have an automatic COLA provision. Ad hoc COLAs have historically been granted by the Legislature every other year. In order to avoid actuarial gains in the year in which a COLA is not granted and an actuarial loss in the years in which a COLA is granted, the System’s liabilities include a “COLA Reserve”. The COLA Reserve is included in the actuarial accrued liability to account for expected cost of living adjustments to the benefits of retired participants that have not been granted by the valuation date. Any ad hoc increase granted will decrease the reserve amount by the cost of the increase. When the cost of an ad hoc increase is greater than the amount of the reserve, the reserve is set to zero and the period for calculating ungranted increases is set to the valuation date.



TABLE 4
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF JULY 1, 2007

1. Active employees		
a. Retirement Benefit	\$	179,445,034
b. Withdrawal Benefit		9,662,546
c. Pre-Retirement Death Benefit		5,215,762
d. Return of Member Contributions		235,120
e. Supplementary Medical Benefit		1,600,702
f. Application Not Submitted		1,071,283
g. Total	\$	<u>197,230,447</u>
2. Inactive Nonvested Members		388,599
3. Inactive Vested Members		3,738,807
4. Disabled Members		1,194,610
5. Retirees		86,975,334
6. Beneficiaries		8,649,526
7. Supplementary Medical Benefit for Retirees and Inactive Vested Members		1,116,171
8. COLA Reserve		<u>2,378,341</u>
9. Total PVFB	\$	<u><u>301,671,835</u></u>



TABLE 5
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL ACCRUED LIABILITY
AS OF JULY 1, 2007

1. Present Value of Future Benefits for Active Members		
a. Retirement Benefit	\$	179,445,034
b. Withdrawal Benefit		9,662,546
c. Pre-Retirement Death Benefit		5,215,762
d. Return of Member Contributions		235,120
e. Supplementary Medical Benefit		1,600,702
f. Application Not Submitted		1,071,283
g. Total	\$	<u>197,230,447</u>
2. Present Value of Future Normal Costs for Active Members		
a. Retirement Benefit	\$	62,849,701
b. Withdrawal Benefit		7,284,241
c. Pre-Retirement Death Benefit		2,069,419
d. Return of Member Contributions		765,011
e. Supplementary Medical Benefit		635,331
f. Application Not Submitted		1,005,939
g. Total	\$	<u>74,609,642</u>
3. Present Value of Future Benefits for Retirees and Inactive Members		<u>104,441,388</u>
4. Total Actuarial Accrued Liability (1g) - (2g) + (3)	\$	<u><u>227,062,193</u></u>

TABLE 6
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DEVELOPMENT OF COLA RESERVE

1. Reserve as of July 1, 2006	\$	418,331
2. Interest at 7.25%		30,329
3. Reserve increment		1,929,681
4. Expected reserve as of July 1, 2007		2,378,341
5. Ad hoc cost of living increase during year ended June 30, 2007		0
6 Actual reserve on July 1, 2007 (4) less (5), not less than \$0	\$	2,378,341



SECTION 5

EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the System. A comparison of Tables 3 and 45 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a fully closed down fund, where no further contributions are anticipated.

In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost and (2) the payment on the unfunded actuarial accrued liability.

The term “fully funded” is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded and/or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists.

Description of Rate Components

The actuarial cost method used by the System is the traditional Entry Age Normal (EAN) – level percent of pay cost method. Under the EAN cost method, the actuarial present value of each member’s projected benefits allocates on a level basis over the member’s compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial accrued liability. The unfunded actuarial accrued liability represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains/losses.

The Unfunded Actuarial Accrued Liability is amortized as a level dollar amount over a 40 year period from July 1, 1987. Given a stable active workforce, this amortization method is expected to produce a payment stream that decreases as a percent of covered payroll.

Contribution Rate Summary

The normal cost rate is developed in Table 7 on page 20. Table 8 on page 21 develops the contribution rate for amortization of the unfunded actuarial accrued liability. Table 9 on page 22 develops the total actuarial contribution rate and the employer portion thereof.

TABLE 7
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
NORMAL COST RATE
AS OF JULY 1, 2007

1. Normal Cost at Beginning of Year		% of Pay
a. Retirement Benefit	\$ 8,370,674	26.00%
b. Withdrawal Benefit	811,567	2.52%
c. Pre-Retirement Death Benefit	267,602	0.83%
d. Return of Member Contributions	104,073	0.32%
e. Supplementary Medical Benefit	98,948	0.31%
f. Application Not Submitted	95,133	0.30%
g. Total	\$ 9,747,996	30.28%
2. Estimated Payroll for Current Actives	\$ 32,191,938	
3. Normal Cost Rate [(1g) / (2)]	30.28%	

TABLE 8
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION RATE
AS OF JULY 1, 2007

1. Actuarial Present Value of Future Benefits	\$ 301,671,835
2. Actuarial Present Value of Future Normal Costs	<u>74,609,642</u>
3. Actuarial Accrued Liability (1) - (2)	\$ 227,062,193
4. Actuarial Value of Assets	<u>224,577,704</u>
5. Unfunded Actuarial Accrued Liability (UAAL) (3) - (4)	\$ 2,484,489
6. Payment to Amortize UAAL over 40 years from July 1, 1987 (assumed mid-year)	\$ 230,872
7. Total Estimated Payroll for Year Ending June 30, 2008	\$ 32,191,938
8. Amortization Payment as a Percent of Payroll	0.72%

TABLE 9
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL EMPLOYER CONTRIBUTION RATE
AS OF JULY 1, 2007

1. Total Normal Cost Rate	30.28%
2. Amortization of UAAL	0.72%
3. Budgeted Expenses*	<u>0.66%</u>
4. Total Actuarial Contribution Rate (1) + (2) + (3)	31.66%
5. Estimated Member Contribution Rate	<u>8.00%</u>
6. Employer Actuarial Contribution Rate (4) - (5)	23.66%

* Provided by the System



TABLE 10
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL GAIN/(LOSS)

The actuarial gain/(loss) is comprised of both the liability and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of July 1, 2007.

1. Expected actuarial accrued liability		
a. Actuarial accrued liability at July 1, 2006	\$	205,305,048
b. Normal cost at July 1, 2006		8,461,918
c. Benefit payments for fiscal year ending June 30, 2007		(9,060,058)
d. Interest on (a), (b), and (c)		15,175,424
e. Expected actuarial accrued liability at July 1, 2007 (a) + (b) + (c) + (d)	\$	219,882,332
2. Actuarial accrued liability at July 1, 2007	\$	227,062,193
3. Actuarial accrued liability gain/(loss) (1e) - (2)	\$	(7,179,861)
4. Expected actuarial value of assets		
a. Actuarial value of assets at July 1, 2006	\$	210,376,209
b. Contributions for fiscal year ending June 30, 2007		3,823,061
c. Benefit payments and administrative expenses for fiscal year ending June 30, 2007		(9,171,115)
d. Interest on (a), (b), and (c)		15,061,800
e. Expected actuarial value of assets at July 1, 2007 (a) + (b) + (c) + (d)	\$	220,089,955
5. Actuarial value of assets at July 1, 2007	\$	224,577,704
6. Actuarial value of assets gain/(loss) (5) - (4e)	\$	4,487,749
7. Net actuarial gain/(loss) (3) + (6)	\$	(2,692,112)

TABLE 11
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF CONTRIBUTION REQUIREMENTS

	Actuarial Valuation as of		Percent Change in Amount
	July 1, 2007	July 1, 2006	
	Amount	Amount	
1. Expected annual payroll	\$ 32,191,938	\$ 27,488,381	17.11%
2. Total normal cost	\$ 9,747,996	\$ 8,211,860	18.7%
3. Unfunded actuarial accrued liability	\$ 2,484,489	\$ (5,071,161)	(149.0%)
4. Amortization of unfunded actuarial accrued liability over 20 years	\$ 230,872	\$ (461,573)	(150.0%)
5. Budgeted expenses (provided by the System)	\$ 211,732	\$ 209,884	0.9%
6. Total required contribution (2) + (4) + (5)	\$ 10,190,600	\$ 7,960,171	28.0%
7. Estimated member contribution	\$ 2,575,355	\$ 2,023,855	27.2%
8. Required employer contribution (6) – (7)	\$ 7,615,245	\$ 5,936,316	28.3%
9. Previous year's actual contribution			
a. Member	\$ 2,599,296	\$ 2,058,456	26.3%
b. Employer	1,223,765	791,343	54.6%
c. Total	\$ 3,823,061	\$ 2,849,799	34.2%

SECTION 6

ACCOUNTING AND OTHER INFORMATION

Governmental Accounting Standards Board (GASB) Statement No. 25, Financial Reporting for Defined Benefit Pension Plans (GASB 25), establishes financial reporting standards for defined benefit pension plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides information about whether the financial strength of the Plan is improving or deteriorating over time.
- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

In addition to information required by GASB, we also provide an exhibit showing the present value of accumulated benefits under Financial Accounting Standards Board Statement No. 35 and an exhibit showing the expected benefit payments for the System.



TABLE 12
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACCOUNTING INFORMATION FOR GASB 25

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
7/1/2002	\$193,010,895	\$130,227,043	(\$62,783,852)	148.2%	\$25,744,427	(243.9%)
7/1/2003	196,989,778	140,856,203	(56,133,575)	139.9%	25,652,805	(218.8%)
7/1/2004	201,141,649	166,275,941	(34,865,708)	121.0%	25,715,005	(135.6%)
7/1/2005	203,951,085	187,556,845	(16,394,240)	108.7%	24,814,338	(66.1%)
7/1/2006	210,376,209	205,305,048	(5,071,161)	102.5%	27,488,381	(18.4%)
7/1/2007	224,577,704	227,062,193	2,484,489	98.9%	32,191,938	7.7%

Valuation Date	July 1, 2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Five Year Moving Average of Expected and Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	5.5%
Cost of Living Adjustment	2%

TABLE 13
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACCOUNTING INFORMATION FOR GASB 25

Schedule of Employer Contributions
For the Fiscal Year Ended June 30

Year	Annual Required Contribution	Percentage Contributed
2002	\$977,570	50.3%
2003	0	NA
2004	0	NA
2005	2,234,175	21.3%
2006	4,441,184	17.8%
2007	5,936,316	20.6%

The Annual Required Contribution (ARC) is calculated each year as part of the actuarial valuation. The ARC includes the employer's normal cost and an amortization payment of the unfunded actuarial accrued liability, in accordance with the parameters in GASB 25. This exhibit shows the dollar amount of ARC applicable each of the last six years and the percentage of the ARC that was actually contributed by the employer.



TABLE 14
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACCOUNTING INFORMATION FOR GASB 27

	Fiscal Year End	
	June 30, 2008	June 30, 2007
Annual Required Contribution	\$ 7,615,245	\$ 5,936,316
Interest on Net Pension Obligation	(412,692)	(771,046)
Adjustment to Annual Required Contribution	547,797	1,001,309
Annual Pension Cost	7,750,350	6,166,579
Actual Contribution	*	1,223,765
Increase in Net Pension Obligation	*	4,942,814
Beginning of Year Net Pension Obligation	(5,692,297)	(10,635,111)
End of Year Net Pension Obligation	*	(5,692,297)
Interest rate	7.25%	7.25%
Amortization period	20	21
Amortization factor	10.3912	10.6212

* Not available until the end of the year.

TABLE 15
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
FASB NO. 35 INFORMATION
ACTUARIAL PRESENT VALUE OF ACCUMULATED BENEFITS

The actuarial present value of vested and nonvested accumulated System benefits is computed on an ongoing System basis in order to provide information on benefit liabilities calculated in accordance with Financial Accounting Standards Board Statement No. 35. In this calculation, a determination is made of all benefits earned by current participants as of the valuation date; the actuarial present value is then computed using demographic assumptions and an assumed interest rate. Assumptions regarding future salary and accrual of future benefit service are not necessary for this purpose. *An assumption of 2% annual future ad hoc cost-of-living increases is not reflected in this liability. Only System liabilities accrued (and in statute) as of the valuation date are included.*

	7/1/2007	7/1/2006
Vested benefits		
Active members	\$ 55,449,417	\$ 53,309,005
Terminated vested members	3,104,024	2,933,500
Unclaimed contributions	388,599	419,172
Retirees and beneficiaries	83,456,332	73,168,520
Supplemental medical insurance premiums	1,186,676	4,787,406
Total vested benefits	\$ 143,585,048	\$ 134,617,603
Nonvested benefits		
Active members	\$ 4,952,638	\$ 5,974,478
Members who have not completed an application	25,449	24,783
Total nonvested benefits	\$ 4,978,087	\$ 5,999,261
Total Accumulated Benefits	\$ 148,563,135	\$ 140,616,863
Market value of assets available for benefits	\$ 240,250,642	\$ 213,717,521
Funded ratio	161.7%	152.0%
Number of members		
Vested members		
Active members	104	169
Terminated vested members	11	10
Retirees and beneficiaries	194	180
Total vested members	309	359
Nonvested active members	174	103
Total members	483	462



TABLE 15 (continued)
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
FASB NO. 35 INFORMATION
ACTUARIAL PRESENT VALUE OF ACCUMULATED BENEFITS

A statement of changes in the actuarial present value of accumulated System benefits follows. This statement shows the effect of certain events on the actuarial present value shown on the previous page.

Present value of accrued benefits as of July 1, 2006	\$	140,616,863
Increase/(decrease) during the year attributable to:		
Benefit accrual and (gains)/losses		7,140,034
Increase for interest due to discount period		9,866,295
Benefits paid		(9,060,058)
Plan provision change		0
Assumption change		0
Net increase/(decrease)		<u>7,946,272</u>
Present value of accrued benefits as of July 1, 2007	\$	148,563,135



TABLE 16
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
TEN-YEAR PROJECTED BENEFIT PAYMENTS

The chart below shows estimated benefits expected to be paid over the next ten years, based on the assumptions used in this valuation. The “Actives” column shows benefits expected to be paid to members currently active on July 1, 2007. The “Retirees” column shows benefits expected to be paid to all other members. This includes those who, as of July 1, 2007, are receiving benefit payments or who terminated employment and are entitled to a deferred vested benefit.

Retirement, Survivor, and Withdrawal Benefits

Year Ending June 30	Actives	Retirees	Total
2008	\$1,210,736	\$9,377,830	\$10,588,566
2009	2,098,227	9,416,899	11,515,126
2010	3,144,676	9,334,652	12,479,328
2011	4,125,210	9,260,296	13,385,506
2012	5,274,220	9,143,250	14,417,470
2013	6,713,181	9,008,051	15,721,232
2014	8,168,130	8,854,230	17,022,360
2015	9,872,375	8,720,146	18,592,521
2016	11,744,743	8,533,024	20,277,767
2017	13,657,258	8,365,910	22,023,168

Supplementary Medical Premium Benefits

Year Ending June 30	Actives	Retirees	Total
2008	\$16,629	\$133,538	\$150,167
2009	29,644	130,441	160,085
2010	43,759	124,703	168,462
2011	55,675	120,112	175,787
2012	68,996	114,211	183,207
2013	85,599	108,281	193,880
2014	100,935	102,349	203,284
2015	117,252	97,642	214,894
2016	133,942	91,788	225,730
2017	149,418	87,244	236,662



APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
COMPARATIVE SUMMARY OF MEMBER DATA

	Actuarial Valuation as of		Percent
	7/1/2007	7/1/2006	Change
Summary of Data			
1. Active members			
a. Number			
i) Active members	275	267	3.0%
ii) Members without an application	3	5	(40.0%)
iii) Total	278	272	2.2%
b. Annual compensation	\$ 32,191,938	\$ 27,532,734	16.9%
c. Average annual compensation	\$ 115,798	\$ 101,223	14.4%
d. Average age	55.9	55.7	0.4%
e. Average service	11.4	12.1	(5.7%)
2. Accumulated member contributions			
a. Active members	\$ 17,218,458	\$ 16,672,133	3.3%
b. Unclaimed contribution amounts	388,599	419,172	(7.3%)
c. Members without applications	32,265	6,130	426.3%
d. Total	\$ 17,639,322	\$ 17,097,435	3.2%
3. Vested terminated members			
a. Number	11	10	10.0%
b. Annual deferred benefits	\$ 405,490	\$ 335,063	21.0%
c. Average annual deferred benefit	36,863	33,506	10.0%
d. Annual supplemental medical insurance premiums	\$ 13,860	\$ 12,600	10.0%
4. Retired members			
a. Number	142	129	10.1%
b. Annual retirement benefits	\$ 8,266,850	\$ 7,296,285	13.3%
c. Average annual retirement benefit	58,217	56,560	2.9%
d. Annual supplemental medical insurance premiums	\$ 132,300	\$ 124,740	6.1%
5. Joint annuitants/surviving spouses			
a. Number	50	49	2.0%
b. Annual retirement benefits	\$ 1,032,592	\$ 957,428	7.9%
c. Average annual benefit	\$ 20,652	\$ 19,539	5.7%
6. Disabled members			
a. Number	2	2	0.0%
b. Annual retirement benefits	\$ 111,492	\$ 111,492	0.0%
c. Average annual retirement benefit	55,746	55,746	0.0%
d. Annual supplemental medical insurance premiums	\$ 2,520	\$ 2,520	0.0%
7. Total members included in valuation	483	462	4.5%



APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
MEMBER DATA RECONCILIATION

	Active Members	Vested Terminated	Receiving Benefits			Total Members
			Retirees	Disability Retirees	Benefici- aries	
As of July 1, 2006	272	10	129	2	49	462
Age retirements	(14)	(3)	17	0	0	0
Disability retirements	0	0	0	0	0	0
Deaths without payments continuing	0	0	(3)	0	(2)	(5)
Deaths with payments continuing	(1)	0	(1)	0	2	0
Nonvested terminations/refund of contributions	(7)	0	0	0	0	(7)
Vested terminations	(4)	4	0	0	0	0
Transfers	0	0	0	0	0	0
Data adjustments	0	0	0	0	1	1
Rehires	0	0	0	0	0	0
New entrants during the year	34	0	0	0	0	34
No applications (net change)*	(2)	0	0	0	0	(2)
Net Change	6	1	13	0	1	21
As of July 1, 2007	278	11	142	2	50	483

*Members contributing to the System but for whom no enrollment application has been received.

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DATA TAPE RECONCILIATION
FOR JULY 1, 2007 ACTUARIAL VALUATION

	Active	Retired	Vested Terminated	Total
Records submitted on data tape	275	335	9	619
Remove deceased retirees	0	(141)	0	(141)
Remove unusable data	0	0	0	0
Remove those with another status	0	0	0	0
Add those with no application	3	0	0	3
Add assumed vesteds	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Total valued	278	194	11	483

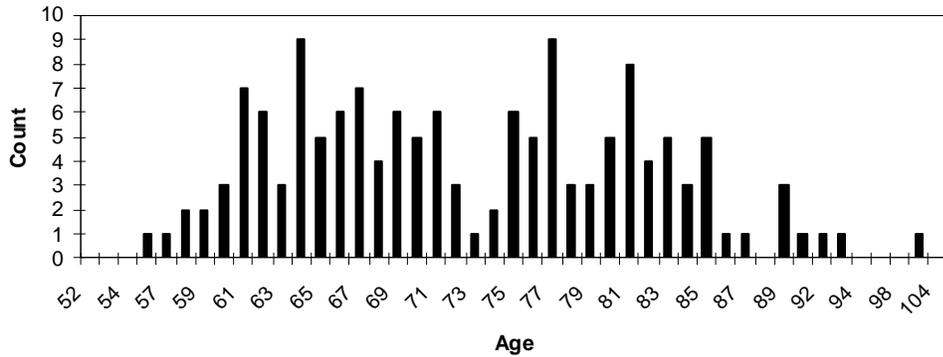


**APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF MEMBERSHIP DATA**

	7/1/2007	7/1/2006
Actives		
Number*	275	267
Average Current Age	55.9	55.7
Average Service	11.4	12.1
Average Pay	\$115,900	\$101,223
*Excludes "No Application" members		
Retirees		
Number	142	129
Average Annual Benefit	\$58,217	\$56,560
Average Age	72.8	73.4
Disability Retirees		
Number	2	2
Average Annual Benefit	\$55,746	\$55,746
Average Age	61.5	60.5
Joint Annuitants/Surviving Spouses		
Number	50	49
Average Annual Benefit	\$20,652	\$19,539
Average Age	79.6	79.7
Total Receiving Benefits		
Number	194	180
Average Annual Benefit	\$48,510	\$46,473
Average Age	74.4	75.0
Vested Terminated Members		
Number	11	10
Average Annual Benefit	\$36,863	\$33,506
Average Age	54.4	56.9

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of July 1, 2007

All Retirees (excluding Beneficiaries)

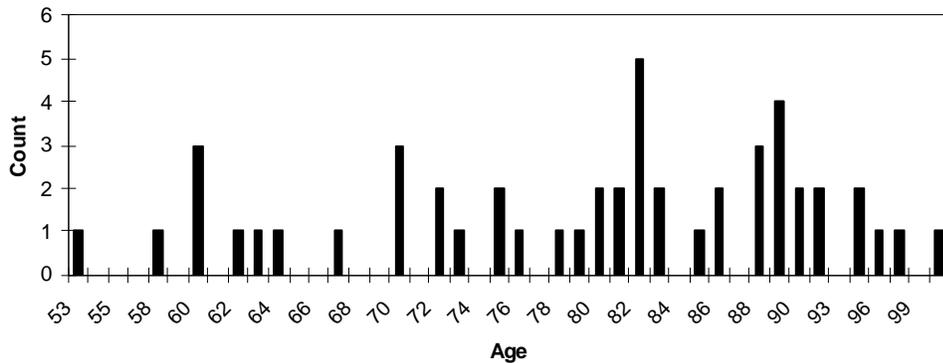


Count: 144

Average age: 72.6

Average benefit: \$ 58,183

Beneficiaries



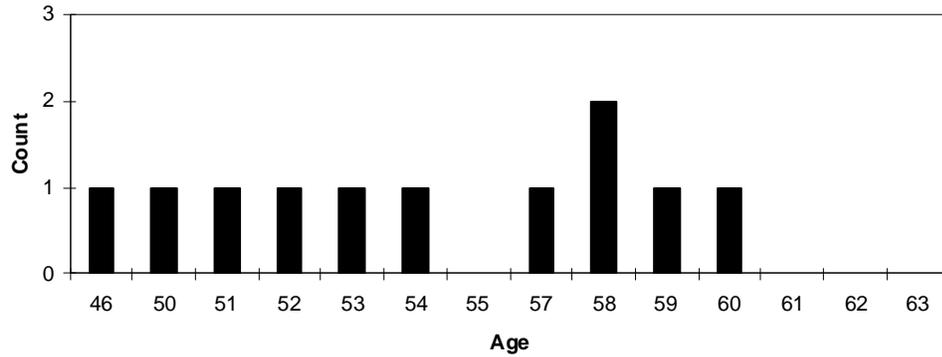
Count: 50

Average age: 79.6

Average benefit: \$ 20,652

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DISTRIBUTION OF VESTED TERMINATED MEMBERS
as of July 1, 2007

Vested Terminated Members



Count: 11

Average age: 54.4

Average benefit: \$ 36,863

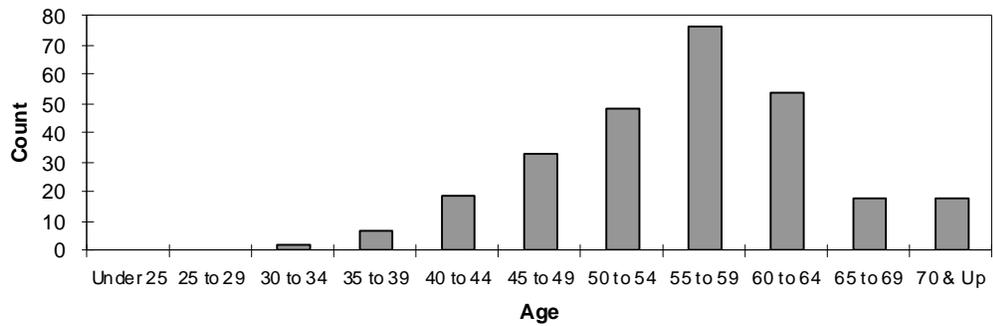
Includes assumed vested members

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DISTRIBUTION OF ACTIVE MEMBERS

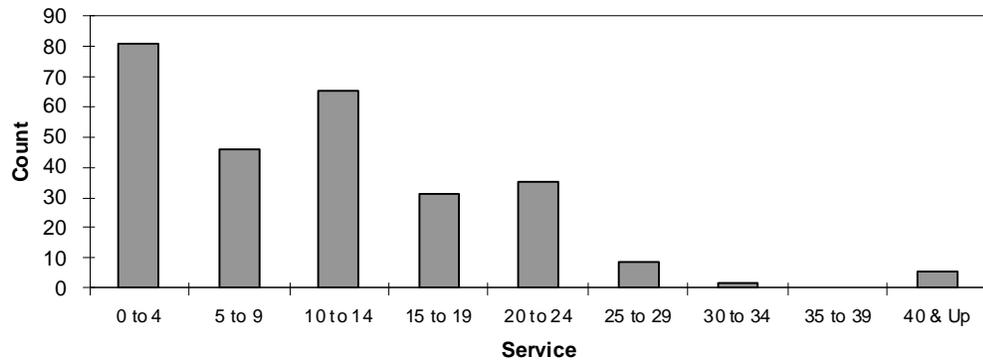
as of July 1, 2007

Age	Service									Total
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	2	0	0	0	0	0	0	0	0	2
35 to 39	5	2	0	0	0	0	0	0	0	7
40 to 44	11	6	2	0	0	0	0	0	0	19
45 to 49	18	6	7	1	1	0	0	0	0	33
50 to 54	10	10	14	9	4	1	0	0	0	48
55 to 59	15	11	18	9	18	4	0	0	1	76
60 to 64	16	8	12	7	7	3	1	0	0	54
65 to 69	3	2	9	2	1	0	1	0	0	18
70 & Up	1	1	3	3	4	1	0	0	5	18
Total	81	46	65	31	35	9	2	0	6	275

Age Distribution



Service Distribution



Excludes members who have not filed an application

APPENDIX B
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF SYSTEM PROVISIONS

Following is a summary of the major System provisions used to determine the System's financial position.

Effective date and authority	Laws 1968, c.128. The System is provided for under Chapter 16, Sections 1101-1112 of Title 20 of the Oklahoma Statutes.
Administration	The State Judicial Retirement Fund is administered by the Board of Trustees of the Oklahoma Public Employees Retirement System. The Board acts as the fiduciary for investment and application of the System.
Employees included	All Justices and Judges of the Supreme Court, Court of Criminal Appeals, Workers Compensation Court, Courts of Appeals or District Court who serve in the State of Oklahoma participate in the Uniform Retirement System for Justices and Judges.
Member contributions	Before September 1, 2005, basic member contributions equal 5% of salary, while married members could have elected an 8% contribution rate in order to provide survivor coverage. After September 1, 2005, the member contribution rate for all members is 8% of salary.
Employer contributions	Before July 1, 1997, the fund received an amount equal to 10% of the Court Fund receipts. After July 1, 1997, employer contributions were based on members' salaries and a yearly schedule and, effective January 1, 2001, were changed to 2% of the member's salary. Effective for the fiscal year ending June 30, 2006, employer contributions increased to 3.0% of the member's salary and will increase annually up to 22.0% for fiscal years ending June 30, 2019, and thereafter. The Board is authorized to adjust the contribution rates to prevent a funded ratio of the System of less than 100%
Service considered	Any Justice or Judge who becomes a member of the System when first eligible will receive credit for all years of service in any court of record.
Compensation considered	Salary received by the Justice or Judge while serving in a court of record.
Final average salary	The average monthly salary received during the thirty-six highest months of active service as a Justice or Judge in a court of record.



APPENDIX B
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF SYSTEM PROVISIONS

(continued)

Eligibility for benefits

A Justice or Judge must complete eight years of service to be eligible for any benefit from the System. A member who leaves the System, for any reason, prior to the completion of eight years of service is entitled only to a transfer of his/her accumulated contributions without interest.

Normal retirement

A member who completes eight years of service and attains age 65, or completes ten years of service and attains age 60, or completes eight years of service and whose sum of years of service and age equals or exceeds 80, may begin receiving retirement benefits at his/her request.

The benefit, payable monthly for the life of the member, is equal to 4% of average monthly salary multiplied by the number of years of service. In no event, however, will the benefit exceed 100% of final average salary.

Disability retirement

A member who completes fifteen years of service, attains age 55, and is ordered to retire by reason of disability is eligible for disability retirement benefits. The benefit, payable for life, is calculated in the same manner as a normal retirement benefit but cannot exceed 100% of final average salary.

Survivor coverage

The spouse of a deceased active member who had met normal or vested retirement provisions may elect a spouse's benefit. The spouse's benefit is the benefit that would have been paid if the member had retired and elected the reduced benefit with the joint and 100% survivor option (Option B), or a 50% unreduced benefit for certain married participants making 8% of pay contributions prior to September 1, 2005. Spouses of members who made the voluntary contributions prior to July 1, 1999 and die or retire after July 1, 1999 may receive up to 65% of unreduced benefit. If the member has ten years of service and the death is determined to be employment related, this benefit is payable immediately to the spouse. Otherwise, the benefit is payable to the spouse on the date the deceased member would have been eligible. This benefit is payable only to the surviving spouse of a member and they must be married 90 days prior to the member's termination of employment as a Justice or Judge.

Optional forms of retirement benefits

The Maximum Benefit is an unreduced single life annuity with a guaranteed refund of the contribution accumulation. Three other Types of Benefit payments are available to retiring members:

Option A – A reduced benefit with Joint and 50% survivor annuity and a return to the unreduced amount if the joint annuitant dies.

Option B – A reduced benefit with Joint and 100% survivor annuity and a return to the unreduced amount if the joint annuitant dies.

APPENDIX B
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF SYSTEM PROVISIONS
(continued)

Optional forms of retirement benefits
(continued)

Original Surviving Spouse Plan – An unreduced benefit with Joint and 50% survivor annuity available only to members who made additional voluntary survivor benefit contributions of 3% of salary prior to September 1, 2005. Spouses of members who made the voluntary contributions prior to July 1, 1999 and die or retire after July 1, 1999 may receive up to 65% of unreduced benefit.

For married members, spousal consent is required for any option other than Option A.

Postretirement death benefit

Upon the death of any retired member, a \$5,000 lump-sum death benefit will be paid to the member's beneficiary. If there is no beneficiary, then the benefit will be paid to the estate.

Minimum benefits

In no event will a member, or the estate of a member, receive an amount or amounts less than the member's accumulated contributions without interest.

If a former member is not eligible for any other benefit from the System, the member will receive a transfer of these contributions. Similarly, if a member dies while having no spousal coverage, or upon the death of a spouse receiving survivor benefits, the member's beneficiary will receive the excess of the accumulated contributions over all benefits received by either the member, or the member and spouse combined.

Supplemental medical insurance premium

The System contributes the lesser of \$105 per month or the Medicare Supplement Premium to the Oklahoma State and Education Employee's Group Health Insurance Program for members receiving retirement benefits.

Expenses

The expenses of administering the retirement system are paid from the retirement trust fund.



APPENDIX C

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES ACTUARIAL METHODS AND ASSUMPTIONS

Entry Age Actuarial Cost Method

Liabilities and contributions shown in this report are computed using the Individual Entry Age Level Percent of Pay actuarial cost. Sometimes called "funding method," this is a particular technique used by actuaries for establishing the amount of the annual actuarial cost of pension System benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the System is comprised of (1) the normal cost and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Actuarial Cost Method, the **Normal Cost** is computed as the level percentage of pay which, if paid from the earliest time each member would have been eligible to join the System if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the System.

The **Actuarial Accrued Liability** under this method at any point in time is the theoretical amount of the fund that would have accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The **Unfunded Actuarial Accrued Liability** is the excess of the actuarial accrued liability over the actuarial value of System assets actually on hand on the valuation date.

Under this method experience gains or losses, i.e. decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial value of assets is based on a five-year moving average of expected and actual market values determined as follows:

- at the beginning of each fiscal year, a preliminary expected actuarial asset value is calculated as the sum of the previous year's actuarial value increased with a year's interest at the System valuation rate plus net cash flow adjusted for interest (at the same rate) to the end of the previous fiscal year;
- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year;
- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous fiscal year;
- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous fiscal years, but in no case more than 120% of the market value or less than 80% of the market value.

Amortization Method

The Unfunded Actuarial Accrued Liability is amortized as a level dollar amount over a 40 year period from July 1, 1987. Given a stable active workforce, this amortization method is expected to produce a payment stream that decreases as a percent of covered payroll.

APPENDIX C
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL METHODS AND ASSUMPTIONS
(continued)

Valuation Procedures

No actuarial accrued liability in excess of the unclaimed contributions is held for nonvested, inactive members who have a break in service, or for nonvested members who have quit or been terminated, even if a break in service has not occurred as of the valuation date.

The wages used in the projection of benefits and liabilities are considered earnings for the year ending June 30, 2007 increased by the salary scale to develop expected earnings for the current valuation year. Earnings are annualized for members with less than twelve months of reported earnings.

In computing accrued benefits, average earnings are determined using actual pay history provided for valuation purposes.

The calculations for the required employer contribution are determined as of mid-year. This is a reasonable estimate since contributions are made on a monthly basis throughout the year.

We did not value the 415 limit for active participants. The impact was assumed to be *de minimus*.

The compensation limitation under IRC Section 401(a)(17) is considered in this valuation.

Liability is included for members who appear to be deferred vested, but who are not in the vested data provided. An estimated benefit was calculated based on pay and service from prior valuations. A corrected benefit and status will be provided by the System when the actual benefit and status have been finalized.

Included in the valuation are "Members Without Applications." These members are contributing to the System but have not yet filled out an enrollment application. For these members, amounts are added to the active liability and normal cost based on the average liability and normal cost for a new member. They are also assigned the average compensation for new members. Additional compensation equal to the average for new members is added to total earnings so that these members would be reflected in the normal cost contribution.

The System uses an assumption of a 2% annual COLA each year in developing liabilities and contribution rates. The System does not have an automatic COLA provision, but ad hoc COLAs have historically been granted by the Legislature every other year. In order to avoid actuarial gains in the year in which a COLA is not granted and an actuarial loss in the years in which a COLA is granted, the System's liabilities include a "COLA Reserve". The COLA Reserve is included in the actuarial accrued liability to account for expected cost of living adjustments to the benefits of retired participants that have not been granted by the valuation date. Any ad hoc increase granted will decrease the reserve amount by the cost of the increase. When the cost of an ad hoc increase is greater than the amount of the reserve, the reserve is set to zero and the period for calculating ungranted increases is set to the valuation date.

APPENDIX C
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL METHODS AND ASSUMPTIONS
(continued)

Economic Assumptions

Investment Return:	7.25% net of investment expenses per annum, compounded annually.
Earnings Progression:	5.5% per year.
Ad hoc benefit increase assumption:	
Monthly benefits	2% per year.
Medical supplement	No increases assumed.
Projection of 401(a)(17) compensation limit	Projected with inflation at 2.5%

Demographic Assumptions

Retirement age:

Active members

<u>Attained Age</u>	<u>Annual Rates of Retirement Per 100 Eligible Members</u>
Below 62	5
62	30
63 – 64	10
65	40
66 - 67	10
68	30
69	10
70	50
71 - 74	30
75+	100

Deferred vested members

Participants with deferred benefits are assumed to commence benefits on a date provided by URSJJ. Actives expected to terminate with a vested benefit are expected to commence benefits at age 60.

Mortality Rates:

Active Participants and
nondisabled pensioners

RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010 using Scale AA.

Disabled pensioners

RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010 using Scale AA set forward 15 years.

APPENDIX C
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL METHODS AND ASSUMPTIONS
(continued)

Separation Rates:

Separation for all reasons other than death	2% for all years of service.
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Disability Rates:

0%

Marital Status:

Age difference	Males are assumed to be four years older than spouses.
Percentage married	85%.

Other Assumptions:

Actuarial value of assets	An expected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains and losses) for the year ended on the valuation date and assuming the valuation investment return. Twenty percent (20%) of any (gain)/loss as measured by the difference between the expected actuarial value and the market value at the valuation date is added to the expected actuarial value. The (gain)/loss is amortized over five years. The result is constrained to a value of 80% to 120% of the market value at the valuation date.
Provisions for expenses	Administrative expenses budgeted for the Oklahoma Uniform Retirement System for Justices and Judges.
Form of payment	Active members who were contributing 8% of pay as of August 31, 2005, are assumed to retire with an unreduced benefit payable as a 50% joint and survivor annuity. All other members are assumed to retire with a life-only annuity.

APPENDIX D
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
GLOSSARY OF TERMS

Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as “accrued liability” or “actuarial accrued liability”.
Actuarial Assumptions	Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method”.
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

APPENDIX D
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
GLOSSARY OF TERMS
(continued)

Unfunded Actuarial Accrued Liability The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as “unfunded actuarial accrued liability” or “unfunded accrued liability”.

Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).

ADDENDUM



**ADDENDUM
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
CERTIFICATION**

We have prepared an actuarial valuation of the State of Oklahoma Uniform Retirement System for Justices and Judges as of July 1, 2007, for the fiscal year ending June 30, 2008. The results of the valuation are set forth in this addendum, which reflects the benefit provisions in effect as of July 1, 2007.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete, or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The results in this Addendum have been prepared for the sole purpose of meeting the Retirement Board's requirement to submit this information to the Oklahoma State Pension Commission, based on the following prescribed assumptions (20 Okla.Stat, Section 1108(D)):

- Interest rate: 7.50%
- COLA assumption: 2.00%
- Mortality: RP-2000 Mortality Table for Employees, Healthy Retirees and Disabled Retirees with Mortality Projected Forward from 2000 using Scale AA.
- Amortization period: 30 years, open period
- Sources of all contributions and revenues, including dedicated tax free revenue and federal monies

All other assumptions, methodologies, and System provisions used are consistent with those used in the July 1, 2007 valuation.

The results shown in this Addendum are not consistent with those in the July 1, 2007, valuation. The July 1, 2007, valuation results were determined in accordance with generally accepted actuarial principles and practices that are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying opinion and supporting recommendations of the American Academy of Actuaries. The results shown in this Addendum are not based on the assumptions and methodologies adopted by the Retirement Board. For those results, see the July 1, 2007, actuarial valuation.

Milliman's work product was prepared exclusively for the Oklahoma Uniform Retirement System for Justices and Judges (URSJJ) for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning URSJJ' operations, and used URSJJ' data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose other than the Oklahoma State Pension Commission. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate.

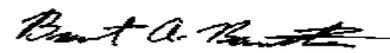
The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.



Patrice A. Beckham, F.S.A.

October 18, 2007

Date



Brent A. Banister, F.S.A.

October 18, 2007

Date

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES SUMMARY OF VALUATION RESULTS UNDER PRESCRIBED ASSUMPTIONS

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2007, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

A summary of principal valuation results from the current and the prior valuation follows.

	<u>Actuarial Valuation as of</u>		<u>Change Between Years</u>	
	<u>July 1, 2007</u>	<u>July 1, 2006</u>	<u>Amount</u>	<u>Percent</u>
Summary of Costs				
Required employer contribution for current year	\$7,258,644	\$5,808,537	\$1,450,107	25.0%
Actual employer contributions received in prior year	1,223,765	791,343	432,422	54.6%
Funded Status				
Actuarial accrued liability	\$223,977,973	\$204,150,196	\$19,827,777	9.7%
Actuarial value of assets	224,577,704	210,376,209	14,201,495	6.8%
Unfunded actuarial accrued liability	(599,731)	(6,226,013)	5,626,282	(90.4%)
Funded Ratio	100.3%	103.0%	(2.8%)	(2.7%)
Market Value of Assets and Additional Liabilities				
Market value of assets	\$240,250,642	\$213,717,521	\$26,533,121	12.4%
Present value of projected future System benefits	297,660,304	273,512,930	24,147,374	8.8%

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES SUMMARY OF VALUATION RESULTS UNDER PRESCRIBED ASSUMPTIONS (continued)

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2007, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

A summary of principal valuation results from the current and the prior valuation follows.

	<u>Actuarial Valuation as of</u>		Percent Change in Amount
	<u>July 1, 2007</u>	<u>July 1, 2006</u>	
	Amount	Amount	
Summary of Contribution Requirements			
1. Expected annual payroll	\$ 32,191,938	\$ 27,488,381	17.1%
2. Total normal cost	\$ 9,671,244	\$ 8,130,950	18.9%
3. Unfunded actuarial accrued liability	\$ (599,731)	\$ (6,226,013)	(90.4%)
4. Amortization of unfunded actuarial accrued liability over 30 years	\$ (48,977)	\$ (508,442)	(90.4%)
5. Budgeted expenses (provided by the System)	\$ 211,732	\$ 209,884	0.9%
6. Total required contribution (2) + (4) + (5)	\$ 9,833,999	\$ 7,832,392	25.6%
7. Estimated member contribution	\$ 2,575,355	\$ 2,023,855	27.2%
8. Required employer contribution (6) – (7)	\$ 7,258,644	\$ 5,808,537	25.0%
9. Previous year's actual contribution			
a. Member	\$ 2,599,296	\$ 2,058,456	26.3%
b. Employer	1,223,765	791,343	54.6%
c. Total	\$ <u>3,823,061</u>	\$ <u>2,849,799</u>	34.2%

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES UNFUNDED ACTUARIAL ACCRUED LIABILITY

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2007, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

The actuarial accrued liability is the present value of projected future System benefits allocated to past service by the actuarial funding method being used.

	<u>July 1, 2007</u>	<u>July 1, 2006</u>
1. Actuarial present value of benefits		
a. Active members	\$ 196,537,176	\$ 183,986,785
b. Terminated vested members and other nonactives	4,151,461	4,152,426
c. Retirees, disableds and beneficiaries	96,971,667	85,373,719
d. Total (a) + (b) + (c)	\$ <u>297,660,304</u>	\$ <u>273,512,930</u>
2. Actuarial present value of future normal costs	\$ 73,682,331	\$ 69,362,734
3. Total actuarial accrued liability (1 – 2)	\$ 223,977,973	\$ 204,150,196
4. Actuarial value of assets	\$ 224,577,704	\$ 210,376,209
5. Unfunded actuarial accrued liability (3) – (4)	\$ (599,731)	\$ (6,226,013)

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES NORMAL COST

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2007, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

The components of normal cost under the System's funding method are:

Component	July 1, 2007	July 1, 2006
Retirement benefits	\$ 8,426,209	\$ 6,819,350
Withdrawal benefits	787,117	666,334
Death benefits	160,947	134,594
Refunds	100,908	77,879
Supplemental medical insurance premiums	98,903	307,126
Normal cost for people who have not submitted an application	<u>97,159</u>	<u>125,668</u>
Total normal cost	\$ 9,671,244	\$ 8,130,950