CONNECTIONS

Uniform Retirement System for Justices and Judges

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Uniform Retirement System for Justices and Judges

CONNECTIONS

The Uniform Retirement System for Justices and Judges (URSJJ) enjoys a long relationship with our members beginning when a person chooses a career in public service and culminating in a secure retirement honoring that service. This edition of the Comprehensive Annual Financial Report highlights the connections between URSJJ and our members throughout their working lives.

GOVERNANCE URSJJ is governed by a 13-member Board of Trustees charged with overseeing the activities of the retirement system. Good governance relates to having consistent management, effective policies and appropriate oversight. Having effective governance permits the URSJJ staff to provide quality information and services to our members and the courts. Our activities consist of member services and financial administration, legislation and plan design, and investment of plan assets.

PARTICIPATION URSJJ partners with the courts to ensure new members receive the information necessary to fully understand the benefits of being a member of the plan. Participating Justices and judges receive high-quality written and electronic information from URSJJ with a personal touch from the retirement coordinator of the courts.

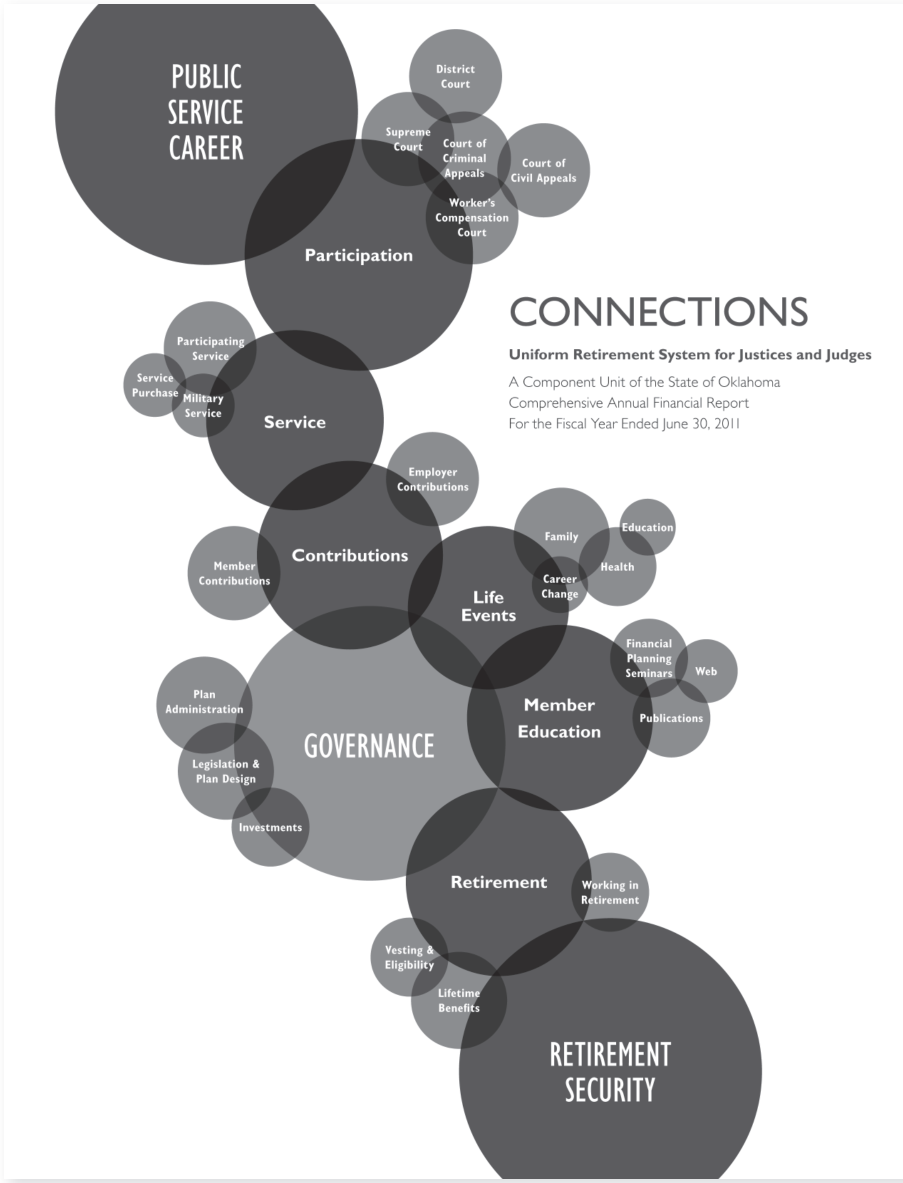
SERVICE The central form of participation in any retirement plan is service. In addition to participating service, members of URSJJ may also purchase certain types of service credit or be rewarded for active military service to be used toward retirement credit.

CONTRIBUTIONS A retirement benefit from URSJJ is more than merely the sum of member and employer contributions paid into the plan over a member's career. The investment of those contributions is vital to providing a degree of retirement security for our members. This publication provides detailed information on the investment of plan assets.

LIFE EVENTS The relationship URSJJ values with its members can last many decades. Whether it is the birth of a child, the change of career, or the death of a loved one, URSJJ is there to assist our members with their retirement plans through both the rewarding and challenging events of their lives.

MEMBER EDUCATION URSJJ takes its responsibility of member education very seriously. Our goal is to help our members better understand how their decisions and circumstances today can impact their overall retirement preparedness. We provide a series of financial planning seminars, written publications and website designed to keep members informed.

RETIREMENT Retirement benefits from URSJJ are a valuable part of our members' overall retirement plan. A defined benefit plan like ours provides increased retirement security by offering a lifetime retirement income without the risk of ill-timed market fluctuations. We are proud of the connections we make with our members and honoring their years of public service to the people of Oklahoma.



This report was prepared by the staff of the Uniform Retirement System for Justices and Judges.

This publication, printed by University Printing Services, is issued by the Oklahoma Public Employees Retirement System as authorized by its Executive Director. Seven hundred fifty copies have been prepared and distributed at a cost of $4,417.50. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

2011 Comprehensive Annual Financial Report

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INTRODUCTION

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Letter of Transmittal

Uniform Retirement System for Justices and Judges
P.O. Box 53007
Oklahoma City, Oklahoma 73152-30077

800.733.7008 toll-free
405.848.5946 fax

November 30, 2011

To the Board of Trustees of the Oklahoma Public Employees Retirement System
and Members of the Uniform Retirement System for Justices and Judges:

State law requires that, after July 1 and before December 1 of each year, the Uniform Retirement System for Justices and Judges (URSJJ) publish an annual report that covers the operation of URSJJ during the past fiscal year, including income, disbursements and the financial condition at the end of the fiscal year. This report is published, in part, to fulfill that requirement for the fiscal year ended June 30, 2011. State law also requires that URSJJ provide certain information regarding the financial and actuarial condition of URSJJ using certain prescribed assumptions as an addendum to the annual report. The Addendum section of this report is provided to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cole & Reed, P.C., Certified Public Accountants, has issued an unqualified opinion on the Uniform Retirement System for Justices and Judges' statements of plan net assets as of June 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Plan

URSJJ is a single-employer public employee retirement plan, which is a defined benefit pension plan, covering 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 (OPERS) and its Board of Trustees (the Board). The employee and employer contribution rates are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation which is performed to determine the adequacy of such contribution rates.

Letter of Transmittal (continued)

Members qualify for full retirement benefits at their normal retirement age, defined as: (1) when the sum of the member's age and years of credited service equals 80 or (2) at age 65 with 8 years of judicial service or (3) at age 60 with 10 years of judicial service. Benefits are determined at 4% of the member's average salary, as defined, multiplied by the number of years of service, not to exceed 100% of the member's average monthly salary received as a justice or judge for the highest 36 months of compensation. Justices and judges retiring after September 1, 2005, may elect a maximum benefit with no survivor option or one of two actuarially reduced retirement benefits that provide for a lifetime benefit to be paid to the member's joint annuitant after the member's death. The original surviving spouse benefit for married judges who were members prior to September 1, 2005, continues to be available. Effective September 1, 2005, all justices and judges pay a uniform contribution rate of 8%.

The Board consists of thirteen appointed members, some by position and some by association. Those serving through position are a member of the Corporation Commission as selected by the Commission, a member of the Tax Commission as selected by the Tax Commission, the Administrator of the Office of Personnel Management or designee, the State Insurance Commissioner or designee, and the Director of State Finance or designee. Of the remaining members, three are appointed by the Governor, one is appointed by the Supreme Court, two are appointed by the Speaker of the House of Representatives and two are appointed by the President Pro Tempore of the Senate. Qualifications for certain of these appointees include a balance of individuals having experience in investment management, pension management, public fund management, the banking profession or a licensed attorney or a licensed accountant.

Each year, OPERS, along with other state agencies, is required to file a budget work program with the Office of State Finance. Administrative overhead expenses of URSJJ, including personnel and other supporting services costs, are paid for by OPERS and allocated to URSJJ based on an estimate of the cost of services provided. The allocated costs are charged to URSJJ and paid with funds provided through operations of URSJJ. The OPERS budget work program, which includes the costs related to URSJJ, is approved by the Board and includes a description of all funds available for expenditure and shows spending by major program category. URSJJ receives no state appropriations and is funded through employee and employer contributions and investment earnings.

Additionally in each even-numbered year, OPERS, along with other state agencies, must file a strategic plan covering five fiscal years beginning with the next odd-numbered fiscal year. The strategic plan includes a mission statement, the core values and behaviors inherent to operations, and a summary of goals and objectives to be achieved through specific projects outlined for the five-year period. The mission of the OPERS Board and staff is to provide and promote accountable and financially sound retirement programs for Oklahoma's public servants, and the core values and behaviors inherent to agency operations are honesty and integrity, accountability, quality, customer service, teamwork, and workforce development. The summary of goals and objectives outlined in the strategic plan are

- Provide prompt and comprehensive customer service
- Manage the assets of the Plans in a fiscally responsible manner
- Inform and educate all members to help them identify and meet their retirement goals
- Maintain a competent and well-trained workforce
- Achieve and maintain well-funded status to assist the State in paying retirement benefit obligations, and secure changes in plan design that make the plan easier to understand or more equitable without an undue increase in the retirement system's liabilities.

Investments

The standard for URSJJ in making investments is to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an

Letter of Transmittal (continued)

enterprise of a like character and unless under the circumstances it is clearly prudent not to do so. Funds of URSJJ are invested solely in the interest of the membership and their beneficiaries, and defraying reasonable expenses of administering URSJJ. The Board has established an investment policy and guidelines that identify asset allocation as the key determinant of return and diversification, both by and within asset classes, as the primary risk control element. Passive fund portfolios are considered to be suitable investment strategies, especially in highly efficient markets.

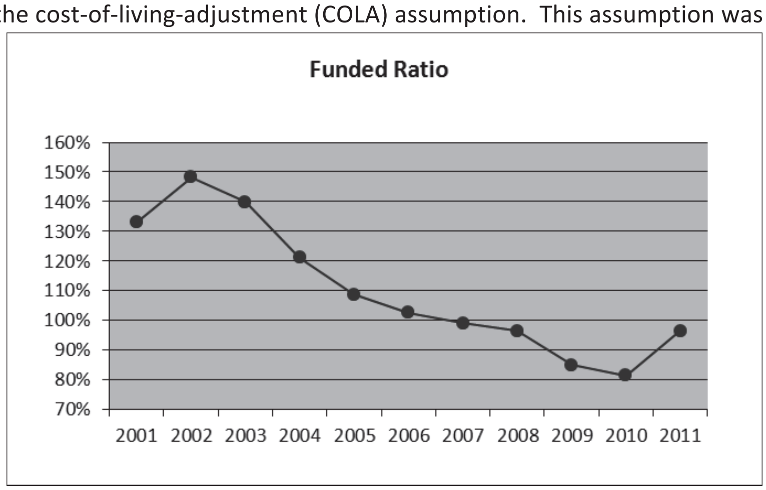
The Board engages outside investment managers to manage the various asset classes where URSJJ has exposure. At fiscal year end, the investment portfolio of URSJJ was actively managed by three fixed income managers and passively managed by another investment manager with holdings in one fixed income index fund, two domestic equity index funds and one international equity index fund.

Included in the Investment Section of this report are a summary of the Investment Portfolio by Type and Manager and a comparison of the above amounts to the target allocations, as shown in the Asset Comparison chart. For fiscal year 2011, investments provided a 21.4 percent rate of return. The annualized rate of return for URSJJ was 5.3 percent over the last three years and 5.3 percent over the last five years.

Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for URSJJ is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability and actuarial value of assets as of July 1, 2011 amounted to $246.8 million and $237.6 million, respectively.

The URSJJ funded ratio had been steadily declining for the past eight years, falling below 100 percent for the first time at June 30, 2007 and declining further to 81.3 percent at June 30, 2010 before rebounding significantly to 96.3 percent at June 30, 2011. This increase was due to the removal of the cost-of-living-adjustment (COLA) assumption. This assumption was removed because new legislation requires COLAs to be funded by the Legislature before they can be passed into law. The funded ratio was 148.2 percent at June 30, 2002. In part this overall decline was due to an employer contribution rate decrease in January 2001 and the lifting of the salary cap for benefit calculation for the past seven years. Effective July 1, 2005, in an effort to address the decline, the employer rate was increased 1.0 percent annually for two years, and at July 1, 2007 it was increased 1.5 percent annually up to 22.0 percent for fiscal years ending 2019 and thereafter. However, based on a projection model prepared by the URSJJ actuary, 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 of the unfunded actuarial accrued liability, even if all the actuarial assumptions are met in future years. In 2006 the Legislature provided a statutory requirement that retirement bills be analyzed for actuarial fiscal impact and contains adequate funding sources sufficient to pay the cost of the change. In the session ended May 2009 the Legislature designated $6.0 million in the Supreme Court's Management Information System Fund to pay employer contributions to the Plan in fiscal year 2010. A detailed discussion of funding is provided in the Actuarial Section of this report.



Letter of Transmittal (continued)

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Uniform Retirement System for Justices and Judges for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the thirteenth year URSJJ has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of OPERS. We wish to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the financial management of the Uniform Retirement System for Justices and Judges.

Respectfully submitted,

Tom Spencer	Susan Reed
Executive Director	Chief Financial Officer and Director of Finance

Chairman's Letter

Uniform Retirement System for Justices and Judges
P.O. Box 53007
Oklahoma City, Oklahoma 73152-30077

800.733.7008 toll-free
405.848.5946 fax

November 30, 2011

Dear Members:

On behalf of the Board of Trustees, I am pleased to present the Comprehensive Annual Financial Report for the Uniform Retirement System for Justices and Judges (URSJJ) for the fiscal year ending June 30, 2011.

This report is designed to provide a detailed look at the financial, investment and actuarial aspects of the System, which continues to be a strong retirement system.

You are encouraged to carefully review this report, as it contains a wealth of information about your retirement system. If you have questions or comments, please feel free to contact us. We can be reached at PO Box 53007, Oklahoma City, Oklahoma 73152-3007. Our telephone number is 405-858-6737 (or toll-free 1-800-733-9008).

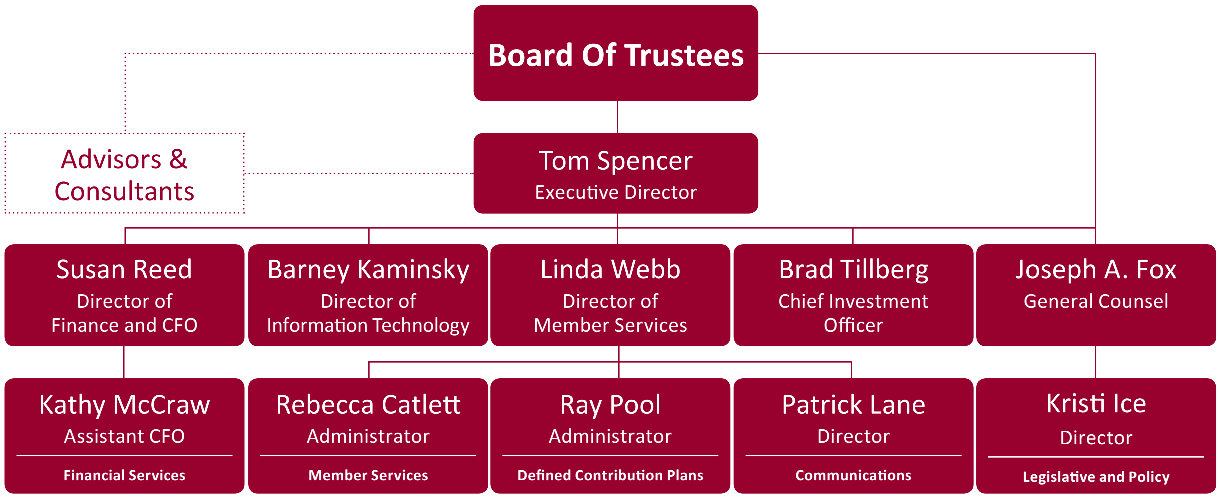
I also want to thank the staff for their diligent work in preparing this report and their commitment to continually improve the administrative operations necessary to operate your retirement system.

Sincerely,

Don Kilpatrick
Chairman

Board of Trustees

Organizational Structure



Left to right: Barney Kaminsky, Rebecca Catlett, Kristi Ice, Brad Tillberg, Linda Webb, Susan Reed, Tom Spencer, Joe Fox, Kathy McCraw, and Patrick Lane (Not pictured: Ray Pool)

Advisors and Consultants*

Master Custodian
The Northern Trust Company
Chicago, Illinois

Investment Consultant
Strategic Investment Solutions, Inc.
San Francisco, California

Independent Auditors
Cole & Reed, P.C.
Oklahoma City, Oklahoma

Actuarial Consultant
Cavanaugh Macdonald Consulting, LLC
Kennesaw, Georgia

Internal Auditors
Finley & Cook PLLC
Shawnee, Oklahoma

*The Schedules of Investment Expenses and Professional/Consultant Fees in the Financial Section provide more information regarding advisors and consultants.

2011 Legislation

House Bill 1010
Retirement Age Increase

The retirement age for judges whose judicial service begins on or after January 1, 2012, has increased to age 67 (previously age 65) with eight years of judicial service, or age 62 (previously age 60) with 10 years of service. This bill becomes effective January 1, 2012.

House Bill 2132
Changes to Funding of Cost of Living Adjustments

Cost of living adjustments (COLAs) for retiring URSJJ members must be passed by the Legislature. COLAs are no longer considered “non-fiscal retirement bills” in the Oklahoma Pension Legislation Actuarial Analysis Act. This means COLAs must now be funded by the Legislature before they can be passed into law. This bill becomes effective August 25, 2011.

Senate Bill 840
Clarification on Administrative Hearings and Appeals

Existing law requires suits against OPERS be brought in Oklahoma County. SB 840 provides clarification on appeals to administrative decisions by the OPERS Board. This bill brings the OPERS hearing procedures in line with the Administrative Procedures Act including the appointment of hearing examiners.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Uniform Retirement System for Justices and Judges Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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CONNECTIONS

Uniform Retirement System for Justices and Judges

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

FINANCIAL

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Independent Auditors' Report

COLE+REED P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Uniform Retirement System for Justices and Judges:

We have audited the accompanying statements of plan net assets of the Uniform Retirement System for Justices and Judges (the Plan), a component unit of the state of Oklahoma, as of June 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan at June 30, 2011 and 2010, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules of funding progress and employers' contributions in schedule 1 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section, the Investment Section, the Actuarial Section, the Statistical Section and schedules 2 through 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information in schedules 2 through 4 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, the Investment Section, the Actuarial Section and the Statistical Section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 20, 2011

Management's Discussion and Analysis

As management of the Uniform Retirement System for Justices and Judges (the Plan) we offer readers of the Plan's financial statements this narrative overview and analysis of the financial activities of the Plan for the fiscal years ended June 30, 2011 and 2010.

Financial Highlights

- The net assets held in trust for pension benefits totaled approximately $248.2 million at June 30, 2011 compared to $211.2 million at June 30, 2010 and $184.6 million at June 30, 2009. The net assets are available for payment of monthly retirement benefits and other qualified distributions to the Plan's participants. The increase of $37.0 million and increase of $26.6 million of the respective years have resulted primarily from the changes in the fair value of the Plan's investments due to volatile equity markets.
- At June 30, 2011 the total number of members participating in the Plan was 519 compared to 493 at June 30, 2010 and 487 at June 30, 2009. The total number of retirees was 235 and 210 at June 30, 2011 and 2010 showing a 11.9% and 5.0% increase for each respective year. At June 30, 2009 the total number of retirees was 200.
- At June 30, 2011 the actuarial value of assets was $237.6 million, and the actuarial accrued liability was $246.8 million producing a funded ratio of 96.3% compared to 81.3% at June 30, 2010. The key items responsible for the change in the funded status were a liability loss of $0.6 million which resulted in an actuarial accrued liability that was higher than expected and the effect ($2.1 million) of contributions of less than the actuarial rate. These were offset by a return on actuarial value of assets of 4.0%. The funded ratio at June 30, 2009 was 84.8%.

Overview of the Financial Statements

The Plan is a single-employer, public employee retirement plan, which is a defined benefit pension plan. The Plan covers all Justices and Judges of the Oklahoma Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, and District Courts. Benefits are determined at 4% of the average monthly compensation received as a justice or judge based on the highest thirty-six months of compensation multiplied by the number of years of credited service, not to exceed 100% of the retiree's average monthly salary received as a justice and judge for the highest thirty-six months of compensation. Normal retirement ages under the Plan are 60 with 10 years of judicial service, 65 with 8 years of judicial service or when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80). Members become eligible to vest fully upon termination of employment after attaining eight years of service as a justice or judge or the members' contributions may be withdrawn upon termination of employment.

The Plan's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary and supplementary information.

The Plan is a component unit of the state of Oklahoma (the State) and is administered by the Oklahoma Public Employees Retirement System, a component unit of the State, which together with the Plan and other similar funds comprise the fiduciary-pension trust funds of the State.

The *statement of plan net assets* presents information on the Plan's assets and liabilities and the resulting *net assets held in trust for pension benefits.* This statement reflects the Plan's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The *statement of changes in plan net assets* presents information showing how the Plan's net assets held in trust for pension benefits changed during the years ended June 30, 2011 and 2010. It reflects contributions by members and participating employers along with deductions for retirement benefits, refunds and withdrawals, and administrative

Management's Discussion and Analysis (continued)

expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

The *required supplementary information* presents a schedule of funding progress and a schedule of employer contributions. Schedules of certain expenses and fees paid are presented as *supplementary information*.

Financial Analysis

The following are the condensed Schedules of Plan Net Assets and Changes in Plan Net Assets for the Uniform Retirement System for Justices and Judges for the fiscal years ended June 30, 2011, 2010, and 2009.

Condensed Schedules of Plan Net Assets
($ millions)

	June 30,		
	2011	**2010**	**2009**
Cash equivalents	$ 5.0	$ 3.0	$ 1.2
Receivables	13.0	10.2	7.5
Investments	250.8	213.4	188.0
Securities lending collateral	18.4	20.4	22.5
Total assets	287.2	247.0	219.2
Other liabilities	20.6	15.4	11.8
Securities lending collateral	18.4	20.4	22.8
Total liabilities	39.0	35.8	34.6
Ending net assets held in trust for benefits	$ 248.2	$ 211.2	$ 184.6

Management's Discussion and Analysis (continued)

Condensed Schedules of Changes in Plan Net Assets
($ millions)

	June 30, 2011	June 30, 2010	June 30, 2009
Member contributions	$ 2.7	$ 2.6	$ 2.8
Court employer contributions	3.2	8.7	2.2
Net investment income (loss)	44.5	27.1	(35.7)
Total increase (decrease)	50.4	38.4	(30.7)
Retirement, death and survivor benefits	13.1	11.7	10.5
Refunds and withdrawals	0.2	-	-
Administrative expenses	0.1	0.1	0.1
Total deductions	13.4	11.8	10.6
Total changes in plan net assets	$ 37.0	$ 26.6	$ (41.3)

For the year ended June 30, 2011 plan net assets increased $37.0 million or 17.5%. Total assets increased by 16.3% due to increases of 17.5% in investments, 27.2% in receivables, and 30.0% in pending sales of securities. Total liabilities increased 9.0% due to a 33.8% increase in pending purchases of securities, offset by a 9.7% decrease in the securities lending cash collateral liability.

Fiscal year 2011 showed a $12.0 million increase in total additions and a $1.5 million increase in total deductions. Compared to the prior year, additions increased 31.2% due to an increase in the fair value of investments of $17.8 million partially offset by a decrease in contributions of $5.4 million. The 12.8% increase in total deductions was primarily due to a 12.1% increase in retirement, death and survivor benefits. Administrative costs were 3.6% more when compared to the prior year.

For the year ended June 30, 2010 plan net assets increased $26.6 million or 14.4%. Total assets increased by 12.6% due to increases of 13.5% in investments, 36.0% in receivables, and 40.9% in pending sales of securities. Total liabilities increased 3.4% due to a 30.3% increase in pending purchases of securities, offset by a 9.5% decrease in the securities lending cash collateral liability.

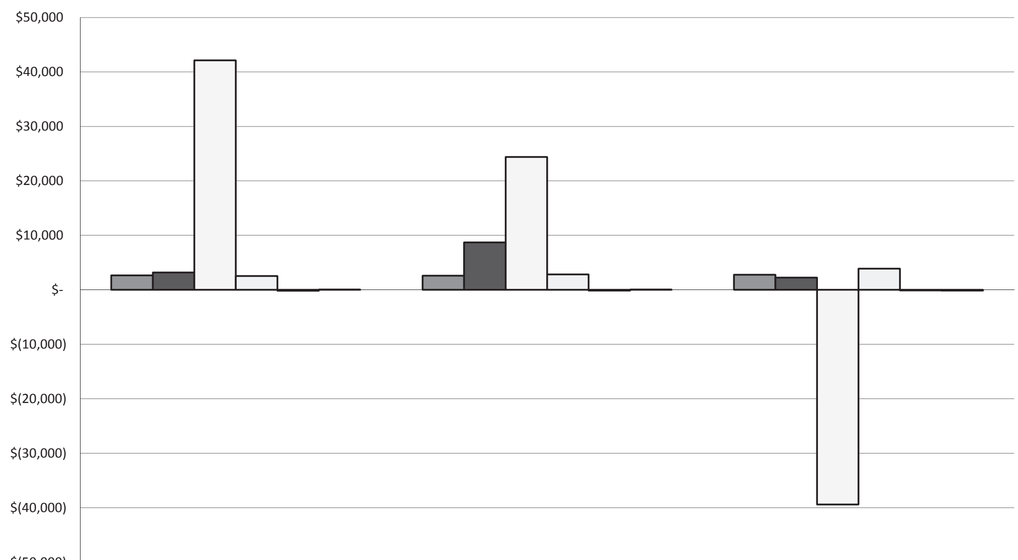
Fiscal year 2010 showed a $69.1 million increase in total additions and a $1.3 million increase in total deductions. Compared to the prior year, additions increased 225.1% due to an increase in the fair value of investments of $63.8 million and an increase in contributions of $6.3 million. The 12.6% increase in total deductions was due primarily to a 12.2% increase in retirement, death and survivor benefits. Administrative costs were 2.1% less when compared to the prior year.

Management's Discussion and Analysis (continued)

Additions to Plan Net Assets

For the year ended June 30, 2011, additions to plan net assets increased $12.0 million or 31.2% from the prior year. The appreciation in the fair value of investments of $17.8 million is reflective of the rise in all markets for the year. Interest income decreased $0.3 million or 10.5% as a result of falling interest rates, and securities lending income remained flat compared to the prior year. Contributions decreased $5.4 million or 48.1% because the $6.0 million legislative appropriation in fiscal 2010 was not repeated in fiscal 2011.

Additions to Plan Net Assets
Comparative Data for Fiscal Years Ended June 30, 2011, 2010, and 2009
(in $000's)



	2011	2010	2009
Member contributions	$2,668	$2,599	$2,775
Court employer contributions	3,193	8,704	2,244
Net appreciation (depreciation)	42,149	24,391	(39,397)
Interest, dividends, and other investment income	2,535	2,832	3,901
Investment expenses	(157)	(139)	(96)
Securities lending income (loss)	29	33	(149)

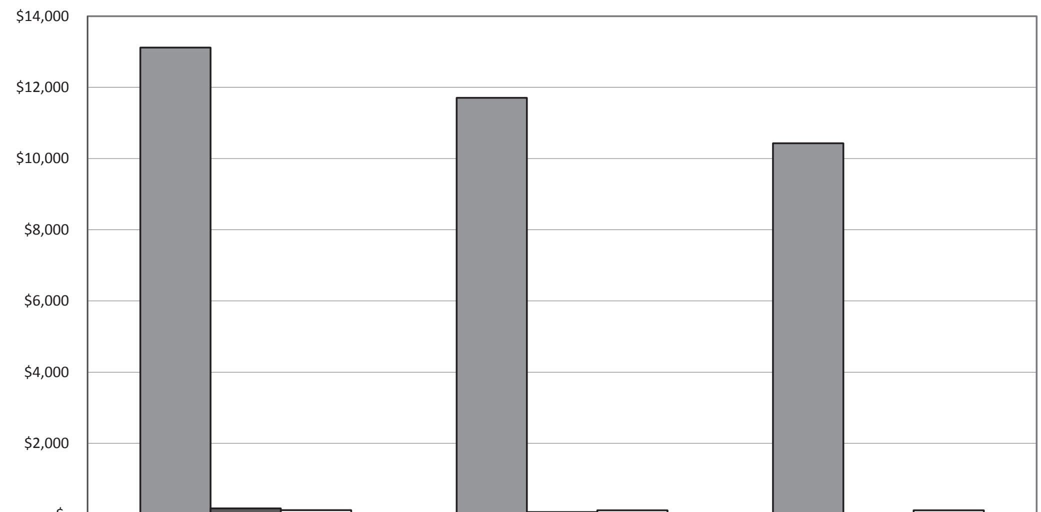
For the year ended June 30, 2010, additions to plan net assets increased $69.1 million or 225.1% from the prior year. The appreciation in the fair value of investments of $63.8 million is reflective of the rise in all markets for the year. Interest income decreased $1.0 million or 26.7% as a result of falling interest rates, and securities lending income increased $182.0 million or 121.9% due only to the elimination of the securities lending collateral deficiency incurred in the prior year. Contributions increased $6.3 million or 125.2% because of an increase in the employer contribution rate from 7.0% to 8.5%, and a $6.0 million appropriation by the State Legislature designated as employer contributions.

Management's Discussion and Analysis (continued)

Deductions to Plan Net Assets

For the year ended June 30, 2011 total deductions increased $1.5 million or 12.8% from the prior year. Retirement, death and survivor benefits increased $1.4 million or 12.1% due to a 11.9% increase in the number of retirees with a 6.2% increase in the average benefit. Refunds and withdrawals increased 159.2% from the prior year because the total amount withdrawn is dependent on contribution amounts of the specific members electing to withdraw contributions each year. Administrative costs increased 3.6% when compared to the prior year due to an increased allocation rate of 1.9% and increases in personnel costs and depreciation of capital assets.

Deductions to Plan Net Assets
Comparative Data for Fiscal Years Ended June 30, 2011, 2010, and 2009
(in $000's)



	2011	2010	2009
Retirement, death and survivor benefits	$13,118	$11,705	$10,430
Refunds and withdrawals	172	66	9
Administrative expenses	119	115	117

For the year ended June 30, 2010 total deductions increased $1.3 million or 12.6% from the prior year. Retirement, death and survivor benefits increased $1.3 million or 12.2% due to a 5.0% increase in the number of retirees with a 6.6% increase in the average benefit. Refunds and withdrawals increased 612.3% from the prior year because the total amount withdrawn is dependent on contribution amounts of the specific members electing to withdraw contributions each year. Administrative costs decreased 2.1% when compared to the prior year due to a decreased allocation rate of 0.6% and the reclassification and capitalization of allocated payroll costs for internally generated computer software.

Management's Discussion and Analysis (continued)

Investments

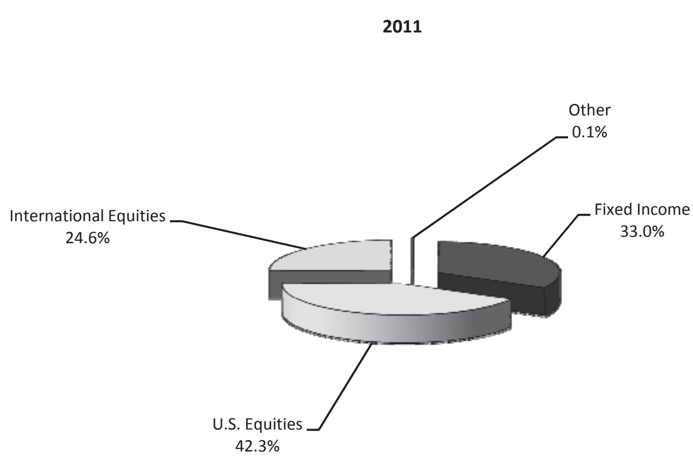
The investment portfolio is reported in the chart below by the asset class of the investment managers' portfolios which includes the cash equivalents in those portfolios. A summary of the Plan's cash equivalents and investments for fiscal years ended June 30, 2011, 2010, and 2009 is as follows:

Cash Equivalents and Investments
($ millions)

	June 30,		
	2011	**2010**	**2009**
Fixed income	$ 89.8	$ 85.8	$ 73.3
U.S. equities	104.7	83.2	74.0
International equities	60.9	46.8	41.4
Other	0.3	0.5	0.5
Total managed investments	255.7	216.3	189.2
Cash equivalents on deposit with State	0.1	0.1	0.1
Securities lending collateral	18.4	20.4	22.5
Total cash equivalents and investments	$ 274.2	$ 236.8	$ 211.8

The increase in the Plan's managed investments is reflective of the increase in all markets for the year. The Plan's overall return for the year ended June 30, 2011 was 21.4%. A 4.3% return for the fixed income component exceeded the market trend for the asset class. Equity index funds correlated closely with market trends with U.S. and international equities showing returns of 32.8% and 30.1% respectively. Amounts of $5.6 million of U.S. equity index funds and $1.7 million of fixed income were used to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the Plan's master custodian at year end.

At June 30, 2011 the distribution of the Plan's investments including accrued income and pending trades was as follows:

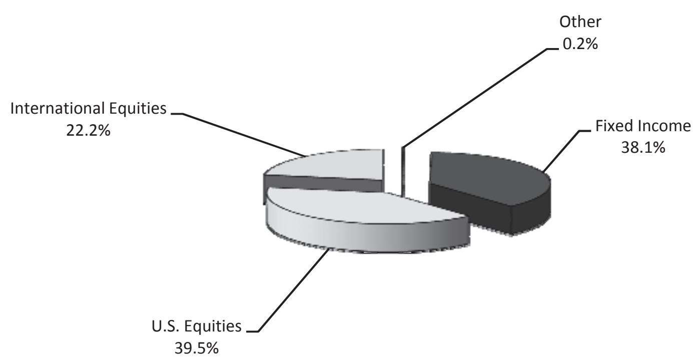


Management's Discussion and Analysis (continued)

The increase in the Plan's managed investments is reflective of the increase in all markets for the year. The Plan's overall return for the year ended June 30, 2010 was 14.3%. A 13.5% return for the fixed income component exceeded the market trend for the asset class. Equity index funds correlated closely with market trends with U.S. and international equities showing returns of 16.4% and 10.5% respectively. Fixed income holdings were increased by $6.0 million during the year due to reallocations of $3.5 million from the international equity index fund and $2.5 million from the domestic equity index funds. Another $1.9 million of U.S. equity index funds and $4.8 million of fixed income were used to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the Plan's master custodian at year end.

At June 30, 2010 the distribution of the Plan's investments including accrued income and pending trades was as follows:

2010



Economic Factors

Funding

A measure of the adequacy of a pension's funding status is when it has enough money in reserve to meet all expected future obligations to participants. The funded ratios of the Plan at June 30 for the current and preceding two years were as follows:

2011	2010	2009
96.3%	81.3%	84.8%

Plan Amendment

Three Plan provision changes were enacted by the State Legislature during the session ended in May 2011. The retirement age was increased to age 67 with eight years of judicial service, or age 62 with 10 years of service; cost of living adjustments are no longer considered non-fiscal retirement bills and must now be funded by the Legislature before they can be passed into law; and the OPERS hearing procedures have been brought in line with the Administrative Procedures Act by providing clarification on appeals to administrative decisions by the OPERS Board and by the appointment of hearing examiners.

Management's Discussion and Analysis (continued)

Other

Other than changes in the fair value of Plan assets as may be impacted by the equity and bond markets and changes in the Plan provisions that may have an effect on the actuarial liability, no other matters are known by management to have a significant impact on the operations or financial position of the Plan.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Reporting Division, OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73152-3007.

Statements of Plan Net Assets

June 30, 2011 and 2010

Assets	**2011**	**2010**
Cash equivalents	$ 5,032,606	$ 3,034,217
Receivables:		
Member contributions	199,879	201,642
Participating court employer contributions	249,850	214,247
Due from brokers for securities sold	12,070,877	9,287,623
Accrued interest	439,422	484,868
Total receivables	12,960,028	10,188,380
Investments, at fair value:		
Short-term investments	789,848	1,494,699
Government obligations	53,065,445	48,399,213
Corporate bonds	31,363,065	33,460,418
Domestic equity index funds	104,698,605	83,196,021
International equity index fund	60,900,978	46,831,162
Securities lending collateral	18,384,813	20,363,956
Total investments	269,202,754	233,745,469
Total assets	287,195,388	246,968,066
Liabilities		
Due to brokers and investment managers	20,621,565	15,423,555
Securities lending collateral	18,384,813	20,363,956
Total liabilities	39,006,378	35,787,511
Net assets held in trust for pension benefits	$ 248,189,010	$ 211,180,555

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Additions:		
Contributions:		
Members	$ 2,667,908	$ 2,599,341
Participating court employers	3,193,277	8,704,232
Total contributions	5,861,185	11,303,573
Investment income:		
From investing activities:		
Net appreciation in fair value of investments	42,148,970	24,390,695
Interest	2,534,867	2,832,603
Total investment income	44,683,837	27,223,298
Less – Investment expenses	(157,258)	(139,481)
Income from investing activities	44,526,579	27,083,817
From securities lending activities:		
Securities lending income	65,917	75,763
Securities lending expenses:		
Borrower rebates	(31,267)	(35,605)
Management fees	(5,194)	(7,493)
Income from securities lending activities	29,456	32,665
Net investment income	44,556,035	27,116,482
Total additions	50,417,220	38,420,055
Deductions:		
Retirement, death and survivor benefits	13,117,911	11,705,265
Refunds and withdrawals	172,089	66,389
Administrative expenses	118,765	114,662
Total deductions	13,408,765	11,886,316
Net increase	37,008,455	26,533,739
Net assets held in trust for pension benefits:		
Beginning of year	211,180,555	184,646,816
End of year	$ 248,189,010	$ 211,180,555

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2011 and 2010

(1) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Uniform Retirement System for Justices and Judges (the Plan).

(a) Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by statute as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Plan, together with other similar fiduciary – pension trust funds of the state of Oklahoma (the State), is a component unit of the State. The Plan is administered by the Oklahoma Public Employees Retirement System (OPERS). As set forth in Title 20 of the Oklahoma Statutes, at Section 1108, a portion of the administrative overhead expenses, including personnel and other supporting services costs, which are paid for by a separate retirement fund also administered by OPERS, are allocated to the Plan. The allocation is based on OPERS' estimate of the cost of services provided to the Plan by the separate fund. Allocated costs are charged to the Plan and paid with funds provided through operations of the Plan.

(b) Investments

The Plan is authorized to invest in eligible investments as approved by the Board of Trustees of OPERS (the Board) as set forth in its investment policy.

Plan investments are reported at fair value. Short-term investments include bills and notes and commercial paper, valued at fair value.

Domestic debt and equity securities are reported at fair value, as determined by the Plan's custodial agent, generally based on pricing services or prices quoted by independent brokers. The fair value of the pro rata share of units owned by the Plan in index and commingled trust funds is determined by the respective fund trustees based on quoted sales prices of the underlying securities.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, securities lending income and expenses, dividend income, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

The Plan's investment policy provides for investments in combinations of stocks, bonds, fixed income securities and other investment securities, along with investments in commingled trust and index funds. Investment securities and investment securities underlying the trust and index fund investments are exposed to various risks, such as interest rate and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the statements of plan net assets.

(c) Use of Estimates

The preparation of the Plan's financial statements, in conformity with U.S. generally accepted accounting principles, requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in Note (5) Funded Status and Actuarial Information and the required supplementary information (RSI) as of the benefit information date, the changes in plan net assets during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(d) Risk and Uncertainties

Contributions to the Plan and the actuarial information included in the RSI are reported 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 the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

(e) Reclassifications

Certain amounts in prior-year financial statements have been reclassified to conform with the current year presentation.

(2) Plan Descriptions and Contribution Information

The following brief description of the Plan is provided for general information purposes only. Participants should refer to Title 20 of the Oklahoma Statutes, Sections 1101 through 1111, for more complete information.

(a) General

The Plan is a single-employer public employee retirement plan, which is a defined benefit pension plan covering all justices and judges of the Oklahoma Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, and District Courts. The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretation.

At June 30 the Plan's membership consisted of

	2011	**2010**
Retirees and beneficiaries currently receiving benefits	235	210
Terminated vested participants	13	12
Active participants	271	271
Total	519	493

Notes to Financial Statements (continued)

(b) Benefits

Benefits are determined at 4% of the member's average monthly compensation for covered active service over the highest thirty-six months of compensation as a justice or judge times the total years of service in the Plan not to exceed 100% of the retiree's average monthly salary received as a justice or judge for the highest thirty-six months of compensation.

Normal retirement ages under the Plan are as follows:

- When the sum of at least 8 years of credited years and age equals or exceeds 80 (Rule of 80)
- Age 65 with 8 years of judicial service
- Age 60 with 10 years of judicial service

Members are eligible to vest fully upon termination of judicial service after accumulating eight years of judicial service or the member's contributions may be withdrawn at the time such member ceases to be a justice or judge of a court within the Plan. Disability retirement benefits are available for members who have attained age 55 and have 15 years of continuous judicial service and are determined to be disabled by the Court of the Judiciary. The benefits are calculated in the same manner as the normal retirement benefit. The Court of the Judiciary may override these requirements if it is determined that any judge or justice is no longer capable of performing regular duties.

Upon the death of an active member, the Plan will pay to the designated beneficiary the active member's accumulated employee contributions. However, if the deceased member contributed to survivor benefits, an eligible spouse of the member may choose to vest the member's service (8 years required) until the spouse is eligible to receive monthly survivor benefits as defined by the Plan.

Upon the death of a retired member, the Plan will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the estate or beneficiary. Death benefits paid for the years ended June 30, 2011 and 2010 totaled approximately $35,000 and $40,000, respectively.

Surviving spouse benefits are paid to a member's spouse provided the member makes the required contributions and the spouse qualifies under the Plan provisions. These payments are made monthly over the remaining life of the spouse. If the member has ten years of service and the death is determined by the Workers' Compensation Court to be employment related, the benefit is payable immediately to the spouse. Members must have eight years of credited service before their spouses are eligible for normal survivor benefits. The benefit payment is equal to 50% up to 65% of the normal retirement benefit if certain contributions and other criteria are met. Effective September 1, 2005 survivor benefits are also available to the retiree's designated joint annuitant according to the option elected by the member. The first option gives the member a reduced lifetime annuity with 50% of the amount paid to the member's survivor at the member's death. The second option pays the member an even further reduced annuity with the same amount paid to the survivor after the member's death.

(c) Contributions

The contribution requirements of the Plan are an established rate determined by the Oklahoma Legislature and are based on a comparison to an actuarial calculation which is performed to determine the adequacy of the contribution rate.

Notes to Financial Statements (continued)

The contribution rate of all justices and judges is 8% of a member's monthly salary. The member may elect a maximum benefit with no survivor option or one of two types of actuarially reduced retirement benefits that provide for a lifetime benefit to be paid to the member's joint annuitant after the member's death. This election is available for any judge or justice without regard to marital status. Prior to September 2005 the basic member contributions were 5% of a member's monthly salary. Each member of the Plan who was married provided for spousal survivor benefits and contributed at the rate of 8% unless the member's spouse agreed to waive spousal benefits. Participating court employers are required to contribute monthly a percentage of the gross salaries of the active members of the Plan. The percentages established by the Oklahoma Legislature for the years ended June 30, 2011 and 2010 were 10.0% and 8.5%, respectively, of member payroll.

Effective for the fiscal year ended June 30, 2012 the employer contribution rate will increase to 11.5% of payroll and will increase 1.5% annually up to 22% for fiscal years ending June 30, 2019 and thereafter.

Prior to July 2009 the Board was authorized to adjust the contribution rate to prevent a funded ratio of the Plan of less than 100%. Effective July 1, 2009 the statutory responsibility of the Board was modified to adjust the employer contribution rate to prevent a funded ratio below the target of "at or near" ninety percent. In May 2010 legislation was enacted to remove the authority of the Board to adjust the employer contribution rate.

(3) Cash Equivalents

Cash equivalents represent short-term investment funds held by the Office of the State Treasurer (State Treasurer) and the Plan's custodial agent.

At June 30 cash equivalents were

	2011	2010
Cash equivalents		
State Treasurer	$ 80,637	$ 64,464
Custodial agent	4,951,969	2,969,753
Total cash equivalents	$ 5,032,606	$ 3,034,217

Cash is deposited to *OK INVEST*, an internal investment pool of the State Treasurer with holdings limited to obligations of the U.S. Government, its agencies and instrumentalities, agency senior debt and mortgage-backed pass-through securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments and State of Israel Bonds. Participants are limited to qualifying agencies and funds within the State's reporting entity, and each participant maintains an interest in the underlying investments of *OK INVEST* and shares the risk of loss on the funds in proportion to the respective investment in the funds. The custodial agent cash equivalents consist of temporary investments in commingled trust funds of the Plan's custodial agent. The funds are composed of high-grade money market instruments with short maturities. Each participant in the funds shares the risk of loss on the funds in proportion to the respective investment in the funds.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agency but not in the depositor-government's name. At June 30, 2011 and 2010 the cash equivalents in *OK INVEST* and the Plan's custodial agent cash equivalents were not exposed to custodial credit risk because their existence cannot be evidenced by securities that exist in physical or book entry form.

At June 30, 2011, as a result of outstanding checks, the Plan's carrying amount in *OK INVEST* totaled $80,637, and the bank balances totaled $221,772. At June 30, 2010, as a result of outstanding checks, the Plan's carrying amount in *OK INVEST* totaled $64,464, and the bank balances totaled $211,946. At June 30, 2011 and 2010 the carrying amounts of the Plan's custodial agent cash equivalents were the same as the bank balances, $4,951,969 and $2,969,753, respectively.

(4) Investments

(a) General

The OPERS Statement of Investment Policy states that the Board believes that Plan assets should be managed in a fashion that reflects the Plan's unique liabilities and funding resources, incorporating accepted investment theory and reliable empirical evidence. Specifically, the Board has adopted the following principles:

- Asset allocation is the key determinant of return and, therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
- Diversification, both by and within asset classes, is the primary risk control element.
- Passive fund portfolios are suitable investment strategies, especially in highly efficient markets. These index funds which are externally managed by professional investment management firms selected through due diligence of the Board are deemed to be actively managed accounts within the meaning of Section 909.1(D) of Title 74 of the Oklahoma Statutes.

At June 30, 2011 and 2010 the asset allocation guidelines established by policy were U.S. equities – 40%, international equities – 24%, and domestic fixed income – 36%. The guidelines also establish minimum and maximum percentages for each asset class allocation, and when allocations move outside these limits, portfolios are rebalanced.

Notes to Financial Statements (continued)

The fair value of investments held by the Plan at June 30 was as follows:

	2011	2010
U.S. Treasury notes/bonds	$ 11,125,243	$ 14,520,476
U.S. Treasury strips	4,257,867	5,376,214
U.S. TIPS index fund	8,238,243	7,639,778
Government agencies	5,904,119	6,198,616
Government mortgage-backed securities	22,838,006	13,756,582
Municipal bonds	462,428	1,670,536
Corporate bonds	18,533,974	18,571,401
Asset backed securities	6,071,890	6,011,065
Commercial mortgage-backed securities	5,022,898	5,596,209
Non government backed collateralized mortgage obligations	2,763,690	4,013,453
U.S. equity index funds	104,698,605	83,196,021
International equity index fund	60,900,978	46,831,162
Securities lending collateral	18,384,813	20,363,956
Total investments	$ 269,202,754	$ 233,745,469

The Plan participates in a fixed income and international and domestic equity index funds managed by BlackRock Institutional Trust Company, N.A. (BTC). Prior to December 2009 international and domestic equity index funds were managed by Barclays Global Investors, N.A. (BGI). BTC, a subsidiary of BlackRock, Inc., is a national banking association and operates as a limited purpose trust company. Its primary regulator is the Office of the Comptroller of the Currency (OCC), the agency of the U.S. Treasury Department that regulates United States national banks. BGI, a wholly owned subsidiary of Barclays Bank PLC (Barclays), operated as a limited purpose trust company, and its primary regulator was the OCC. In December 2009 BlackRock, Inc. acquired from Barclays all of the outstanding equity interests of subsidiaries of Barclays conducting the business of BGI. Each fund is a collective fund which is a group trust and an entity separate from the manager (BTC and prior to December 2009 BGI), other funds, and the investing participants. BTC, and prior to December 2009 BGI, is trustee of each of the collective fund trusts and holds legal title to each trust's assets for the exclusive benefit of the Plan. The fair value of the Plan's position in the pool is the same as the value of the pool shares. In 2011 and 2010 the Plan invested in a fixed income index fund, two domestic equity index funds and an international equity index fund. The Plan shares the risk of loss in these funds with other participants in proportion to its respective investment. Because the Plan does not own any specific identifiable investment securities of these funds, the risk associated with any derivative investments held in these funds is not apparent. The degree of risk depends on the underlying portfolios of the funds, which were selected by the Plan in accordance with its investment policy guidelines including risk assessment.

(b) Securities Lending

The Plan's investment policy provides for its participation in a securities lending program. The program is administered by the Plan's master custodian and there are no restrictions on the amount of loans that can be made. During 2011 and 2010 the types of securities loaned were primarily U.S. Government and corporate bonds. Certain securities of the Plan are loaned to participating brokers, who must provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks.

Under the terms of the securities lending agreement, collateral is required to be provided in the amount of 102% of the fair value of U.S. securities loaned, and 105% of the fair value of non-U.S. securities loaned. At June 30, 2011 and 2010 the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The securities on loan at June 30, 2011 and

Notes to Financial Statements (continued)

2010 were $17,858,214 and $19,773,155, respectively, and the collateral received for those securities on loan was $18,384,813 and $20,363,956, respectively. The master custodian provides for full indemnification to the Plan for any losses that might occur in the program due to the failure of a broker to return a security that was borrowed (and if the collateral is inadequate to replace the securities lent) or failure to pay the Plan for income of the securities while on loan. The Plan cannot pledge or sell collateral securities unless the borrower defaults. The loan premium paid by the borrower of the securities is apportioned between the Plan and its custodial agent in accordance with the securities lending agreement. All securities loans can be terminated on demand by either the lender or the borrower.

The securities lending agreement provides that cash collateral be invested in the custodial agent's short-term investment pool and sets forth credit quality standards, acceptable investments, diversification standards, and maturity and liquidity constraints for the investment fund. The Plan's investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturities of the investments with the loans. At June 30, 2011 and 2010 the cash collateral investments had an average weighted maturity of 21 and 24 days, respectively, and the relationship between the maturities of the custodial agent's investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan's non-cash collateral is represented by its allocated share of a pool administered by the agent for the Plan and other pool participants.

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Plan's investment guidelines provide for the domestic fixed income managers to follow one of three investment styles and specify quality guidelines for each.

The *Core* manager will invest in a broadly diversified portfolio with characteristics similar to a broad fixed income market index such as the Barclays Capital Aggregate Bond Index. The total portfolio minimum quality should be A as rated by Standard and Poor's Corporation (S&P). The portfolio should be made up of investment grade securities only, with a minimum quality rating for any issue of BBB- (S&P) or its equivalent rating by at least one Nationally Recognized Statistical Rating Organization (NASRO). In the event that a credit rating is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

The *Core plus* manager will invest in a broadly diversified portfolio with characteristics similar to the Core manager and will add a "plus" of limited exposure to high yield. The total portfolio minimum quality should be A as rated by S&P. No more than 20% of the portfolio shall be in non-investment grade issues. The minimum quality rating for any issue is B (S&P) or its equivalent rating by at least one NASRO and no more than 5% of a portfolio shall be invested in issues rated below BB (S&P) or its equivalent rating by at least one NASRO. In the event that a credit rating is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

The *Interest Rate Anticipator* manager follows a style that seeks to correctly forecast the long term trend in interest rates and adjust the portfolio duration accordingly. The total portfolio minimum quality should be A as rated by S&P, and the portfolio should be made up of investment grade securities only.

At June 30, 2011 the domestic fixed income portfolio consisted of a core fixed income portfolio, a core plus fixed income portfolio, and a rate anticipator portfolio, including a U.S. TIPS index fund. All components met

Notes to Financial Statements (continued)

the stated policy restrictions except the core fixed income portfolio which held $1,036,984 of the portfolio in issues rated below BBB- and the core plus fixed income portfolio which held $200,008 of the portfolio in issues rated below B. At June 30, 2010 the domestic fixed income portfolio consisted of a core fixed income portfolio, a core plus fixed income portfolio, and, a rate anticipator portfolio, including a U.S. TIPS index fund. All components met the stated policy restrictions except the core fixed income portfolio which held $1,462,476 of the portfolio in issues rated below BBB- and the core plus fixed income portfolio which held $146,724 of the portfolio in issues rated below B. The Plan's investment managers have advised retention of the securities after having assessed their risk/reward profiles.

Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have credit risk. At June 30, 2011 the Plan held 21.4% of fixed income investments that were not considered to have credit risk and 9.7% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities. At June 30, 2010 the Plan held 26.4% of fixed income investments that were not considered to have credit risk and 9.2% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities.

The Plan's exposure to credit risk at June 30, 2011 is presented below, in thousands, by investment category as rated by S&P or Moody's Investor Service.

	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	Not Rated or Rating Not Available	Total
Government agencies	$ 4,935	$ —	$ 596	$ —	$ —	$ —	$ —	$ 354	$ 5,885
Government mortgage-backed securities	1,034	—	—	—	—	—	—	18,910	19,944
Municipal bonds	—	105	357	—	—	—	—	—	462
Corporate bonds	2,443	1,779	6,491	5,634	1,220	128	49	790	18,534
Asset-backed securities	4,312	668	555	236	112	150	10	29	6,072
Commercial mortgage-backed securities	3,415	372	1,109	104	23	—	—	—	5,023
Non government backed collateralized mortgage obligations	1,601	—	64	—	388	460	151	100	2,764
Total fixed income securities exposed to credit risk	$ 17,740	$ 2,924	$ 9,172	$ 5,974	$ 1,743	$ 738	$ 210	$ 20,183	$ 58,684
Percent of total fixed income portfolio	20.8%	3.4%	10.8%	7.0%	2.0%	0.9%	0.2%	23.8%	68.9%

The Plan's exposure to credit risk at June 30, 2010 is presented below, in thousands, by investment category as rated by S&P or Moody's Investor Service.

	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	Not Rated or Rating Not Available	Total
Government agencies	$ 3,770	$ 953	$ 751	$ —	$ —	$ —	$ —	$ 700	$ 6,174
Government mortgage-backed securities	—	—	—	—	—	—	—	11,635	11,635
Municipal bonds	78	695	797	101	—	—	—	—	1,671
Corporate bonds	2,328	2,789	6,094	5,521	992	280	—	567	18,571
Asset-backed securities	4,744	414	337	163	113	108	102	30	6,011
Commercial mortgage-backed securities	4,637	85	874	—	—	—	—	—	5,596
Non government backed collateralized mortgage obligations	1,587	—	676	9	446	754	377	164	4,013
Total fixed income securities exposed to credit risk	$ 17,144	$ 4,936	$ 9,529	$ 5,794	$ 1,551	$ 1,142	$ 479	$ 13,096	$ 53,671
Percent of total fixed income portfolio	20.6%	5.9%	11.4%	6.9%	1.9%	1.4%	0.6%	15.7%	64.4%

Notes to Financial Statements (continued)

The exposure to credit risk of the underlying investments of the Plan's cash equivalents at June 30 is as follows:

Credit Rating	2011 *OK INVEST*	2011 Custodial Agent	2010 *OK INVEST*	2010 Custodial Agent
AAA	79.8 %	22.1 %	87.1 %	31.2 %
AA	1.3	—	0.7	—
A1	6.9	77.9	6.3	68.8
BBB	—	—	—	—
BB	—	—	—	—
NR	12.0	—	5.9	—
	100.0 %	100.0 %	100.0 %	100.0 %

(d) *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration estimates the sensitivity of a bond's price to interest rate changes and makes assumptions regarding the most likely timing and amounts of variable cash flows arising from investments such as callable bonds, collateralized mortgage obligations, and other mortgage-backed securities.

The Plan does not have a formal investment policy on interest rate risk. Interest rate risk is controlled through diversification of portfolio management styles.

At June 30 the Plan's exposure to interest rate risk as measured by effective duration is listed below by investment category.

	2011 Fair Value	2011 Effective duration in years	2010 Fair Value	2010 Effective duration in years
U.S. Treasury notes/bonds	$ 11,125,243	10.0	$ 14,520,476	9.6
U.S. Treasury strips	4,257,867	22.2	5,376,214	23.0
U.S. TIPS index fund	8,238,243	7.6	7,639,778	3.5
Government agencies	5,904,119	3.0	6,198,616	3.4
Government mortgage-backed securities	22,838,006	3.6	13,756,582	4.2
Municipal bonds	462,428	9.1	1,670,536	9.8
Corporate bonds	18,533,974	4.3	18,571,401	5.0
Asset-backed securities	6,071,890	1.2	6,011,065	0.7
Commercial mortgage-backed securities	5,022,898	3.3	5,596,209	3.8
Non government backed collateralized mortgage obligations	2,763,690	2.5	4,013,453	2.9
Total fixed income	$ 85,218,358		$ 83,354,330	
Portfolio duration		5.7		6.2

Notes to Financial Statements (continued)

Some investments' sensitivity to changing interest rates may derive from prepayment options embedded in an investment. Asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations are pass-through securities that represent pooled debt obligations repackaged as securities that pass income and principal from debtors through the intermediary to investors.

Asset-backed securities are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit and often enhanced by a bank letter of credit or by insurance coverage provided by an institution other than the issuer. At June 30, 2011 and 2010 the Plan held $6,071,890 and $6,011,065, respectively, in asset-backed securities.

Mortgage-backed securities are securities backed by mortgages issued by public and private institutions. At June 30, 2011 and 2010 the Plan held $22,838,006 and $13,756,582, respectively, in government mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), and Federal National Mortgage Association (FNMA) as well as $5,022,898 and $5,596,209, respectively, in commercial mortgage-backed securities.

Collateralized mortgage obligations (CMOs) are mortgage-backed bonds that allocate mortgage cash flows (interest and principal) into different maturity classes, called tranches. This is accomplished by dedicating mortgage cash flows to specific tranches and paying each tranch off, in turn by prespecified rules. In return for a lower yield, CMOs provide investors with increased security about the life of their investment compared to purchasing a pass-through mortgage-backed security. If mortgage rates drop (rise) sharply, prepayment rates will increase (decrease), and CMO tranches may be repaid before (after) the expected maturity. At June 30, 2011 and 2010 the Plan held $2,763,690 and $4,013,453, respectively, in non government backed CMOs.

The exposure to interest rate risk of the underlying investments of the Plan's cash equivalents at June 30 is as follows:

	2011		**2010**	
Maturities (in days)	***OK INVEST***	**Custodial Agent**	***OK INVEST***	**Custodial Agent**
0 - 14	20.2 %	18.7 %	16.8 %	47.0 %
15 - 30	0.8	14.7	0.8	18.0
31 - 60	1.4	16.4	1.5	12.0
61 - 90	1.3	24.8	1.5	15.7
91 - 180	4.3	11.8	5.6	4.8
181 - 364	3.9	13.6	8.7	2.5
365 - 730	9.3	—	13.5	—
Over 730	58.8	—	51.6	—
	100.0 %	100.0 %	100.0 %	100.0 %

Notes to Financial Statements (continued)

(5) Funded Status and Actuarial Information

(a) Funded Status and Funding Progress

The funded status of the Plan as of June 30 is as follows:

	2011			2010		
Actuarial value of the assets (a)	$ 237,626,663			$ 230,010,299		
Actuarial accrued liability (AAL) (b)	$ 246,792,232			$ 282,765,405		
Total unfunded actuarial accrued liability (UAAL) (b-a)	$ 9,165,569			$ 52,755,106		
Funded ratio (a/b)		96.3	%		81.3	%
Covered payroll	$ 34,700,819			$ 35,023,262		
UAAL as a percentage of covered payroll		26.4	%		150.6	%

The schedules of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(b) Actuarial Methods and Assumptions

The information presented in the RSI was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation, June 30, 2011 is as follows:

Funding Method

The funding method is entry age normal (based on a level percentage of covered payrolls). Under this method, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the Plan.

Experience gains and losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions adjust the UAAL.

Asset Valuation Method

An expected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flows (excluding realized and unrealized gains and losses) for the year ended on the valuation date and assuming the valuation investment return. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain (loss) for the last five years is added to the expected actuarial value. The gain (loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date.

Notes to Financial Statements (continued)

Amortization

The funding policy amortizes the UAAL on a level percent of payroll method over a 20-year closed period. At June 30, 2011 there are 16 years remaining to the amortization period. Prior to July 1, 2007 the funding policy amortized the UAAL on the level dollar method, and the amortization period was 40 years from July 1, 1987.

Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2011 and 2010 are as follows:

- Salary increases – 5.25% per year
- Post-retirement benefit increases – 2% per year
- Investment return – 7.5% per annum
- Assumed inflation rate – 3.0%
- Payroll growth – 4.0% per year
- Mortality Rates – RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010, set back one year.

(6) Federal Income Tax Status

Pursuant to a determination by the Internal Revenue Service, the Plan is qualified under the Internal Revenue Code of 1986, as amended, and therefore, is exempt from federal income taxes. The latest determination letter is dated May 22, 2000 and was a favorable determination for the Uniform Retirement System for Justices and Judges. The Plan has been amended since receiving the determination letter; however, the Plan administrator believes that the Plan is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code and retains its status as a qualified plan.

(7) Plan Amendment

The State Legislature enacted the following significant plan provisions during the session ended in May 2011.

(a) Retirement Age Increase

Under HB 1010, the retirement age for judges whose judicial service begins on or after January 1, 2012, has increased to age 67 (previously age 65) with eight years of judicial service, or age 62 (previously age 60) with 10 years of service. This bill becomes effective January 1, 2012.

(b) Changes to Funding of Cost of Living Adjustments

Cost of living adjustments (COLAs) for retiring URSJJ members must be passed by the Legislature. Under HB 2132, COLAs are no longer considered “non-fiscal retirement bills” in the Oklahoma Pension Legislation Actuarial Analysis Act. This means COLAs must now be funded by the Legislature before they can be passed into law. This bill becomes effective August 25, 2011.

Notes to Financial Statements (continued)

(c) Clarification on Administrative Hearings and Appeals

Existing law requires suits against OPERS be brought in Oklahoma County. SB 840 provides clarification on appeals to administrative decisions by the OPERS Board. This bill brings the OPERS hearing procedures in line with the Administrative Procedures Act including the appointment of hearing examiners.

(8) New Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62) which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. GASB 62 is effective for financial statements for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63) which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB 63 is effective for financial statements for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53* (GASB 64) which clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. GASB 64 sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. GASB 64 is effective for financial statements for periods beginning after June 15, 2011.
OPERS is currently evaluating the effects the above GASB Pronouncements will have on its financial statements.

Required Supplementary Information

(Unaudited)
June 30, 2011
Schedule 1

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	$210,376,209	$205,302,048	($5,074,161)	102.5 %	$27,488,381	-18.5 %
6/30/2007	224,577,704	227,062,193	2,484,489	98.9	32,191,938	7.7
6/30/2008	235,297,077	244,062,321	8,765,244	96.4	32,389,296	27.1
6/30/2009	221,576,179	261,396,022	39,819,843	84.8	33,579,668	118.6
6/30/2010	230,010,299	282,765,405	52,755,106	81.3	35,023,262	150.6
6/30/2011	237,626,663	246,792,232	9,165,569	96.3	34,700,819	26.4

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	$ 4,441,184	17.8 %
2007	5,936,316	20.6
2008	7,615,245	22.2
2009	8,169,214	27.5
2010	10,778,833	80.8
2011	12,518,554	25.5

Supplementary Information

Schedule of Investment Expenses

Years Ended June 30, 2011 and 2010

Schedule 2

	2011	2010
Investment management fees:		
Fixed Income Managers:		
BlackRock Institutional Trust Company, N.A.	$ 39,445	$ 39,708
Hoisington Investment Management	13,676	16,595
Metropolitan West Asset Management, LLC	57,241	43,428
U.S. Equity Manager:		
BlackRock Institutional Trust Company, N.A.	11,435	9,890
International Equity Managers:		
BlackRock Institutional Trust Company, N.A.	28,398	23,133
Total investment management fees	150,195	132,754
Investment consultant fees:		
Strategic Investment Solutions, Inc.	6,004	5,669
Investment custodial fees:		
Northern Trust Company	1,059	1,058
Total investment expenses	$ 157,258	$ 139,481

See accompanying independent auditors' report.

Supplementary Information

Schedule of Administrative Expenses

Years Ended June 30, 2011 and 2010

Schedule 3

	2011	2010
Professional / Consultant services	$ 6,440	$ 8,554
Allocated administrative expenses (see note below)	112,325	106,109
	$ 118,765	$ 114,663

Note to Schedule of Administrative Expenses:

A portion of the administrative overhead expenses, including personnel and other supporting services costs, which are paid for by a separate retirement fund also administered by OPERS, are allocated to the Plan. The allocation is based on OPERS' estimate of the cost of services provided to the Plan by the separate fund. Allocated costs are charged to the Plan and paid with funds provided through operations of the Plan.

See accompanying independent auditors' report.

Supplementary Information

Schedule of Professional/Consultant Fees

Years Ended June 30, 2011 and 2010

Schedule 4

Professional/Consultant	**Service**	**2011**	**2010**
Cavanaugh Macdonald Consulting, LLC	Actuarial	$ 1,794	$ —
Milliman, Inc.	Actuarial	516	3,020
Cole & Reed, PC	External Auditor	1,797	1,712
Finley & Cook, PLLC	Internal Auditor	1,142	2,196
CEM Benchmarking, Inc.	Performance Measurement Consulting	793	778
EFL Associates, Inc.	Executive Search	—	737
Principal Technologies, Inc.	Executive Search	285	—
Glass Lewis & Co.	Proxy Services	113	111
		$ 6,440	$ 8,554

See accompanying independent auditors' report.

CONNECTIONS

Uniform Retirement System for Justices and Judges

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

INVESTMENT

Section Contents

Investment Consultant's Report

STRATEGIC INVESTMENT SOLUTIONS, INC.

Strategic Investment Solutions, Inc.
333 Bush St., Ste. 2000
San Francisco, CA 94104

Tel 415/362-3484
Fax 415/362-2752

Investment Objectives

The primary financial objective is to earn a long-term return sufficient to avoid deterioration in funded status. The System's actuary estimates this return requirement to be 7.5% while its investment consultant estimates the real return requirement to be 5.1%.

Secondary goals are to outperform the asset allocation-weighted benchmark and to rank in the top fifty percent of a universe of public pension funds.

Asset Allocation

The System's Investment Philosophy stresses the following key points:

1. Asset allocation is the key determinant of return. Therefore, commitments to asset allocation targets are maintained through a disciplined rebalancing program.

2. Diversification, both by and within asset classes, is the primary tool for risk control.

3. Passive instruments (index funds) are suitable strategies in highly efficient markets.

ASSET CLASS	6/30/11 ALLOCATION	LOW	TARGET	HIGH	% PASSIVE OR SEMI-PASSIVE
US EQUITY	42.3%	34.7%	40.0%	45.3%	100.0%
FIXED INCOME	33.0%	31.9%	36.0%	40.1%	60.7%
NON-US EQUITY	24.6%	21.0%	24.0%	27.0 %	100.0%
CASH	0.1%	0.0%	0.0%	0.0%	100.0%

Investment Consultant's Report (continued)

Review of Fiscal 2011 Investment Environment

Fiscal year ended June 30, 2011 saw a continuation of the strong rally in equities off of their lows from March 9, 2009. The total US equity market was up (+32.4% Russell 3000 Index) for the 12-month period ending June 30, 2011. Non-US equity markets were also quite strong (+30.3% MSCI ACWI ex-US) for the 12-month period to June 30, 2011. The US fixed income market produced a positive return (+3.9% Barclays Capital Aggregate Index) for the fiscal year ending June 30, 2011 as short-term interest rates remained at historic low levels and spreads on corporate and mortgage sector bonds continued to narrow.

Within the US equity market, stocks of small companies outperformed large (+37.4% versus +31.9%). Growth stocks outperformed value stocks within large caps (+35.0% versus +28.9%) and also within small caps (+43.5% versus +31.4%).

Performance Review

At quarterly intervals, the System reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Index comparisons have as return objectives various after-fee return premiums with risk (standard deviation) not exceeding 125%-150% of the underlying index. Comparisons with peers seek top fifty percentile results.

Investment returns achieved through June 30, 2011 have been calculated using a time-weighted rate of return methodology based upon market values. As shown in the following table, for the annualized time periods ending June 30, 2011 the US Equity asset classes performed right at its respective benchmark for 1-year and slightly above for 3 and 5-years. The Non-US Equity asset class performed slightly below its respective benchmark for the 1 and 5-year annualized time periods and above for the annualized 3-year time period ending June 30, 2011. The Fixed Income asset class performed above its respective benchmark for the 1, 3 and 5-year annualized time periods ending June 30, 2011.

The Domestic Equity asset class was ranked just below median for the annualized time periods of 1, 3 and 5-years while the Non-US Equity was ranked right about at median and the Fixed Income asset class was also ranked right about at median for these same annualized time periods.

Investment Consultant's Report (continued)

The total URSJJ Plan has performed above its Policy Benchmark for the annualized time period of 3 and 5-years to June 30, 2011. The ranking for the total URSJJ Plan for the annualized time period of five years is at the 27th percentile for the peer universe of Public Funds greater than $100 Million.

PERIODS ENDED 6/30/11	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	+32.8%	+4.4%	+3.6%
Russell 3000	+32.8%	+4.1%	+3.4%
Rank	54*	58	62
Non-US Equity	+30.1%	-0.2%	+2.6%
MSCI ACWI ex-US Free	+30.3%	-0.2%	+2.7%
Rank	54	57	67
Fixed Income	+4.3%	+7.1%	+7.3%
80% BC Agg/ 10% Citi 20-Year Index/ 10%BC US TIPS	+3.6%	+6.4%	+6.7%
Rank	66	56	47
Total Fund	+21.4%	+5.3%	+5.3%
*Policy Benchmark****	+21.3%	+4.6%	+5.0%
Public Fund > $100 Million	+21.6%	+4.4%	+4.8%
Median Rank**	53	26	27

* Ranking 1 is best, 100 is worst.

** Rankings source - ICC Public Funds Universe

*** Policy Benchmark is 35% Russell 1000 / 5% Russell 2000 / 36% (80% BC Agg / 10% Citi 20-Year / 10% BC US TIPS) Custom Fixed Income Benchmark / 24% MS ACWI ex-US Free.

Yours truly,

Paul S. Harte
Senior Vice President

Chief Investment Officer's Report

Uniform Retirement System for Justices and Judges
P.O. Box 53007
Oklahoma City, Oklahoma 73152-30077

800.733.7008 toll-free
405.848.5946 fax

Dear Members:

The fiscal year 2011 will surely be one to remember. The URSJJ Fund achieved its best performance in at least the last 20 years, returning more than 21%. The staff is pleased with this result, but we remain aware market performance can exhibit high volatility and investment results can change rather quickly. We have not changed the way we manage the Fund in response to the performance of the markets and have maintained the same disciplined process and application of the investment philosophy. This year's letter, which covers the period from July 1, 2010 to June 30, 2011, will follow the same format as last year. First, I will discuss the general economic environment and the performance of various markets throughout the fiscal year. Next, I will focus on the Fund by reviewing the investment performance and the asset allocation. After that, I will offer an investment outlook and discuss recent events at the Fund. Lastly, I will review the Fund's investment philosophy and guiding principles, because both are critically important to the investment decision-making process.

Economic Environment

The global macroeconomic environment did not inspire great confidence throughout the year. Economic activity in the U.S. was lackluster in general. Real GDP grew at an annual rate of 1.3% for the three months ending June 30, 2011. This result, while well below the long-term potential of the economy, was an improvement over the first quarter's growth rate of 0.4%. Economic statistics also showed that the housing market had yet to gain significant traction. Unemployment continued to be high at 9.2% for June 2011. Reports from the Federal Reserve conveyed disappointment in the speed and magnitude of the economic recovery with chairman of the Federal Reserve, Ben Bernanke, calling the recovery "frustratingly slow" in June 2011. The president of the Federal Reserve Bank of New York said "the recovery remains distinctly subpar in spite of aggressive monetary and fiscal stimulus." In addition to maintaining extraordinarily low short term rates, the Federal Reserve announced another action in late 2010 designed to stimulate economic activity by purchasing $600 billion in Treasury bonds. "QE2," as the program was known, was completed by the end of June 2011.

The ratings agencies were active during the year. Sovereign risk became a key driver of market apprehension toward the end of the fiscal year. The European Union continued to struggle with the sovereign debt problems of several peripheral European countries. The government debt ratings of Portugal, Greece, and Ireland were downgraded by the rating agencies in early 2011. Those countries were forced to seek financial assistance from the European Union and the IMF. The response to the European debt crisis by the policy makers of the stronger economies of Germany and France has, thus far, not been able to assuage market concerns.

Chief Investment Officer's Report (continued)

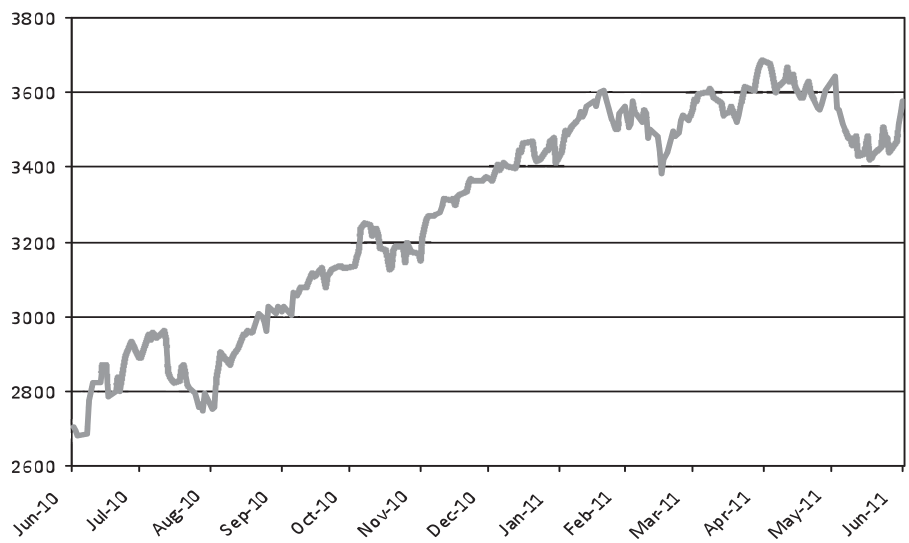
Capital Markets

U.S. Stock Market

Stocks performed exceptionally well for the fiscal year, particularly when one factors in the glum performance of the global economy. The chart on the right shows the performance of the Russell 3000 Index for the fiscal year. The Russell 3000 Index is one of the broadest equity indices available and a good proxy for the U.S. equity market as a whole.

Change in the Russell 3000 Index during the fiscal year ended June 30, 2011

Value at 6/30/10	2703.08
Value at 6/30/11	3577.97



Source: Frank Russell Company

The Russell 3000 Index ended the fiscal year up 32.4% for the period. The market was buoyed by exceptionally strong corporate profits and continued monetary stimulus. Companies in the U.S. continued to positively surprise the market with strong earnings gains, driven not only by expense containment (as seen in 2010) but also by gains in revenue.

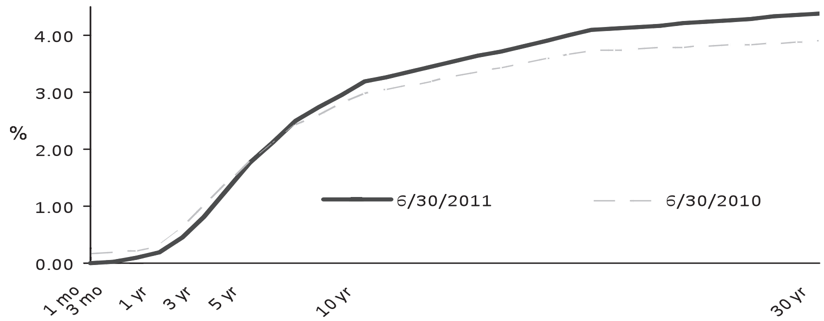
However, in the Spring of 2011 market sentiment soured. Sovereign credit concerns in Europe came into sharper focus, Japan suffered a catastrophic earthquake and tsunami, and geo-political concerns related to multiple revolutions in the Middle East combined with sluggish economic growth in the U.S. to sap investor confidence. For the 12 months ending June 30, 2011, the riskiest parts of the market garnered the largest returns, as small capitalization stocks handily outperformed large capitalization stocks. The Russell 2000 Growth Index (a small capitalization index tilted toward companies with higher growth rates) was up more than 43% during the same 12-month period.

Interest Rates

The chart on the next page depicts the U.S. Treasury term structure of interest rates. The yield curve is a graphical representation of yield levels across the spectrum of bond maturities. As shown, rates barely fell in the short end of the curve and modestly rose in the long end of the curve. The Federal Reserve continued its accommodative posture by keeping the short term Federal Funds Rate exceptionally low (0-0.25%) to stimulate economic activity.

Chief Investment Officer’s Report (continued)

U.S. Treasury Yield Curve



Source: U.S. Treasury

Yields on U.S. Treasury bonds generally ended the 2011 fiscal year higher compared to year-end 2010. Yields on government debt reacted to alternating investor sentiment, from the apprehension (and flight to quality) in the first and fourth quarters of the fiscal year which depressed yield levels, to the optimism of the second and third quarter which caused yields to rise. During the year, the 10-year Treasury yield rose as high as 3.75%, but ended the fiscal year at 3.18% as the U.S. economy stalled and investors sought refuge from sovereign risks in Europe.

Investment Returns Through June 30, 2011

U.S. Equity	**Style**	**1 Year**	**3 Years**	**5 Years**
Russell 3000	Broad US Equity	32.37%	4.00%	3.35%
S&P 500	Large Cap Equity	30.69%	3.34%	2.94%
Russell 1000	Large Cap Equity	31.93%	3.68%	3.30%
Russell 1000 Growth	Large Cap Growth	35.01%	5.01%	5.33%
Russell 1000 Value	Large Cap Value	28.94%	2.28%	1.15%
Russell 2000	Small Cap Equity	37.41%	7.77%	4.08%
Russell 2000 Growth	Small Cap Growth	43.50%	8.35%	5.79%
Russell 2000 Value	Small Cap Value	31.35%	7.09%	2.24%
Uniform Retirement System for Justices & Judges	**Broad US Equity**	**32.77%**	**4.42%**	**3.64%**
U.S. Fixed Income	**Style**	**1 Year**	**3 Years**	**5 Years**
ML 3-Month T-Bill	Cash	0.13%	0.30%	1.81%
Barclay U.S. Aggregate	Core Bonds	3.90%	6.46%	6.52%
Citigroup 20-year Treasury Average	Long Term Bonds	-3.16%	4.97%	6.79%
ML High Yield Master II	High Yield Bonds	15.40%	12.39%	9.20%
Uniform Retirement System for Justices & Judges	**Domestic Fixed Income**	**4.31%**	**7.10%**	**7.27%**
International Equity	**Style**	**1 Year**	**3 Years**	**5 Years**
MSCI ACWI Ex-US	Broad Non-US Equity	30.27%	0.11%	4.14%
MSCI EAFE	Developed Non-US Equity	30.93%	-1.30%	1.96%
MSCI Emerging Market	Emerging Non-US Equity	28.17%	4.53%	11.75%
Uniform Retirement System for Justices & Judges	**Non-US Equity**	**30.09%**	**-0.10%**	**2.66%**
Uniform Retirement System for Justices & Judges	**Total Fund**	**21.37%**	**5.33%**	**5.31%**

Chief Investment Officer's Report (continued)

Investment Performance

Risk Continued To Be Rewarded

The total URSJJ Fund produced exceptionally strong results for fiscal year 2011, returning 21.37% for the period. The Fund outperformed the policy benchmark portfolio by eleven basis points (.11%) for the period, as the positive contribution from an overweight to equities was complemented by the outperformance of several fixed income funds. The investment result compares favorably to the strong performance gain for fiscal year 2010 of 14.27% and to the investment loss of 15.74% experienced in fiscal year 2009.

The Fund benefited from very strong absolute returns from all asset classes in which it invested, but especially within the equity segment. The biggest positive driver of returns for the year was the Fund's domestic equity allocation. Overall, the U.S. equity portfolio returned an incredible 32.8%. Next, the non-U.S. equity portfolio contributed strongly, with a return of 30.1% for the period. Lastly, the U.S. fixed income portfolio delivered good nominal performance considering the low levels of current yields.

U.S. Equity

The Fund uses passive index investment management for the entire U.S. equity portfolio. Passive investment management is an efficient and cost effective way to manage the assets, while maintaining broad exposure to the desired asset class. The Fund's allocation to the index dedicated to small capitalization stocks, while a small percentage of the Fund, performed exceptionally well for the period, earning over 37%.

Non-U.S. Equity

This portion of the Fund is also managed entirely in a passive style. The index consists of stocks from developed and emerging countries outside of the U.S. The strong performance in stocks globally, especially in developed countries, made this portion of the Fund a meaningfully positive contributor to the overall performance for the period.

Fixed Income

Bonds also contributed positively to overall returns for the period. The absolute return of the asset class was good, albeit less than the previous fiscal year. Returns from the asset class were enhanced as active managers were generally able to generate excess returns versus their respective benchmarks. The managers in the fixed income portfolio emphasize different strategies within their respective mandates. The Fund's inflation protection portfolio generated strong returns for the period. The Fund's most aggressive fixed income mandate performed well, as the modest holdings in lesser quality corporate bonds continued to generate returns well above the benchmark. The Fund's core fixed income manager also performed admirably, by emphasizing non-government sectors of the bond market. The Fund's fixed income manager that emphasizes interest rate strategies suffered investment losses as rates rose in the long end of the yield curve.

Asset Allocation

Diversification Reduces Volatility

Diversification continues to be the most effective defense against the risks associated with any one individual security or asset class. Risks are controlled by allocating the Fund's assets across various asset classes and sectors within asset classes.

Asset Class	Min	6/30/2011	Target	Max
Cash	0.0%	0.1%	0.0%	0.0%
Domestic Fixed Income	31.9%	33.0%	36.0%	40.1%
U.S. Equity	37.3%	42.3%	40.0%	42.7%
Non-U.S. Equity	21.0%	24.6%	24.0%	27.0%
Total Fund		**100%**	**100%**	

Chief Investment Officer's Report (continued)

Outlook and Recent Events

Outlook

Again this year, I will issue my standard caution regarding the accuracy of forecasted market returns. Correctly and consistently forecasting the market's behavior is impossible, and taking the forecasts as fact is sheer folly. We build the Fund according to the tenets set forth in the Investment Policy, making diversification, with respect to different asset classes and within each asset class, a priority.

Due to the timing lag between the end of the fiscal year and the writing of this report, I have a small advantage in the outlook. I certainly cannot tell you how fiscal 2012 will end, but I can tell you how it started. Unfortunately, extreme volatility returned to the global capital markets. Equity markets declined dramatically in August 2011 as the fear of a significant slowdown in global economic activity dominated the market psyche. The 10-year Treasury bond reached the lowest-ever yield in the flight from risk assets trading activity that characterized the last several months.

Despite the exceptional performance recorded in 2011, our largest concern continues to be the prospects for generating and maintaining investment results that match or exceed the actuarial assumed rate of return of 7.5%. We continue to believe this will be a challenging task going forward.

Fixed Income

Yields are exceptionally low in the fixed income markets, where URSJJ maintains a sizable investment. ***Over a long period of time***, the total return of the bond market ***tends*** to resemble the yield of years' past. Over short periods, interest rate movements may have a profound impact on the capital gains (or losses) experienced by bond investors. Our expectation for the total return of the U.S. fixed income markets going forward would more closely reflect the current yield, which is around 2% to 3%. Returns more than the current yield would probably signal trouble for the broad economy (and the equity markets).

Equity

The equity markets are particularly difficult to predict with any type of precision. Over short periods of time, market sentiment and technical factors (buying and selling) have a profound impact on returns experienced by investors. ***Over a long period of time***, the real return from the equity markets can be attributable to two main sources: dividends on stocks and the growth rate of corporate earnings. Generally, the growth rate of earnings depends on the economic environment. The U.S. economy has shown signs of weakening for the past few months, and the market has already priced in the distinct possibility of another recession. Looking forward, consumer spending, which comprises more than two-thirds of the U.S. economy, continues to face the headwinds of high unemployment, declines in household wealth from the housing market struggling to find the bottom and an increase in the rate of savings by consumers. Corporate profitability continues to be strong though, and companies are in a much better position to weather economic storms than they had been in 2008. The sustainability of corporate profits given a slowdown in economic growth and the resolution of the European debt crisis will be two key factors for markets in the coming months. If there is good news, it is that valuation levels look relatively more attractive.

Recent Events

URSJJ did not make any modifications to the overall asset allocation mix or the mandates that comprise the Fund during the fiscal year. The Fund continued to benefit from cost effective exposure to broad asset classes in the equity (and TIPS) portfolios and good investment results from the active fixed income managers.

Chief Investment Officer's Report (continued)

Investment Philosophy and Guiding Principals

The investment philosophy and the principals that guide the stewardship of the Fund have remained consistent and are listed below. A pension fund has the longest of investment horizons and, therefore, rightly focuses on factors impacting long-term results.

- Asset allocation is the key factor determining long-term results.
- Disciplined rebalancing toward the desired asset allocation maintains diversification and controls risk.
- Diversification within and across asset classes is the most effective tool for controlling risk.
- Passive investment management is commonly the most effective approach in efficient markets; active investment management can be successful in inefficient markets.

For a complete discussion of the investment portfolio and policies thereof, please see the Statement of Investment Policy. A copy of the policy is posted on the OPERS website, www.OPERS.OK.gov. If you have any questions about this report or the management of the Fund's investments, please contact me. Thank you.

Regards,

Brad Tillberg, CFA
Chief Investment Officer

Largest Holdings

The Plan's ten largest fixed income holdings at June 30, 2011, are described in the following schedule. The F
index funds which are separately presented.

Ten Largest Fixed Income Holdings (By Fair Value):

Security	Par
U.S. Treasury Bonds 4.75% due 2-15-2037	$2,100,000
U.S. Treasury Bonds 4.375% due 5-15-2040	2,130,000
U.S. Treasury Bonds Principal Strips due 5-15-2039	7,500,000
U.S. Treasury Notes .5% due 5-31-2013	1,820,000
U.S. Treasury Bonds Principal Strips due 11-15-2027	3,600,000
FNMA 30 Year Single Family Mortgage 6%	1,000,000
GNMA 30 Year Single Family Mortgage 4.5%	1,000,000
FNMA 30 Year Single Family Mortgage 4%	1,030,000
Federal Home Loan Mortgage Corporation 3.525% due 9-30-2019	930,000
FNMA Pool 4.5% due 10-01-2040	865,437

Investments in Funds (By Fair Value):

Fund	Units
BlackRock Russell 1000 Index Fund	1,040,484
BlackRock ACWI ex-U.S. Index Fund	2,915,150
BlackRock Russell 2000 Index Fund	563,074
BlackRock U.S. TIPS Index Fund	435,244

A complete list of portfolio holdings is available upon request from the URSJJ Investment Accounting and Financial Repo

Schedule of Stock Brokerage Commissions Paid

Year Ended June 30, 2011

None.

Investment Portfolio by Type and Manager

At June 30, 2011, the investment portfolio of URSJJ was allocated by type and style as follows:

Investment Type and Manager	Style	Fair Value* *(000's)*	Percent of Total Fair Value
Fixed Income:			
Blackrock Financial Management, Inc.	Enhanced Index	$ 47,769	18.8%
Hoisington Investment Management	Interest Rate Anticipation	8,721	3.4%
BlackRock Institutional Trust Company	Index Fund – U.S. TIPS	8,238	3.2%
Metropolitan West Asset Management	Full Range Core +	25,158	9.8%
Total Fixed Income		89,886	35.2%
U.S. Equities:			
BlackRock Institutional Trust Company	Index Fund – Russell 2000	14,108	5.5%
BlackRock Institutional Trust Company	Index Fund – Russell 1000	90,591	35.4%
Total U.S. Equities		104,699	40.9%
International Equities:			
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S.	60,901	23.8%
Short-term Investment Funds	Operating Cash	284	0.1%
Total Managed Investments		255,770	100.0%
Securities Lending Collateral		18,385	
Cash Equivalents on Deposit with State		81	
Total Investments and Cash Equivalents		$ 274,236	
Statement of Plan Net Assets			
Cash Equivalents		5,033	
Investments		269,203	
Total Investments and Cash Equivalents		$ 274,236	

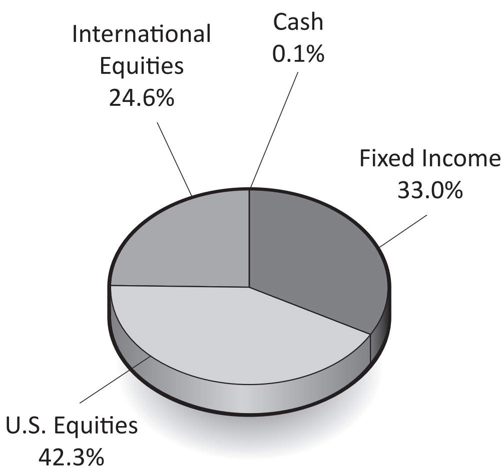
** Manager fair values include their respective cash and cash equivalents.*

Asset Comparison

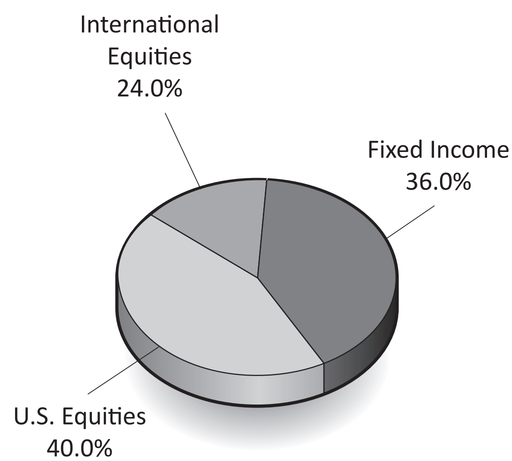
A comparison of the actual investment distribution at June 30, 2011 and 2010, based on the net investment manager holdings, including accrued income, payables and receivables, compared to the target allocation for each year is as follows:

2011

Asset Mix

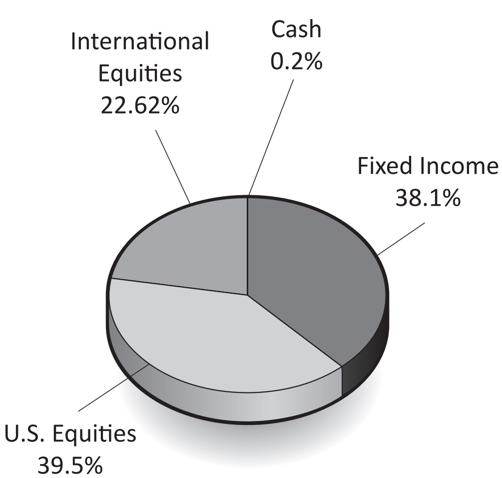


Target Policy Mix

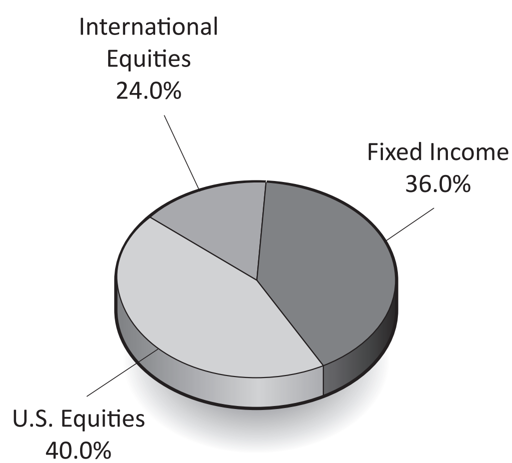


2010

Asset Mix



Target Policy Mix



CONNECTIONS

Uniform Retirement System for Justices and Judges

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

ACTUARIAL

Section Contents

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

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October 24, 2011

Board of Trustees
Oklahoma Public Employees Retirement System
5801 N. Broadway Extension, Suite 400
P.O. Box 53007
Oklahoma City, OK 73152-3007

Members of the Board:

We have completed an actuarial valuation of the Oklahoma Uniform Retirement System for Justices and Judges as of July 1, 2011 for the purpose of determining the actuarial contribution rate and calculating and analyzing key financial measurements. Actuarial valuations are performed annually. This valuation reflects the benefit provisions and contribution rates in effect as of July 1, 2011.

In preparing the valuation, we, as the actuary, relied on the data provided by the System. As part of our work, we performed a limited review of the data for consistency and reasonableness and did not find material defects in the data.

All of the information and supporting schedules in the Actuarial Section have been provided by Cavanaugh Macdonald Consulting, LLC. We also prepared the *Schedule of Funding Progress* and *Schedule of Employer Contributions* shown in the financial section of the Comprehensive Annual Financial Report. All historical information that references a valuation date prior to July 1, 2010 was prepared by the prior actuarial firm.

The assumptions recommended by the actuary and adopted by the Board are, in the aggregate, reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System and meet the parameters for the disclosures under GASB 25 and 27.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuaries, Alisa Bennett and Patrice Beckham, are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. They have experience in performing valuations for public retirement systems. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board. The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Respectfully submitted,

Alisa Bennett, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Patrice Beckham

Patrice Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Summary of Results

		7/1/2011 Valuation		7/1/2010 Valuation	% Change
1. PARTICIPANT DATA					
Number of:					
Active Members		271		271	0.0
Retired and Disabled Members and Beneficiaries		235		210	11.9
Inactive Members		13		12	8.3
Total members		519		493	5.3
Projected Annual Salaries of Active Members	$	34,700,819	$	35,023,262	(0.9)
Annual Retirement Payments for Retired Members and Beneficiaries	$	14,143,833	$	11,801,981	19.8
2. ASSETS AND LIABILITIES					
Total Actuarial Accrued Liability	$	246,792,232	$	282,765,405	(12.7)
Market Value of Assets	$	248,189,010	$	211,180,555	17.5
Actuarial Value of Assets	$	237,626,663	$	230,010,299	3.3
Unfunded Actuarial Accrued Liability	$	9,165,569	$	52,755,106	(82.6)
Funded Ratio		96.3%		81.3%	18.4
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL					
Normal Cost Rate		26.56%		31.66%	
Amortization of Unfunded Actuarial Accrued Liability		2.17%		11.61%	
Budgeted Expenses		0.63%		0.47%	
Total Actuarial Required Contribution Rate		29.36%		43.74%	
Less Member Contribution Rate		8.00%		8.00%	
Employer Actuarial Required Contribution Rate		21.36%		35.74%	
Less Statutory State Employer contribution Rate		11.50%		10.00%	
Contribution Shortfall		9.86%		25.74%	

Analysis of Financial Experience

Gains & Losses in Actuarial Accrued Liability During the Year Ended June 30, 2011 Resulting from Differences Between Assumed Experience & Actual Experience

Type of Activity	(Gain) or Loss for Year End 2011
1. **Age & Service Retirements.** If members retire at older ages or with smaller benefits than assumed, there is a gain. If they retire at younger ages or have higher average pays, a loss occurs.	$ 300,000
2. **Disability Retirements.** If disability claims are less than assumed, then there is a gain. If more claims, a loss.	$ (260,000)
3. **Death Benefits.** If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(160,000)
4. **Withdrawal from Employment.** If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	(110,000)
5. **Pay Increases.** If there are smaller pay increase than assumed, there is a gain. If greater increases, a loss.	(4,080,000)
6. **New Entrants.** All new entrants to the System create a loss.	1,000,000
7. **Other.** Miscellaneous gains and losses resulting from data adjustments, employee transfers, valuation methods, etc.	0
8. **(Gain) or Loss During Year From Financial Experience.**	1,810,000
9. **Composite (Gain) or Loss During Year.**	$ (1,500,000)

Solvency Test

The Judges funding objective is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by System members.

If the retirement system follows level contribution rate financing principles, the system will pay all promised benefits when due – the ultimate test of financial soundness.

A short-term solvency test is one means of checking the funding progress. In a short-term solvency test, the retirement System's present valuation assets are compared with: 1) active member contributions on deposit, 2) the liabilities for future benefits to persons who have retired and the liabilities for terminated employees with vested benefits, and 3) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1), the liabilities for future benefits to present retirees and the liabilities for future benefits for terminated employees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time; however, a decrease generally occurs in those years when substantial benefit improvements are granted by the Legislature. It is unusual for liability 3 to be fully funded. The funded ratio of the System based on total actuarial accrued liabilities (1 + 2 + 3) provides an indication of how well the System is funded.

The schedule below illustrates the progress of funding the actuarial accrued liabilities.

	Actuarial Accrued Liabilities[1] and Valuation Assets					Portion of Actuarial Accrued Liabilities Covered by Reported Assets			
Date	Active Member Contributions (Liability 1)	Retirees, Beneficiaries and Terminated Vested Members (Liability 2)	Employer Financed Portion of Active Members (Liability 3)	Total Liability (1 + 2 + 3)	Reported Assets[1]	(1)	(2)	(3)	Funded Ratio of Total Accrued Actuarial Liabilities
July 1, 2002	$14,478,606	$50,647,373	$65,101,064	$130,227,043	$193,010,895	100%	100%	100.0%	148.2%
July 1, 2003	14,614,834	63,042,410	63,198,959	140,856,203	196,989,778	100	100	100.0	139.9
July 1, 2004	15,947,990	64,357,324	85,970,627	166,275,941	201,141,649	100	100	100.0	121.0
July 1, 2005	15,883,671	82,158,147	89,515,027	187,556,845	203,951,085	100	100	100.0	108.7
July 1, 2006	16,672,133	90,877,534	97,755,381	205,305,048	210,376,209	100	100	100.0	102.5
July 1, 2007	17,218,458	104,441,388	105,402,347	227,062,193	224,577,704	100	100	97.6	98.9
July 1, 2008	19,206,749	108,823,528	116,032,044	244,062,321	235,297,077	100	100	96.2	96.4
July 1, 2009	20,120,183	119,470,132	121,805,707	261,396,022	221,576,179	100	100	67.3	84.8
July 1, 2010	20,768,871	138,619,902	123,376,632	282,765,405	230,010,299	100	100	57.2	81.3
July 1, 2011	20,060,127	134,336,252	92,395,853	246,792,232	237,626,663	100	100	90.1	96.3

[1] Actuarial value of assets based on the smoothing technique adopted by the Board.

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2011	271	$34,700,819	$128,047	(0.92)
July 1, 2010	271	35,023,262	129,237	5.45
July 1, 2009	274	33,579,668	122,554	4.81
July 1, 2008	277	32,389,296	116,929	0.98
July 1, 2007	278	32,191,938	115,798	14.58
July 1, 2006	272	27,488,381	101,060	8.33
July 1, 2005	266	24,814,338	93,287	(2.05)
July 1, 2004	270	25,715,005	95,241	(0.50)
July 1, 2003	268	25,652,805	95,719	(1.10)
July 1, 2002	266	25,744,427	96,784	6.10

Schedule of Retirants, Disabled Retirants, and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Year Ended	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
June 30, 2011	28	$2,415,131	3	$73,279	235	$14,143,833	19.84	$60,187
June 30, 2010	17	1,533,568	7	277,053	210	11,801,981	11.92	56,200
June 30, 2009	11	877,758	6	267,360	200	10,545,466	6.09	52,727
June 30, 2008	7	459,236	6	205,594	195	9,940,068	5.62	50,975
June 30, 2007	19	1,278,139	5	193,466	194	9,410,934	12.50	48,510
June 30, 2006	8	561,682	3	72,874	180	8,365,205	9.35	46,473
June 30, 2005	16	1,258,767	9	182,188	175	7,649,990	16.03	43,703
June 30, 2004	6	334,685	7	143,267	168	6,591,422	6.17	39,235
June 30, 2003	22	1,195,498	6	113,045	169	6,208,320	18.97	36,736
June 30, 2002	4	201,284	7	115,880	153	5,218,274	4.92	34,106

Summary of System Provisions

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.
System Contributions:	The contributions are received from the employer agencies based on a percentage of salary of covered members. 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% of member payroll for fiscal years ending June 30, 2019, and thereafter.
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.
Final Average Salary:	The average monthly salary received during the highest three years of active service as a Justice or Judge in a court of record.
Retirement Date:	A member who completes eight years of service and attains age 65, or completes ten years of service and attains age 60, or whose sum of years of service and age equals or exceeds 80, may begin receiving retirement benefits at his request.
Normal Retirement Benefit:	General formula is 4% of average monthly salary multiplied by service, up to a maximum benefit of 100% of final average salary.
Disability Benefit:	After fifteen years of service and age 55, provided the member is ordered to retire by reason of disability and is eligible for disability retirement benefits. This benefit, payable for life, is calculated in the same manner as a normal retirement benefit but cannot exceed 100% of final average salary.
Survivor Benefit:	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 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. 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. In order to be eligible for this survivor

Summary of System Provisions (continued)

	coverage, members must be married to their spouse for three years preceding death and they must be married 90 days prior to the member's termination of employment as a Justice or Judge. Effective October 1, 2004, the benefit for surviving spouses may be higher than 50% of the member's benefit, up to 65% for certain members who made additional voluntary survivor benefit contributions of 3% of salary prior to July 1, 1999, and who die or retire after July 1, 1999.
Optional Forms of Retirement Benefits:	The normal form of benefit for a single member is a single life monthly annuity with a guaranteed refund of the contribution accumulation. The normal form for a married member is a 50% joint and survivor annuity benefit. Optional forms of payment with actuarial reduction (if applicable) are available to all members retiring under the normal retirement or vested retirement provisions. After September 1, 2005, the options providing post-retirement death benefits are: Option A -- Joint and 50% survivor annuity with a return to the unreduced amount if the joint annuitant dies. Option B -- Joint and 100% survivor annuity with a return to the unreduced amount if the joint annuitant dies. For married members, spousal consent is required for any option other than Option A.
Participant Death Benefit:	$5,000 lump sum.
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.

Summary of Actuarial Assumptions and Methods

1. The investment return rate used in the valuation was 7.5 percent per year, net of investment expenses, compounded annually. This rate of return is not the assumed real rate of return. The real rate of return is the rate of return in excess of the inflation rate. Considering other financial assumptions, the 7.5 percent investment return rate translates to an assumed real rate of return of 4.5 percent.

2. The RP-2000 Mortality Table projected to 2010 using Scale AA for males and females with a one-year age setback is used for preretirement and postretirement mortality.

3. The probability of withdrawal from service is 2% for all years of service. The individual pay increase assumption is 5.25% per year.

4. The probabilities of retirement are shown in Schedule 1.

5. Because of the passage of House Bill 2132, benefits are not assumed to increase due to future ad hoc cost-of-living increases.

6. The individual entry-age normal actuarial cost method of valuation was used in determining actuarial accrued liability and normal cost. Actuarial gains and losses reduce or increase the unfunded actuarial accrued liability and are amortized over the remaining amortization period (16 years as of July 1, 2011).

7. The actuarial value of assets is based on a five-year moving average of expected actuarial values and market values. A preliminary expected value is determined equal to the prior year's actuarial value of assets plus net cash flow for the year ending on the valuation date, assuming the valuation investment return. The expected actuarial asset value is equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year. Twenty percent (20%) of the gain/loss as measured by the difference between the expected actuarial value and the market value at the valuation date is added to the preliminary expected actuarial value plus twenty percent (20%) of the unrecognized gains or losses for the four preceding fiscal years. The final result is constrained to a value no less than 80% and no more than 120% of the market value at the valuation date.

8. Except for the investment return assumption, the actuarial assumptions and methods used in the valuation were adopted by the Board on July 21, 2011 based upon the recommendations of the actuary. The investment return assumption was not changed from 7.5% which was adopted by the Board on May 15, 2008. The remaining assumptions and methods used for the July 1, 2011 valuation were adopted by the Board based on System experience from July 1, 2007 through June 30, 2010.

Summary of Actuarial Assumptions and Methods (continued)

Schedule 1

Percent of Eligible Active Members Retiring Within Next Year

Retirement Ages	Percent	Retirement Ages	Percent
Below 62	10%	69	30%
62	25%	70	20%
63	25%	71	10%
64	25%	72	10%
65	25%	73	10%
66	10%	74	10%
67	10%	75	100%
68	30%		

CONNECTIONS

Uniform Retirement System for Justices and Judges

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

STATISTICAL

Section Contents

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess the economic condition of the Uniform Retirement System for Justices and Judges (URSJJ).

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position over time. Schedules presenting financial trend information are *Schedule of Changes in Net Assets, Schedule of Revenue by Source, Schedule of Expenses by Type, Schedule of Benefit Payments and Refunds by Type*, and *Funded Ratio Chart*.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability of URSJJ to generate own-source revenue, specifically investment income. The schedule presenting revenue capacity information is the *Rate of Return by Type of Investment.*

Operating information is intended to provide contextual information about the operations and resources of URSJJ to assist readers in using financial statement information to understand and assess the economic condition. Schedules and charts presenting operating information are *Schedule of Retired Members by Type of Benefit, Schedule of Average Benefit Payments, Principal Employer, Demographics Chart, Member Statistics**, *Distribution of Retirees and Beneficiaries**, *Summary of Active Members**.

Schedules and information are derived from URSJJ internal sources unless otherwise noted.
*Schedules and data are provided by actuarial consultant Cavanaugh MacDonald Consulting, LLC.

Schedule of Changes in Net Assets

Year Ending June 30,	Additions			Deductions			Total Changes in Net Assets
	Member Contributions	Employer Contributions	Investment Income (Loss)	Benefit Payments	Administrative Expenses	Refunds	
2011	$ 2,667,908	$ 3,193,277	$ 44,556,035	$ 13,117,911	$ 118,765	$ 172,089	$ 37,008,455
2010	2,599,341	8,704,232	27,116,482	11,705,265	114,663	66,388	$ 26,533,739
2009	2,774,837	2,243,701	(35,739,688)	10,430,301	117,081	9,321	$ (41,277,853)
2008	2,486,481	1,688,673	(8,735,864)	9,650,446	112,484	2,333	$ (14,325,973)
2007	2,599,296	1,223,765	31,881,175	8,962,416	111,057	97,642	$ 26,533,121
2006	2,058,456	791,343	13,325,490	8,009,684	98,218	55,220	$ 8,012,167
2005	1,716,996	475,019	19,379,000	7,393,588	87,744	164,018	$ 13,925,665
2004	1,772,673	485,793	20,516,444	6,476,146	82,832	83,112	$ 16,132,820
2003	1,791,825	488,459	10,817,945	5,958,531	80,957	94,062	$ 6,964,679
2002	1,810,491	491,596	(6,161,553)	5,097,638	89,461	223,380	$ (9,269,945)

Schedule of Revenue by Source

Year Ending June 30,	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Covered Payroll	Investment Income (Loss)	Total
2011	$ 2,667,908	$ 3,193,277	0.16 %	$ 44,556,035	$ 50,417,220
2010	2,599,341	8,704,232	24.85	27,116,482	38,420,055
2009	2,774,837	2,243,701	6.68	(35,739,688)	(30,721,150)
2008	2,486,481	1,688,673	5.21	(8,735,864)	(4,560,710)
2007	2,599,296	1,223,765	3.80	31,881,175	35,704,236
2006	2,058,456	791,343	2.88	13,325,490	16,175,289
2005	1,716,996	475,019	1.91	19,379,000	21,571,015
2004	1,772,673	485,793	1.89	20,516,444	22,774,910
2003	1,791,825	488,459	1.90	10,817,945	13,098,229
2002	1,810,491	491,596	1.91	(6,161,553)	(3,859,466)

Effective January 1, 2001, the employer contribution rate was lowered from 15.27% to 2.0%. The rate was raised to 3.0% effective July 1, 2005, 4.0% effective July 1, 2006, 5.5% effective July 1, 2007, 7.0% effective July 1, 2008, and 8.5% effective July 1, 2009. In May 2009 the State Legislature designated $6.0 million as employer contributions effective July 1, 2009.

Schedule of Expenses by Type

Year Ending June 30,	Benefit Payments	Administrative Expenses	Withdrawals	Total
2011	$ 13,117,911	$ 118,765	$ 172,089	$ 13,408,765
2010	11,705,265	114,663	66,388	11,886,316
2009	10,430,301	117,081	9,321	10,556,703
2008	9,650,446	112,484	2,333	9,765,263
2007	8,962,416	111,057	97,642	9,171,115
2006	8,009,684	98,218	55,220	8,163,122
2005	7,393,588	87,744	164,018	7,645,350
2004	6,476,146	82,832	83,112	6,642,090
2003	5,958,531	80,957	94,062	6,133,550
2002	5,097,638	89,461	223,380	5,410,479

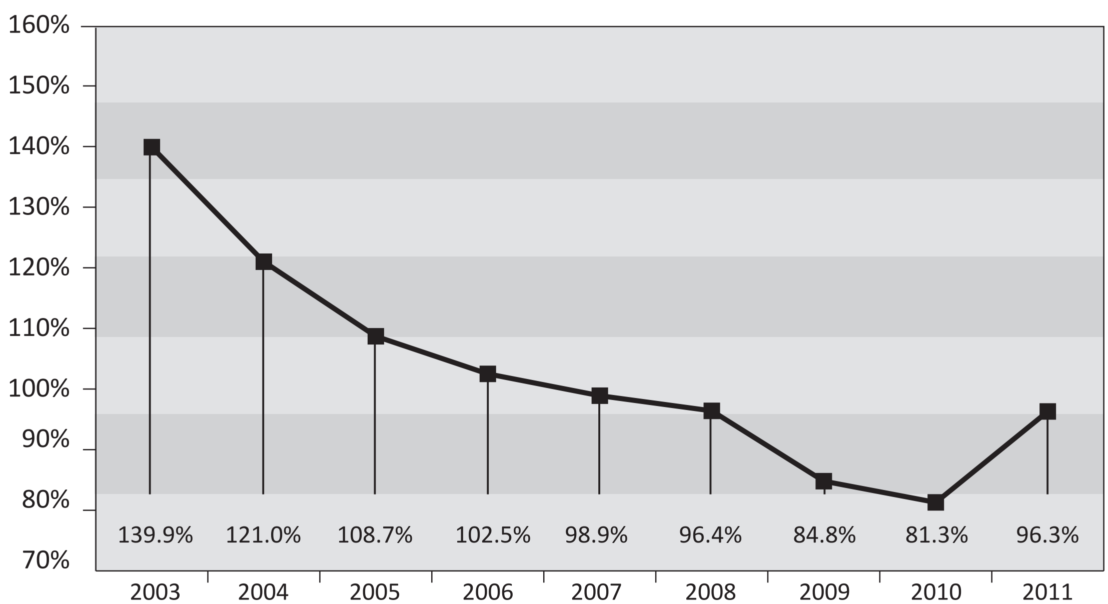
Schedule of Benefit Payments and Refunds by Type

The following schedule provides information as to the type of benefit expenses incurred by the Plan as reflected in the "Benefit Payment" and "Refunds" columns of the **Schedule of Changes in Net Assets** and the **Schedule of Expenses by Type** included elsewhere in this Statistical Section.

Year	Benefits				
Ending June 30,	**Age and Service**	**Disability**	**Beneficiary Death**	**Refunds and Withdrawals**	**Total Benefit Payments and Refunds**
2011	$ 12,925,436	$ 157,475	$ 35,000	$ 172,089	$ 13,290,000
2010	11,507,789	157,476	40,000	66,389	11,771,654
2009	10,248,035	157,266	25,000	9,321	10,439,622
2008	9,478,930	151,516	20,000	2,333	9,652,779
2007	8,795,900	151,516	15,000	97,642	9,060,058
2006	7,815,666	149,018	45,000	55,220	8,064,904
2005	7,221,805	144,283	27,500	164,018	7,557,606
2004	6,326,266	134,880	15,000	83,112	6,559,258
2003	5,848,239	80,292	30,000	94,062	6,052,593
2002	4,966,510	91,128	40,000	223,380	5,321,018

Funded Ratio Chart

As of July 1



Rate of Return by Type of Investment

Year Ending June 30,	Fixed Income	U.S. Equity	International Equity	Total
2011	13.5 %	32.8 %	30.1 %	21.4 %
2010	4.3	16.4	10.5	14.3
2009	3.8	(26.4)	(31.0)	(15.7)
2008	8.7	(12.6)	(10.2)	(3.7)
2007	6.4	20.1	27.4	15.1
2006	(2.0)	9.6	26.9	6.6
2005	10.8	8.1	14.0	10.3
2004	0.8	20.3	32.8	11.8
2003	13.1	(0.9)	(6.1)	6.7
2002	7.3	(16.8)	(11.6)	(3.4)

Schedule of Retired Members by Type of Benefit

June 30, 2011

Amount of Monthly Benefit	Number of Retirees	Type of Retirement* 1	2	3	4	Option Selected # 1	2	3	4
$1 – 1,000	9	1	8	-	-	-	8	1	-
1,001 – 2,000	31	8	23	-	-	-	28	1	2
2,001 – 3,000	21	11	10	-	-	1	18	-	2
3,001 – 4,000	23	15	7	-	1	-	20	1	2
4,001 – 5,000	41	35	4	2	-	4	30	1	6
Over 5,000	110	109	1	-	-	7	92	3	8
Totals	**235**	**179**	**53**	**2**	**1**	**12**	**196**	**7**	**20**

***Type of Retirement**

Type 1 – *Normal retirement for age and service:* Eligible at (1) when the sum of the member's age plus years of service equals 80 points and has judicial service of at least 8 years, or (2) age 65 with 8 years of jusdicial service, or (3) age 60 with 10 years of judicial service.

Type 2 – *Survivor payment:* Normal.

Type 3 – *Disability:* Available for members who have attained age 55 and have 15 years of credited service and are determined to be disabled by the Court of the Judiciary.

Type 4 – *Survivor payment:* Disability retirement.

 # Option Selected

Option 1 – *Single-life annuity:* The maximum benefit is paid for the member's lifetime.

Option 2 – *50% to 65% Survivor Annuity:* Paid to surviving spouse for his or her lifetime if certain contributions were paid by the justice or judge while actively participating and if other criteria are met.

Option 3 – *Option A – ½ Joint and Survivor Annuity:* The member will receive a reduced retirement benefit for life and ½ of the reduced retirement benefit will be paid to the surviving joint annuitant for their lifetime. This option became available September 1, 2005.

Option 4 – *Option B – 100% Joint and Survivor Annuity:* A reduced benefit is paid to the member for life and the same benefit is paid to a surviving joint annuitant for their lifetime. This option became available September 1, 2005.

Deferred Members

At June 30, 2011, there are 13 former members with deferred future benefits.

Schedule of Average Benefit Payments

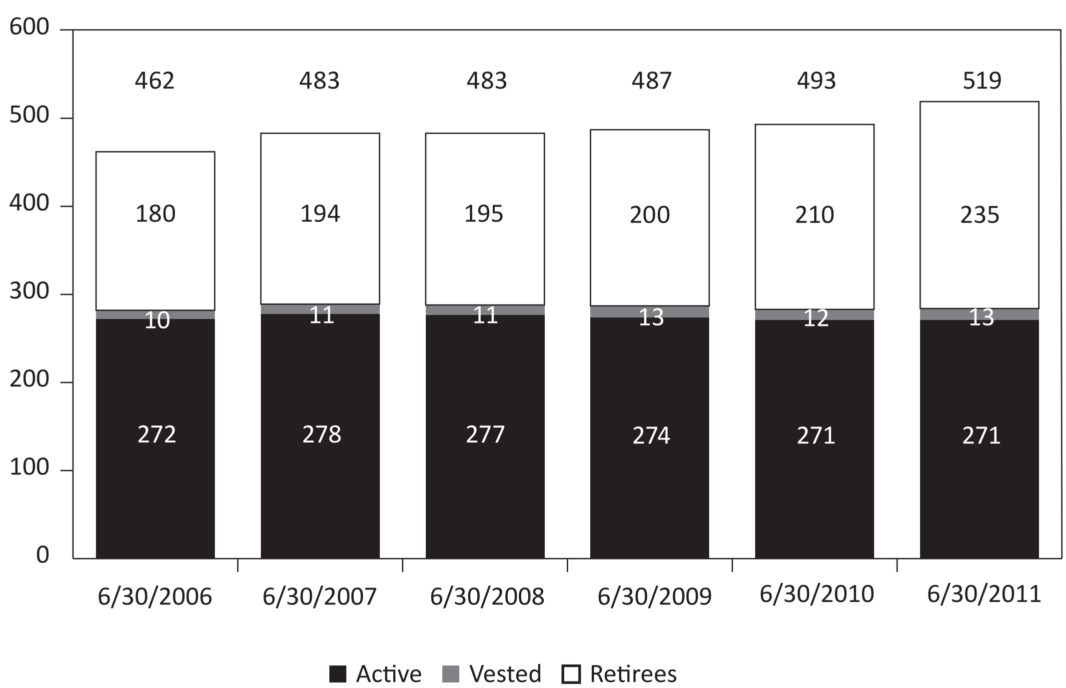
Retirement Effective Dates	Years of Credited Service						
July 1, 2001 to June 30, 2011	0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31+
Period 7/1/01 to 6/30/02							
Average Monthly Benefit	$ -	$ -	$ 1,711	$ 4,772	$ 6,066	$ -	$ -
Average Final Average Salary	$ -	$ -	$ 5,356	$ 7,384	$ 7,704	$ -	$ -
Number of Active Retirees	-	-	2	2	1	-	-
Period 7/1/02 to 6/30/03							
Average Monthly Benefit	$ -	$ -	$ 3,460	$ 5,015	$ 5,586	$ 6,255	$ 6,446
Average Final Average Salary	$ -	$ -	$ 5,643	$ 6,680	$ 6,845	$ 7,670	$ 7,905
Number of Active Retirees	-	-	3	10	6	2	1
Period 7/1/03 to 6/30/04							
Average Monthly Benefit	$ -	$ 1,787	$ 1,437	$ 5,436	$ -	$ 7,108	$ -
Average Final Average Salary	$ -	$ 4,132	$ 4,744	$ 7,360	$ -	$ 9,065	$ -
Number of Active Retirees	-	1	1	3	-	1	-
Period 7/1/04 to 6/30/05							
Average Monthly Benefit	$ -	$ 3,469	$ 3,763	$ 6,473	$ 7,459	$ 8,054	$ 9,440
Average Final Average Salary	$ -	$ 8,017	$ 7,534	$ 8,078	$ 7,559	$ 7,446	$ 8,728
Number of Active Retirees	-	1	2	2	3	2	4
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$ -	$ 2,529	$ 3,869	$ 4,597	$ 7,344	$ -	$ 8,686
Average Final Average Salary	$ -	$ 6,755	$ 8,372	$ 6,423	$ 7,995	$ -	$ 8,352
Number of Active Retirees	-	1	1	2	4	-	1
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$ -	$ 1,509	$ 3,591	$ 5,374	$ 7,470	$ 8,423	$ 8,151
Average Final Average Salary	$ -	$ 4,369	$ 7,936	$ 7,872	$ 7,580	$ 8,213	$ 7,838
Number of Active Retirees	-	2	5	3	4	4	1
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ -	$ 2,918	$ 4,376	$ 4,968	$ 7,610	$ -	$ 9,827
Average Final Average Salary	$ -	$ 7,296	$ 8,523	$ 8,015	$ 7,610	$ -	$ 9,827
Number of Active Retirees	-	1	2	2	1	-	1
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$ -	$ -	$ 4,248	$ 5,813	$ 8,822	$ -	$ -
Average Final Average Salary	$ -	$ -	$ 8,579	$ 8,920	$ 9,016	$ -	$ -
Number of Active Retirees	-	-	4	2	5	-	-
Period 7/1/09 to 6/30/10							
Average Monthly Benefit	$ -	$ -	$ 3,522	$ 6,916	$ 9,197	$ 10,077	$ -
Average Final Average Salary	$ -	$ -	$ 6,845	$ 7,872	$ 9,459	$ 10,076	$ -
Number of Active Retirees	-	-	4	3	8	2	-
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	$ -	$ 2,346	$ 4,059	$ 6,367	$ 8,054	$ 9,602	$ 10,182
Average Final Average Salary	$ -	$ 8,662	$ 8,259	$ 9,881	$ 9,384	$ 10,106	$ 10,182
Number of Active Retirees	-	1	5	6	5	6	5

Principal Employer

The Uniform Retirement System of Justices and Judges is a single-employer public employee retirement plan. The Plan covers Justices and Judges who sit on the Supreme Court of Oklahoma, the Oklahoma Court of Criminal Appeals, the Oklahoma Courts of Civil Appeals, the Oklahoma District Courts, and the Oklahoma Workers' Compensation Court. The Plan also covers the Administrative Director of the Courts.

Year Ending June 30,	Covered Employees of the State
2011	271
2010	271
2009	274
2008	277
2007	278
2006	272
2005	266
2004	270
2003	268
2002	266

Demographics Chart



Member Statistics

Inactive members as of July 1, 2011	Number		Amount of Annual Benefit
Members receiving benefits			
Retired	177	$	12,488,681
Surviving spouses	56		1,539,200
Disabled	2		115,952
Total	**235**	**$**	**14,143,833**
Members with deferred benefits			
Vested terminated	13	$	548,663
Surviving spouses	0		-
Disabled	0		-
Total	**13**	**$**	**548,663**

		Average			
Statistics for	Number	Age	Service		Earnings
Active members as of July 1, 2010					
Continuing	256	57.6	12.6	$	129,637
New	15	49.1	0.5		122,404
Total	**271**	**57.1**	**11.9**	**$**	**129,237**
Active members as of July 1, 2011					
Continuing	243	56.9	12.0	$	128,800
New	28	47.9	0.7		121,512
Total	**271**	**56.0**	**10.8**	**$**	**128,047**

Distribution of Retirees and Beneficiaries

	Number			Annual Benefits		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 50	0	1	1	$0	$58,689	$58,689
50-55	0	0	0	0	0	$0
55-60	6	3	9	649,825	192,704	$842,529
60-65	26	9	35	2,118,617	579,016	$2,697,633
65-70	33	14	47	2,611,969	867,028	$3,478,997
70-75	37	6	43	2,312,444	236,573	$2,549,017
75-80	19	7	26	1,166,425	175,425	$1,341,850
80-85	24	8	32	1,370,423	201,226	$1,571,649
85-90	16	11	27	1,064,188	260,169	$1,324,357
90-95	2	8	10	97,069	109,619	$206,688
95-100	0	3	3	0	45,236	$45,236
Over 100	0	2	2	0	27,188	$27,188
Total	**163**	**72**	**235**	**$11,390,960**	**$2,752,873**	**$14,143,833**

Summary of Active Members

Age and years of credited service
Earnings tabulated are average rates of pay as of July 1, 2011

	Years of Service									
Age	**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**	**Total**
Under 25										
Average Pay										
25 to 29										
Average Pay										
30 to 34	3									**3**
Average Pay	$120,879									**$120,879**
35 to 39	7	3								**10**
Average Pay	$124,477	$116,650								**$122,129**
40 to 44	9	4	3	1						**17**
Average Pay	$122,440	$126,705	$130,951	$116,650						**$124,605**
45 to 49	20	13	5							**38**
Average Pay	$122,623	$128,201	$125,146							**$124,863**
50 to 54	19	11	5	7	3					**45**
Average Pay	$125,421	$123,475	$129,521	$130,441	$143,018					**$127,355**
55 to 59	12	6	8	12	11	6				**55**
Average Pay	$124,574	$126,893	$123,354	$131,845	$131,779	$132,480				**$128,539**
60 to 64	9	13	12	12	5	5	3			**59**
Average Pay	$128,567	$127,463	$128,605	$134,806	$126,571	$139,513	$142,124			**$131,048**
65 to 69	3	12	6	5	1	2				**29**
Average Pay	$124,187	$121,967	$130,951	$133,320	$138,102	$155,455				**$128,878**
70 & up	3	1	2	3	1	3		1	1	**15**
Average Pay	$106,973	$155,532	$122,013	$136,761	$155,866	$135,420		$152,850	$138,102	**$132,256**
Total	**85**	**63**	**41**	**40**	**21**	**16**	**3**	**1**	**1**	**271**
Average Pay	**$123,728**	**$125,700**	**$127,464**	**$132,661**	**$133,593**	**$138,100**	**$142,124**	**$152,850**	**$138,102**	**$128,047**

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Uniform Retirement System for Justices and Judges

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