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# **GASB STATEMENT NO. 75 REPORT**

**FOR THE STATE OF OKLAHOMA  
UNIFORM RETIREMENT SYSTEM FOR  
JUSTICES & JUDGES**

**PREPARED AS OF JUNE 30, 2022**





# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

October 25, 2022

Mr. Joseph Fox  
Executive Director  
Oklahoma Public Employees Retirement System  
5400 N. Grand Boulevard, Suite 400  
Oklahoma City, OK 73112

Dear Mr. Fox:

Presented in this report is information to assist the Uniform Retirement System for Justices and Judges in providing information required under the Governmental Accounting Standards Board (GASB) Statement No. 75 to participating employers. This report has been prepared as of June 30, 2022. The calculations in this report have been made on a basis that is consistent with our understanding of this accounting standard (GASB 75).

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of July 1, 2022. The valuation was based upon data, furnished by the Uniform Retirement System for Justices and Judges' staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency, but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different and our calculations may need to be revised. Please see the actuarial valuation for additional details on the funding requirements for the System including actuarial assumptions and methods and the Plan's funding policy.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. The calculations are based on the current provisions of the System, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the System. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 75.

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Mr. Joseph Fox  
October 25, 2022  
Page 2

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 75 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

We, Alisa Bennett, FSA, and Brent A. Banister, FSA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Alisa Bennett' in a cursive style.

Alisa Bennett, FSA, EA, FCA, MAAA  
President

A handwritten signature in blue ink that reads 'Brent A. Banister' in a cursive style.

Brent A. Banister, PhD, FSA, EA, FCA, MAAA  
Chief Actuary



## TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Summary of Principal Results	1
II	Introduction	2
III	OPEB Expense (Income)	4
IV	Notes to Financial Statements	6
V	Required Supplementary Information	17
 <u>Appendix</u>		
A	Required Supplementary Information Tables Exhibit A – Schedule of Changes in the Net OPEB Liability/(Asset) Exhibit B – Schedule of Employer Contributions	19
B	Summary of Main Benefit Provisions	21
C	Statement of Actuarial Assumptions	25



## GASB STATEMENT NO. 75

### UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

#### SECTION I - SUMMARY OF PRINCIPAL RESULTS

<b>Uniform Retirement System for Justices and Judges</b>	
<b>Valuation Date (VD):</b>	July 1, 2022
<b>Prior Measurement Date:</b>	June 30, 2021
<b>Measurement Date (MD):</b>	June 30, 2022
<b>Membership Data:</b>	
Retirees and Beneficiaries	168
Inactive Vested Members	16
Inactive Nonvested Members	0
Active Employees	<u>264</u>
Total	448
<b>Single Equivalent Interest Rate (SEIR):</b>	
Long-Term Expected Rate of Return	6.50%
Municipal Bond Index Rate at Prior Measurement Date	2.13%
Municipal Bond Index Rate at Measurement Date	3.37%
Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	6.50%
Single Equivalent Interest Rate at Measurement Date	6.50%
<b>Net OPEB Liability:</b>	
Total OPEB Liability (TOL)	\$2,992,262
Fiduciary Net Position (FNP)	<u>3,774,482</u>
Net OPEB Liability (NOL = TOL – FNP)	(\$782,220)
FNP as a percentage of TOL	126.14%
<b>OPEB Expense:</b>	\$45,268
<b>Deferred Outflows of Resources:</b>	\$744,078
<b>Deferred Inflows of Resources:</b>	\$472,714



## **SECTION II – INTRODUCTION**

The Governmental Accounting Standards Board issued Statement No. 75 (GASB 75), “*Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension*” in June 2015. The effective date for reporting under GASB 75 is plan years beginning after June 30, 2017, but early implementation is encouraged.

This report, prepared as of June 30, 2022 (the Measurement Date), presents information to assist the Uniform Retirement System for Justices and Judges in providing the required information under GASB 75 to participating employers. Much of the material provided in this report, including the Net OPEB Liability/(Asset), is based on the results of the GASB 74 report for the Uniform Retirement System for Justices and Judges, which was issued October 6, 2022. See that report for more information on the member data, actuarial assumptions and methods used in developing the GASB 74 results.

GASB 75 replaces GASB 45 and represents a significant departure from the requirements of the prior statement. GASB 45 was issued as a “funding friendly” statement that required postemployment benefit plans other than pension plans (OPEB) to report items consistent with the results of the System’s actuarial valuations, as long as those valuations met certain parameters. GASB 75 basically separates accounting from funding by creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the System.

Two major changes in GASB 75 are the requirements to determine the Net OPEB Liability/(Asset) (NOL) and recognize an OPEB Expense (OE) in the financial statements of the participating employer.

GASB 75 requires the inclusion of a Net OPEB Liability/(Asset) (NOL) on the plan sponsor’s balance sheet and a determination of an OPEB Expense (Income) (OE), which may bear little relationship to the funding requirements for the Uniform Retirement System for Justices and Judges. In fact, it is possible in some years for the NOL to be an asset or the OE to be an income item. The NOL is set equal to the Total OPEB Liability (TOL) minus the Fiduciary Net Position (FNP). The benefit provisions recognized in the calculation of the TOL are summarized in Appendix B. For the purposes of reporting under GASB 75, the Uniform Retirement System for Justices and Judges is assumed to be a single-employer defined benefit OPEB plan.

OE includes amounts for Service Cost (the Normal Cost under Entry Age Normal (EAN) for the year), interest on the TOL, employee contributions, administrative expenses, other cash flows during the year, recognition of increases/decreases in the TOL due to changes in the benefit structure, actual versus expected experience, actuarial assumption changes, and recognition of investment gains/losses. The actual experience and assumption change impacts are recognized over the average expected remaining service life of the System membership as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. The development of the OE is shown in Section III. The unrecognized portions of each year’s experience, assumption changes and investment gains/losses are used to develop Deferred Inflows and Outflows of Resources, which also must be included on the employer’s Statement of Net Position.



Among the items needed for the TOL calculation is a discount rate, as defined by GASB, or a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan provisions applicable to the membership and beneficiaries of the System on the Measurement Date. Future contributions were projected to be made at the current levels set in statute. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, the FNP is projected to be depleted at a future measurement date, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System) (3.37%).

Our calculations indicate that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for either the June 30, 2021 or the June 30, 2022 TOL. The SEIR for both the current Measurement Date and the Prior Measurement Date is 6.50%, the long-term assumed rate of return on investments, and meets the requirements of GASB 74 and 75.

The FNP projections are based upon the Uniform Retirement System for Justices and Judges' financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74 and 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 75 for note disclosure and Required Supplementary Information (RSI).



### **SECTION III – OPEB EXPENSE (INCOME)**

As noted earlier, the collective OPEB Expense (Income) (OE) consists of a number of different items. GASB 75 refers to the first as Service Cost, which is the Normal Cost using the Entry Age Normal (EAN) actuarial funding method. The second item is interest on the TOL at the long-term rate of return in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TOL (i.e., actuarial accrued liability (AAL) under EAN) due to:

- benefit changes,
- actual versus expected experience, or
- changes in actuarial assumptions.

Benefit changes, which are reflected immediately, will increase OE if there is a benefit improvement for existing System members, or decrease OE if there is a benefit reduction. For the year ended June 30, 2022, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TOL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire System membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 9.77. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts, or 5.81 years.

The last item under changes in TOL is changes in actuarial assumptions or other inputs. There were no changes in the actuarial assumptions or other inputs since the Prior Measurement Date. If there was such a change, the change would be recognized over the average expected remaining service life of the entire System membership, using the same approach applied to experience gains and losses, as described in the prior paragraph.

Member contributions for the year and projected earnings on the FNP at the long-term expected rate of return are subtracted from the amount determined thus far. One-fifth of current-period difference between projected and actual earnings on the FNP is recognized in the OE.

The current year portions of previously determined experience, assumption changes and earnings amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources are included next. Deferred Outflows of Resources are added to the OE while Deferred Inflows of Resources are subtracted from the OE. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the collective OE for the year ended June 30, 2022 is shown in the following table.



**OPEB Expense (Income)**  
**For the Year Ended June 30, 2022**

<b>Uniform Retirement System for Justices and Judges</b>	<b>2022</b>
Service Cost	\$112,043
Interest on the Total OPEB Liability	182,289
Current-period Benefit Changes	0
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	(39)
Expensed portion of current-period changes of assumptions	0
Member Contributions	0
Projected Earnings on Plan Investments	(279,732)
Expensed portion of current-period differences between actual and projected earnings on plan investments	162,404
Administrative Expense	1,641
Other	0
Recognition of beginning deferred outflows of resources as OPEB expense	46,358
Recognition of beginning deferred inflows of resources as OPEB expense	(179,696)
<b>Total OPEB Expense</b>	<b>\$45,268</b>

Note: Average expected remaining service life for all members is 5.81.



**SECTION IV – NOTES TO FINANCIAL STATEMENTS**

The material presented herein will follow the order presented in GASB 75. Paragraph numbers are provided for ease of reference.

**Paragraph 47:** The information required is to be prepared by the System and employer.

**Paragraph 48:** The information required is to be prepared by the System and employer.

**Paragraph 49:** Not Applicable.

**Paragraph 50(a) – (b):** The information required is to be supplied by the System.

**Paragraph 50(c):** The data required regarding the membership of the System were furnished by the System. The following table summarizes the membership of the System as of July 1, 2022, the date of the valuation used to determine the June 30, 2022 Total OPEB Liability.

**Membership**

Number as of July 1, 2022	
Inactive Members Or Their Beneficiaries	168
Currently Receiving Benefits	
Inactive Members Entitled To But Not Yet Receiving Benefits	16
Nonvested Terminations	-
Active Members	264
Total	448

**Paragraph 50(d) – (e):** The information required is to be supplied by the System.



**Paragraph 51:** This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Appendix C. The TOL as of June 30, 2022 was determined based on an actuarial valuation prepared as of July 1, 2022, using the following actuarial assumptions and other inputs:

Price Inflation	2.50 percent
Salary increases, including price inflation	3.50 percent
Long-term Rate of Return, net of investment expense, including price inflation	6.50 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.13 percent
Measurement Date	3.37 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Prior Measurement Date	6.50 percent
Measurement Date	6.50 percent
Healthcare Cost Trend Rate	N/A

Mortality Pub-2010 Below Median, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.

Disability mortality rates were based on the post-retirement mortality rates with rates set forward 12 years.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

**Paragraph 52:**

**(a):** Benefit-related costs are all provided by the System.

**(b):** The mortality assumptions are described in Appendix C and were developed during the most recent experience study.



(c): The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

(d): The alternative measurement method was not used.

(e): The disclosure of the sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate. The TOL is based on a medical benefit that is a flat dollar amount, therefore, it is unaffected by a healthcare cost trend rate. An increase or decrease in the trend rate would have no effect on the TOL.

### **Paragraph 53:**

(a): **Discount rate (SEIR).** The discount rate used to measure the TOL at June 30, 2022 was 6.50%. There was no change in the SEIR since the Prior Measurement Date.

(b): **Projected cash flows.** The projection of cash flows used to determine the discount rate assumed that plan contributions from members and the State of Oklahoma will be made at the current contribution rates as set out in state statute:

- a. Employee contribution rate: 8.00%
- b. State contribution rate: 22.00%
- c. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.
- d. Both pension and OPEB benefits are paid by the trust as a whole.

Based on those assumptions, the System's FNP was projected to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on System investments of 6.50% was applied to all periods of projected benefit payments to determine the TOL.

The FNP projections are based upon the System's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74 and 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing System basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.

(c): **Long-term rate of return.** The long-term expected rate of return on plan investments is reviewed as part of the experience study. Several factors are considered in evaluating the long-



term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the System’s investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding OPEB plans which covers a longer timeframe. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**(d): Municipal bond rate.** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.37% on the Measurement Date.

**(e): Period of projected benefit payments.** Projected future benefit payments for all current plan members until benefit payments ran out.

**(f): Assumed asset allocation.** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2019 experience study, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
US Large Cap Equity	34.0%	4.7%
US Small Cap Equity	6.0%	5.8%
Int’l Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	<u>3.5%</u>	0.3%
Total	100.0%	

\*Arithmetic mean



**(g): Sensitivity analysis.** This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following presents the NOL of the System, calculated using the discount rate of 6.50 percent, as well as the System's NOL calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Total OPEB Liability	\$3,243,987	\$2,992,262	\$2,771,385
Fiduciary Net Position	<u>3,774,482</u>	<u>3,774,482</u>	<u>3,774,482</u>
Net OPEB Liability/(Asset)	(\$530,495)	(\$782,220)	(\$1,003,097)

**Paragraph 54:** The required information will be supplied by the System.



**Paragraph 55:** This paragraph requires a schedule of changes in Net OPEB Liability (Asset). The needed information is provided in the table below for fiscal year ended June 30:

<b>Uniform Retirement System for Justices and Judges</b>			
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
Balances at June 30, 2021	\$2,907,424	\$4,300,474	(\$1,393,050)
Changes for the year:			
Service cost	112,043		112,043
Interest	182,289		182,289
Benefit changes	0		0
Difference between expected and actual experience	(229)		(229)
Changes in assumptions	0		0
Contributions - employer		217,200	(217,200)
Contributions - non-employer		0	0
Contributions - member		0	0
Net investment income		(532,286)	532,286
Benefit payments, including refunds of employee contributions	(209,265)	(209,265)	0
Administrative expense		(1,641)	1,641
Other changes		0	0
Net changes	<u>84,838</u>	<u>(525,992)</u>	<u>610,830</u>
Balances at June 30, 2022	\$2,992,262	\$3,774,482	(\$782,220)



**Paragraph 56:**

**(a):** The Measurement Date of the collective NOL is June 30, 2022. The TOL as of June 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of July 1, 2022.

**(b):** There is no special funding situation.

**(c):** There was no change in the actuarial assumptions or other inputs that affected the measurement of the TOL since the Prior Measurement Date.

**(d):** There was no change in the benefit terms that affected measurement of the TOL since the Prior Measurement Date.

**(e):** This information will be supplied by the System.

**(f):** The information will be supplied by the System and employer.

**(g):** Please see Section III for the development of the OE.

**(h):** Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OE they are labeled Deferred Inflows of Resources. If they will increase OE they are labeled Deferred Outflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are recognized over the average expected remaining service life of the active and inactive System members at the beginning of the measurement period. Investment gains and losses are recognized equally over a five-year period.



The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (June 30, 2022). Per GASB 75, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>
Differences between expected and actual experience	\$0	\$114,706	(\$114,706)
Changes of assumptions	53,342	0	53,342
Differences between projected and actual earnings	<u>690,736</u>	<u>358,008</u>	<u>332,728</u>
Total	\$744,078	\$472,714	\$271,364



The following tables show the Deferred Outflows of Resources and the Deferred Inflows of Resources separately to provide additional detail.

<b>Uniform Retirement System for Justices and Judges - Deferred Outflows of Resources</b>					
	<b>June 30, 2021</b>	<b>Additions</b>	<b>Recognition</b>	<b>June 30, 2022</b>	
<b>Differences between expected and actual experience</b>					
FY 2017 Base	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY 2018 Base	0	0	0	0	0
FY 2019 Base	0	0	0	0	0
FY 2020 Base	0	0	0	0	0
FY 2021 Base	0	0	0	0	0
FY 2022 Base	0	0	0	0	0
<b>Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Changes of assumptions</b>					
FY 2017 Base	\$ 5,091	\$ 0	\$ 5,091	\$ 0	\$ 0
FY 2018 Base	0	0	0	0	0
FY 2019 Base	0	0	0	0	0
FY 2020 Base	71,122	0	17,780	53,342	0
FY 2021 Base	0	0	0	0	0
FY 2022 Base	0	0	0	0	0
<b>Total</b>	<b>\$ 76,213</b>	<b>\$ 0</b>	<b>\$ 22,871</b>	<b>\$ 53,342</b>	<b>\$ 0</b>
<b>Differences between projected and actual earnings</b>					
FY 2018 Base	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY 2019 Base	11,714	0	5,856	5,858	0
FY 2020 Base	52,895	0	17,631	35,264	0
FY 2021 Base	0	0	0	0	0
FY 2022 Base	0	812,018	162,404	649,614	0
<b>Total</b>	<b>\$ 64,609</b>	<b>\$ 812,018</b>	<b>\$ 185,891</b>	<b>\$ 690,736</b>	<b>\$ 0</b>
<b>Total</b>	<b>\$ 140,822</b>	<b>\$ 812,018</b>	<b>\$ 208,762</b>	<b>\$ 744,078</b>	<b>\$ 0</b>



Uniform Retirement System for Justices and Judges - Deferred Inflows of Resources				
	June 30, 2021	Additions	Recognition	June 30, 2022
<b>Differences between expected and actual experience</b>				
FY 2017 Base	\$ 631	\$ 0	\$ 631	\$ 0
FY 2018 Base	24,019	0	16,119	7,900
FY 2019 Base	5,290	0	2,083	3,207
FY 2020 Base	92,278	0	23,070	69,208
FY 2021 Base	42,948	0	8,747	34,201
FY 2022 Base	0	229	39	190
Total	\$ 165,166	\$ 229	\$ 50,689	\$ 114,706
<b>Changes of assumptions</b>				
FY 2017 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2018 Base	0	0	0	0
FY 2019 Base	0	0	0	0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0
<b>Differences between projected and actual earnings</b>				
FY 2018 Base	\$ 9,710	\$ 0	\$ 9,710	\$ 0
FY 2019 Base	0	0	0	0
FY 2020 Base	0	0	0	0
FY 2021 Base	477,344	0	119,336	358,008
FY 2022 Base	0	0	0	0
Total	\$ 487,054	\$ 0	\$ 129,046	\$ 358,008
Total	\$ 652,220	\$ 229	\$ 179,735	\$ 472,714



(i): Collective amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OE in future years as follows:

<b>Year Ended June 30:</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>
2023	\$203,673	\$161,175	\$42,498
2024	197,817	152,316	45,501
2025	180,186	151,190	28,996
2026	162,402	7,999	154,403
2027	0	34	(34)
Thereafter	0	0	0

(j): This will be provided by the System.



## **SECTION V – REQUIRED SUPPLEMENTARY INFORMATION**

There are several tables of Required Supplementary Information (RSI) that need to be included in the System's financial statements:

**Paragraphs 57(a) - (c):** The required tables of schedules are provided in Appendix A.

**Paragraph 58:** Significant methods and assumptions used in calculating the actuarially determined contributions, if any, should be presented as notes to the schedule required by paragraph 57(c). In addition, for each of the schedules required by paragraph 57, information should be presented about factors that significantly affect trends in the amounts reported.

***Changes of benefit terms:*** The following changes to the plan provisions were made by the Oklahoma Legislature and reflected in the valuation performed as of July 1 listed below:

None.

***Changes in actuarial assumptions:***

7/1/2020 valuation:

- Decrease the investment return from 7.00% to 6.50%.
- Decrease the price inflation from 2.75% to 2.50%.
- Decrease the salary scale assumption from 3.75% to 3.50%.
- Decrease the payroll growth from 3.50% to 3.25%.
- Change mortality assumption to reflect recent mortality experience.

7/1/2017 valuation:

- Decrease the investment return from 7.25% to 7.00%.
- Decrease the price inflation from 3.00% to 2.75%.
- Decrease the real wage growth from 1.00% to 0.75%.
- Change mortality assumption to reflect recent mortality improvements.
- Salary scale assumption was decreased from 5.00% to 3.75%
- Retirement rates were revised.



***Method and assumptions used in calculations of actuarially determined contributions.***

The System is funded with fixed contribution rates for the employees and the state. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions (from the July 1, 2021 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for Fiscal Year End 2022 in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6 years
Asset valuation method	5-year smoothed market
Price Inflation	2.50 percent
Salary increase, including price inflation	3.50 percent
Long-term Rate of Return, net of investment expense, including price inflation	6.50 percent
Healthcare Cost Trend Rate	N/A

Please see the information presented earlier in regard to Paragraph 58 for detailed information on the benefit changes and assumption changes that may have impacted the Actuarially Determined Contributions shown in the *Schedule of Employer Contributions*.

It should be noted that the funding valuation develops a combined pension and OPEB rate.



**APPENDIX A**

**Exhibit A**

**GASB 75 Paragraphs 57(a) – (b)  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET)**

**Fiscal Year Ended June 30**

<b>Uniform Retirement System for Justices and Judges</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>						
Service Cost	\$112,043	\$114,182	\$107,529	\$113,634	\$112,479	\$122,634
Interest	182,289	180,007	189,776	183,936	182,707	174,008
Benefit term changes	0	0	0	0	0	0
Differences between expected and actual experience	(229)	(51,695)	(138,418)	(11,539)	(88,495)	(13,276)
Assumption changes	0	0	106,682	0	0	106,936
Benefit payments, including member refunds	<u>(209,265)</u>	<u>(205,590)</u>	<u>(208,740)</u>	<u>(196,665)</u>	<u>(181,860)</u>	<u>(178,710)</u>
<b>Net change in Total OPEB Liability</b>	\$84,838	\$36,904	\$56,829	\$89,366	\$24,831	\$211,592
<b>Total OPEB Liability - beginning *</b>	\$2,907,424	\$2,870,520	\$2,813,691	\$2,724,325	\$2,699,494	\$2,487,902
<b>Total OPEB Liability - ending (a)</b>	\$2,992,262	\$2,907,424	\$2,870,520	\$2,813,691	\$2,724,325	\$2,699,494
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$217,200	\$231,600	\$202,800	\$187,200	\$180,000	\$177,600
Non-employer contributions - Direct Aid (State/City/District)	0	0	0	0	0	0
Employee contributions	0	0	0	0	0	0
Net investment income	-532,286	821,974	143,823	190,048	250,817	330,457
Benefit payments, including member refunds	(209,265)	(205,590)	(208,740)	(196,665)	(181,860)	(178,710)
Administrative expenses	(1,641)	(1,506)	(1,605)	(1,582)	(1,472)	(1,392)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net change in Plan Fiduciary Net Position</b>	(\$525,992)	\$846,478	\$136,278	\$179,001	\$247,485	\$327,955
<b>Plan Fiduciary Net Position – beginning*</b>	\$4,300,474	\$3,453,996	\$3,317,718	\$3,138,717	\$2,891,232	\$2,563,277
<b>Plan Fiduciary Net Position - ending (b)</b>	\$3,774,482	\$4,300,474	\$3,453,996	\$3,317,718	\$3,138,717	\$2,891,232
<b>Net OPEB Liability/(Asset) - ending (a) - (b)</b>	(\$782,220)	(\$1,393,050)	(\$583,476)	(\$504,027)	(\$414,392)	(\$191,738)
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	126.14%	147.91%	120.33%	117.91%	115.21%	107.10%
<b>Covered payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Employers' Net OPEB Liability/(Asset) as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\* 2017 is the first year the Medical Supplement is split out.



**Exhibit B**  
**GASB 75 Paragraphs 57(c)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Fiscal Year Ended June 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	(\$3,601)	\$27,906	\$6,867	\$3,237	\$15,364	\$34,612				
Actual employer contributions	<u>217,200</u>	<u>231,600</u>	<u>202,800</u>	<u>187,200</u>	<u>180,000</u>	<u>177,600</u>				
Annual contribution deficiency (excess)	<u>(\$220,801)</u>	<u>(\$203,694)</u>	<u>(\$195,933)</u>	<u>(\$183,963)</u>	<u>(\$164,636)</u>	<u>(\$142,988)</u>				
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				
Actual contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				



## **APPENDIX B**

### **SUMMARY OF MAIN BENEFIT PROVISIONS**

#### **Uniform Retirement System of Justices & Judges**

Following is a summary of the major System provisions used to determine the System's financial position as of July 1, 2022. For purposes of this report, only the post-retirement medical benefit is valued for liabilities. The full benefit provisions are included because they are relevant for assumptions and funding provisions.

<b>Effective date and authority</b>	<p>The System became effective January 13, 1969.</p> <p>The System is provided for under Sections 1101-1111 of Title 20 of the Oklahoma Statutes.</p>
<b>Administration</b>	<p>The State Judicial Retirement Fund is administered by the Board of Trustees of the Oklahoma Public Employees Retirement System. The Board acts as the fiduciary for investment and administration of the System.</p>
<b>Employees included</b>	<p>All justices and judges of the Supreme Court, Court of Criminal Appeals, Workers Compensation Court, Court of Appeals or District Court who serve in the State of Oklahoma participate in the Uniform Retirement System for Justices and Judges.</p>
<b>Member contributions</b>	<p>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.</p>
<b>Employer contributions</b>	<p>Before July 1, 1997, the fund received an amount equal to 10% of the Court Fund receipts. After July 1, 1997, employer contributions were based on members' salaries and a yearly schedule and, effective January 1, 2001, were changed to 2.0% of the member's salary. Effective for the fiscal year ending June 30, 2006, employer contributions increased to 3.0% of the member's salary and increased annually up to 22.0% for fiscal years ending June 30, 2019, and thereafter.</p>
<b>Service considered</b>	<p>Any justice or judge who becomes a member of the System when first eligible will receive credit for all years of service with the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, or a District Court of the State of Oklahoma.</p>



## Uniform Retirement System of Justices & Judges

<b>Compensation considered</b>	Salary received by the justice or judge while serving in the referenced courts.
<b>Final average salary</b>	The average monthly salary received during the thirty-six (36) highest months of active service as a justice or judge.
<b>Eligibility for benefits</b>	A justice or judge must complete eight (8) years of service to be eligible for any benefit from the System. A member who leaves the System, for any reason, prior to the completion of eight (8) years of service is entitled only to a return of his/her accumulated contributions without interest.
<b>Normal retirement date</b>	A member who completes eight (8) years of service and attains age sixty-five (65), or completes ten (10) years of service and attains age sixty (60), or completes eight (8) years of service and whose sum of years of service and age equals or exceeds eighty (80), may begin receiving retirement benefits at his/her request. For judges taking office after January 1, 2012, retirement age is sixty-seven (67) with eight (8) years of service or age sixty-two (62) with ten (10) years of service.
<b>Normal retirement benefit</b>	The benefit, payable monthly for the life of the member, is equal to 4% of average monthly salary multiplied by the number of years in service. In no event, however, will the benefit exceed 100% of final average salary.
<b>Disability retirement</b>	A member who completes fifteen (15) years of service, attains age fifty-five (55), and is ordered to retire by reason of disability is eligible for disability retirement benefits. The benefit, payable for life, is calculated in the same manner as a normal retirement benefit.
<b>Survivor coverage</b>	The spouse of a deceased active member who had met normal or vested retirement provisions may elect a spouse's benefit. The spouse's benefit is the benefit that would have been paid if the member had retired and elected the reduced benefit with the Joint and 100% Survivor option (Option B), or a 50% unreduced benefit for certain married participants making 8% of pay contributions prior to September 1, 2005. Spouses of members who made the voluntary contributions prior to July 1, 1999 and die or retire after July 1, 1999 may receive up to 65% of the unreduced benefit. If the member has ten (10) years of service and the death is determined to be employment related, this benefit is



## Uniform Retirement System of Justices & Judges

### **Survivor coverage (cont.)**

payable immediately to the spouse. Otherwise, the benefit is payable to the spouse on the date the deceased member would have been eligible. This benefit is payable only to the surviving spouse of a member and they must be married ninety (90) days prior to the member's termination of employment as a justice or judge.

### **Optional forms of retirement benefits**

The Maximum Benefit is an unreduced single-life annuity with a guaranteed refund of the contribution accumulation. Three (3) other types of benefit payments are available to retiring members:

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

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

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

For married members, spousal consent is required for any option other than Option A, or a joint annuitant other than the spouse.

### **Post-retirement death benefit**

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

### **Minimum benefits**

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

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



## **Uniform Retirement System of Justices & Judges**

**Supplemental medical insurance**      The System contributes the lesser of \$105 per month or the Medicare Supplement Premium to the Office of Management and Enterprise Services, Employees Group Insurance Division for members receiving retirement benefits.

**Expenses**      The expenses of administering the System are paid from the Retirement Trust Fund.



**APPENDIX C**

**STATEMENT OF ACTUARIAL ASSUMPTIONS**

**Uniform Retirement System of Justices & Judges**

**Economic Assumptions**

<b>Price Inflation:</b>	2.50% per annum, compounded annually
<b>Long-Term Rate of Return:</b>	6.50% net of investment expenses per annum, compounded annually
<b>Salary Increases:</b>	3.50% per year
<b>Payroll Growth:</b>	3.25% per year
<b>Ad hoc Benefit Increase Assumption:</b>	
Monthly benefits	No increases assumed
Medical supplement	No increases assumed
<b>Projection of 401(a)(17) compensation limit:</b>	Projected with inflation at 2.50%

**Demographic Assumptions**

**Retirement Age:**

<u>Attained Age</u>	<u>Annual Rates of Retirement Per 100 Eligible Members</u>
Below 59	5
59 – 61	10
62 – 66	15
67 – 68	20
69 – 74	25
75+	100

Deferred vested members                      Participants with deferred benefits are assumed to commence benefits on a date provided by the System. Actives expected to terminate with a vested benefit are assumed to commence benefits at their earliest eligible retirement date.

**Mortality Rates:**

Active participants and non-disabled pensioners                      Pub-2010 Below Median, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.

Disabled pensioners                                      Nondisabled retiree mortality set forward 12 years for disabled experience.



## Uniform Retirement System of Justices & Judges

### Separation Rates:

Separation for all reasons other  
than death

2% for all years of service prior to retirement eligibility.

### Disability Rates:

0%

### Marital Status:

Age difference  
Percentage married

Males are assumed to be four (4) years older than spouses.  
85%

### Other Assumptions:

Provisions for expenses

Administrative expenses, as budgeted for the Oklahoma  
Uniform Retirement System for Justices and Judges.

Form of payment

Active members who were contributing 8% of pay as of  
August 31, 2005, are assumed to retire with an unreduced  
benefit payable as a 50% Joint and Survivor annuity. All  
other members are assumed to retire with a life-only  
annuity.

Age

For members who have not completed the application  
process and are missing a date of birth, we assume they are  
50 years old as of the valuation date.

Service

For members who have not completed the application  
process and are missing an entry date, we assume they have  
half a year of service as of the valuation date.