Uniform Retirement System for Justices and Judges

Administered by the Oklahoma Public Employees Retirement System

Financial Statements
(With Independent Auditor's Report Thereon)
June 30, 2021 and 2020

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Uniform Retirement System for Justices and Judges
Oklahoma City, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of the Uniform Retirement System for Justices and Judges (the System), a component unit of the State of Oklahoma, which comprise the statements of fiduciary net position as of June 30, 2021 and 2020, and the related statements of changes in fiduciary net position, for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary financial position of the Uniform Retirement System for Justices and Judges, as of June 30, 2021 and 2020, and the respective statements of changes in fiduciary net position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the financial statements of the Uniform Retirement System for Justices and Judges, are intended to present the fiduciary net position, and the changes in fiduciary net position of only that portion of the System. They do not purport to, and do not, present fairly the fiduciary net position of other Plans governed by the Oklahoma Public Employees Retirement System Board of Trustees, as of June 30, 2021 and 2020, and the changes in its fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 to 11 and 33 to 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information accompanying financial information listed as other supplementary information on pages 39 to 41 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying financial information listed as supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Eide Bailly LLP

Oklahoma City, Oklahoma
October 13, 2021

Management's Discussion and Analysis
(Unaudited)

As management of the Uniform Retirement System for Justices and Judges (the System) we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal years ended June 30, 2021, 2020 and 2019.

Financial Highlights

- The net position restricted for pension and health insurance subsidy plan (HISP) totaled $433.5 million at June 30, 2021, compared to $350.9 million at June 30, 2020 and $347.5 million at June 30, 2019. The net position restricted for pension/HISP benefits is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. The increase of $82.6 million and increase of $3.4 million of the respective years have resulted primarily from the changes in the fair value of the System's investments.
- At June 30, 2021, the total number of members participating in the System was 587, compared to 582 at June 30, 2020. The total number of retirees increased to 306 for June 30, 2021 compared 304 for June 30, 2020.

Overview of the Financial Statements

The System is a single-employer defined benefit pension plan. The System 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 System are 62 with 10 years of judicial service, 67 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 System also includes a single-employer defined benefit public employee other post-employment benefit plan. This plan is called the Health Insurance Subsidy Plan (HISP), and it provides a health insurance premium subsidy for retirees of the System who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

The System's financial statements are comprised of The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for both pension and HISP, and Notes to Financial Statements. Also, included are certain required supplementary information and supplementary information for both pension and HISP.

The System 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 System and other similar funds comprise the fiduciary-pension and HISP trust funds of the State.

Management's Discussion and Analysis (continued)
(Unaudited)

The *Statements of Fiduciary Net Position* present information on the System's assets, liabilities and the resulting *net position restricted for pensions and HISP.* This statement reflects the System's investments, at fair value, along with cash and cash equivalents, receivables, and other assets and liabilities.

The *Statements of Changes in Fiduciary Net Position* present information showing how the System's net position restricted for pensions and HISP changed during the years ended June 30, 2021 and 2020. It reflects contributions by members and participating employers along with deductions for retirement benefits, refunds and withdrawals, and administrative 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 changes in the net pension asset, schedule of pension employer contributions, schedule of money-weighted rate of return on pension plan investments, schedule of changes in the net HISP asset, schedule of HISP employer contributions, and schedules of money-weighted rate of return on HISP investments. Schedules of certain expenses and fees paid are presented as *supplementary information*.

Financial Analysis

The following are the condensed Schedules of Fiduciary Net Position and Changes in Fiduciary Net Position for the Uniform Retirement System for Justices and Judges for the fiscal years ended June 30, 2021, 2020, and 2019.

Condensed Schedules of Fiduciary Net Position

($ millions)	2021			2020			2019		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Assets:									
Cash and cash equivalents	$ 17.7	$ 0.1	$ 17.8	$ 9.7	$ 0.1	$ 9.8	$ 4.3	$ -	$ 4.3
Receivables	18.8	0.2	19.0	8.9	0.1	9.0	10.3	0.1	10.4
Investments	430.6	4.4	435.0	344.8	3.4	348.2	342.2	3.3	345.5
Securities lending collateral	15.7	0.2	15.9	17.5	0.2	17.7	12.4	0.1	12.5
Total assets	482.8	4.9	487.7	380.9	3.8	384.7	369.2	3.5	372.7
Liabilities:									
Other liabilities	37.9	0.4	38.3	15.9	0.2	16.1	12.6	0.1	12.7
Securities lending collateral	15.7	0.2	15.9	17.5	0.2	17.7	12.4	0.1	12.5
Total liabilities	53.6	0.6	54.2	33.4	0.4	33.8	25.0	0.2	25.2
Ending fiduciary net position	$ 429.2	$ 4.3	$ 433.5	$ 347.5	$ 3.4	$ 350.9	$ 344.2	$ 3.3	$ 347.5

Condensed Schedules of Changes in Fiduciary Net Position

($ millions)	2021			2020			2019		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	$ 2.9	$ -	$ 2.9	$ 2.8	$ -	$ 2.8	$ 2.7	$ -	$ 2.7
Participating court employers	7.6	0.3	7.9	7.4	0.2	7.6	7.1	0.2	7.3
Net investment income	94.5	0.8	95.3	15.5	0.1	15.6	20.1	0.2	20.3
Total additions	105.0	1.1	106.1	25.7	0.3	26.0	29.9	0.4	30.3
Retirement, death and survivor benefits	23.0	0.2	23.2	22.0	0.2	22.2	20.4	0.2	20.6
Refunds and withdrawals	0.1	-	0.1	0.2	-	0.2	-	-	-
Administrative expenses	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2
Total deductions	23.3	0.2	23.5	22.4	0.2	22.6	20.6	0.2	20.8
Net increase in fiduciary net position	81.7	0.9	82.6	3.3	0.1	3.4	9.3	0.2	9.5
Beginning of year	347.5	3.4	350.9	344.2	3.3	347.5	334.9	3.1	338.0
End of year	$ 429.2	$ 4.3	$ 433.5	$ 347.5	$ 3.4	$ 350.9	$ 344.2	$ 3.3	$ 347.5

Management's Discussion and Analysis (continued)
(Unaudited)

For the year ended June 30, 2021, fiduciary net position increased $82.6 million, or 23.5%. Total assets increased by $103.0 million, or 26.8%, due to an increase of 24.9% in investments, an increase of 111.1% in receivables and an increase of 81.6% in cash and cash equivalents. The System achieved a rate of return of 27.7% compared to the prior year of 4.6% resulting in most of the increase in fiduciary net position. Total liabilities increased 60.4% primarily due to an 137.9% increase in pending purchases of securities. For fiscal year 2021, we saw a slight decrease in securities lending collateral by 10%.

Fiscal year 2021 showed a $80.1 million increase in total additions and a $0.9 million increase in total deductions. Compared to the prior year, additions increased 308.1% due to investment income increasing $79.7 million mostly due to higher appreciation this year. The 4.0% increase in total deductions was primarily due to a 4.5% increase in retirement benefits. Administrative costs were consistent with prior year.

For the year ended June 30, 2020, fiduciary net position increased $3.4 million, or 1.0%. Total assets increased by $12.0 million, or 3.2%, due to an increase of 0.8% in investments, an increase of 41.6% in securities lending collateral and partially offset by a decrease of 13.5% in receivables. The System achieved a rate of return of 4.6% compared to the prior year of 6.2% resulting in the majority of the increase in fiduciary net position. Total liabilities increased 34.1% primarily due to an 26.7% increase in pending purchases of securities and a 41.6% increase in securities lending collateral.

Fiscal year 2020 showed a $4.3 million decrease in total additions and a $1.8 million increase in total deductions. Compared to the prior year, additions decreased 14.2% due to investment income decreasing $4.7 million mostly due to lower appreciation this year. The 8.7% increase in total deductions was primarily due to a 7.8% increase in retirement benefits. Administrative costs were consistent with prior year.

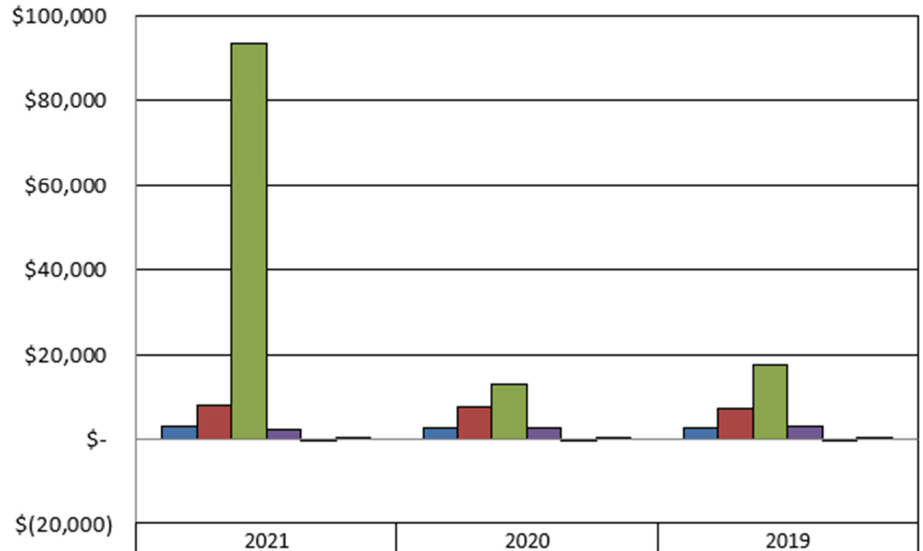
Additions to Fiduciary Net Position

For the year ended June 30, 2021, additions to fiduciary net position increased $80.1 million, or 308.1%, from the prior year. The significant increase in the appreciation in the fair value of investments from prior year of $79.7 million is reflective of the strong market, compared to fiscal year 2020. Interest income decreased $0.7 million and securities lending income decreased 31.8%. Contributions increased $0.4 million, or 3.8% compared to prior year.

For the year ended June 30, 2020, additions to fiduciary net position decreased $3.4 million, or 1.0%, from the prior year. The significant decrease in the appreciation in the fair value of investments from prior year of $4.5 million is reflective of the softening market, compared to fiscal year 2019. Interest income decreased $0.1 million and securities lending income increased 76.0%. Contributions increased $0.4 million, or 4.0%, because of the statutory increase in the contribution percentage for participating court employers.

Management's Discussion and Analysis (continued)
(Unaudited)

Additions to Fiduciary Net Position
Comparative Data for Fiscal Years Ended June 30, 2021, 2020 and 2019
($ thousands)



	2021	2020	2019
Member contributions	$2,863	$2,766	$2,667
Court employer contributions	7,850	7,587	7,333
Net appreciation	93,319	12,974	17,451
Interest, dividends, and other investment income	2,141	2,818	2,965
Investment expenses	(186)	(156)	(135)
Securities lending income	30	44	25

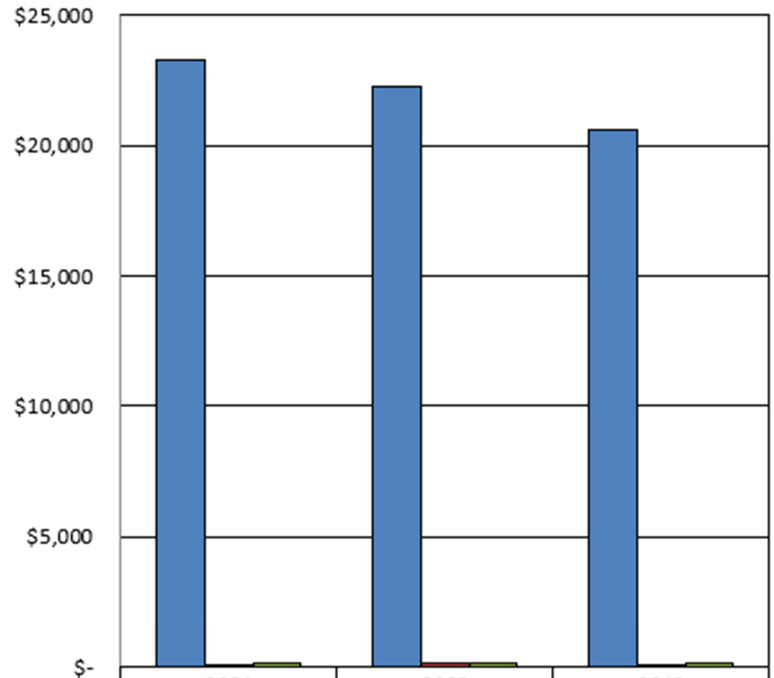
Reductions to Fiduciary Net Position

For the year ended June 30, 2021, total deductions on the following page increased $0.9 million, or 4.1%, from the prior year. Retirement, death, and survivor benefits increased $1.0 million, or 4.7%, and the average benefit increased 0.5% compared to the prior year due to a 0.7% increase in the number of retirees. Refunds and withdrawals decreased 54.1% 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 0.6% when compared to the prior year.

For the year ended June 30, 2020, total deductions on the following page increased $1.8 million, or 8.5%, from the prior year. Retirement, death, and survivor benefits increased $1.7 million, or 8.0%, and the average benefit increased 4.6% compared to the prior year due to a 1.3% increase in the number of retirees. Refunds and withdrawals increased 180% 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 3.5% when compared to the prior year.

Management's Discussion and Analysis (continued)
(Unaudited)

Deductions to Fiduciary Net Position
Comparative Data for Fiscal Years Ended June 30, 2021, 2020 and 2019
($ thousands)



	2021	2020	2019
Retirement, death and survivor benefits	$23,269	$22,234	$20,581
Refunds and withdrawals	85	185	66
Administrative expenses	175	176	170

Management's Discussion and Analysis (continued)
(Unaudited)

Investments

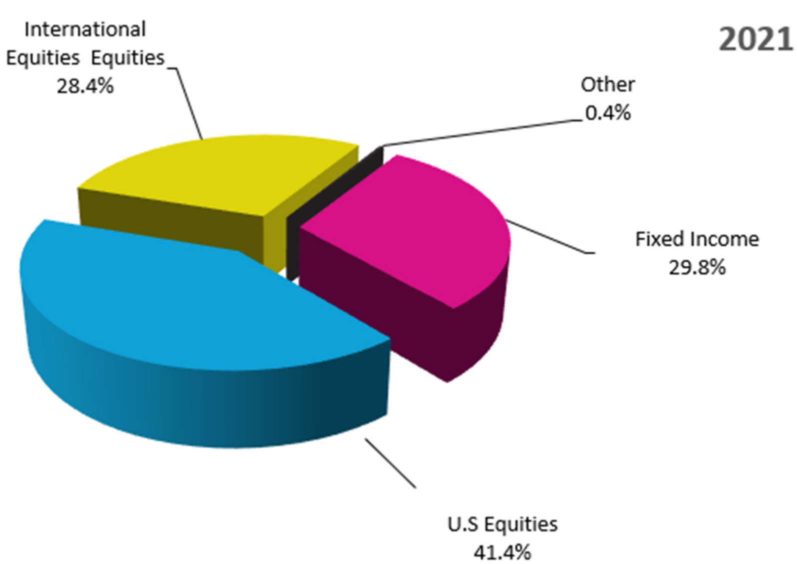
The investment portfolio is reported in the chart below by the asset class of the investment managers' portfolios which includes the cash equivalents in those portfolios. A summary of the System's cash equivalents and investments for fiscal years ended June 30, 2021, 2020 and 2019 is as follows:

Cash, Cash Equivalents, and Investment Portfolio

($ millions)	June 30, 2021	June 30, 2020	June 30, 2019
Fixed income	$ 148.4	$ 123.9	$ 110.0
U.S. equities	179.1	141.7	142.8
International equities	123.2	91.5	95.9
Other	1.9	0.8	1.1
Total managed investments	452.6	357.9	349.8
Cash equivalents on deposit with State	0.2	0.1	0.1
Securities lending collateral	15.9	17.7	12.5
Total cash, cash equivalents, and investments	$ 468.7	$ 375.7	$ 362.4

The 2021 increase in the System's managed investments is due mainly in the increase in Fixed income investments, U.S. equities and International equities. The System's overall return for the year ended June 30, 2021 was 27.7%. Equity index funds correlated closely with market trends with U.S. and international equities showing returns of 46.0% and 36.0%, respectively. Fixed income showed a negative return of 0.1%. An amount of $13.2 million of the portfolio was 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 System's master custodian at year end.

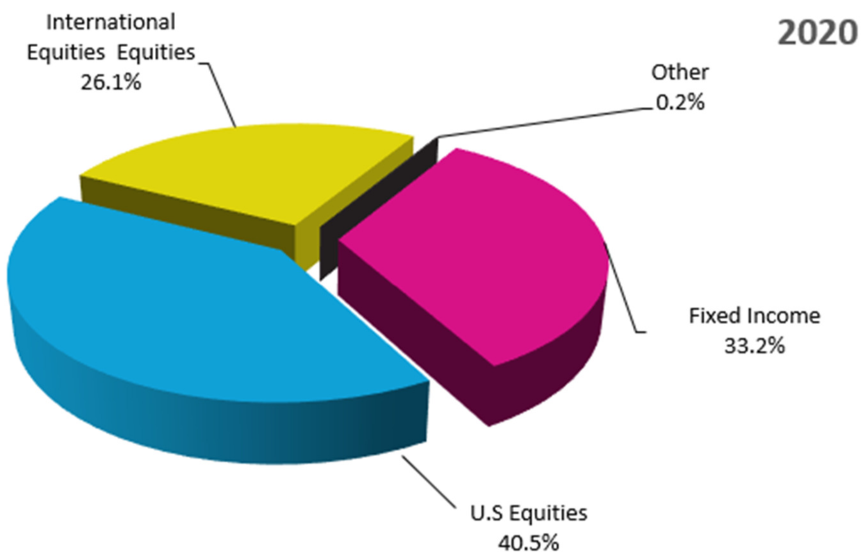
As of June 30, 2021, the distribution of the System's investments including accrued income and pending trades was as follows:

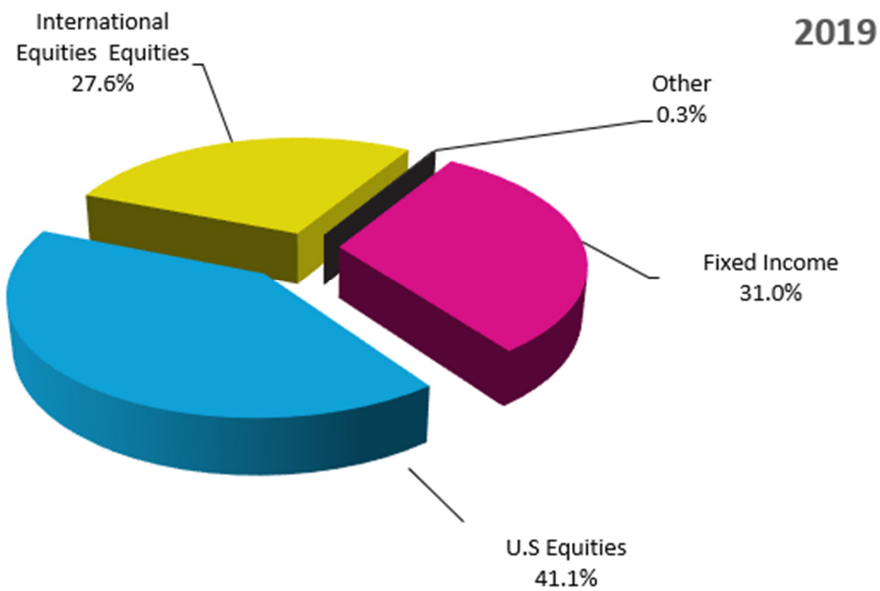


Management's Discussion and Analysis (continued)
(Unaudited)

The 2020 increase in the System's managed investments is due mainly in the increase in fixed income investments and securities lending collateral. The System's overall return for the year ended June 30, 2020 was 4.6%. Equity index funds correlated closely with market trends with U.S. and international equities showing returns of 5.3% and negative 4.6%, respectively. Fixed income showed a return of 11.8%. An amount of $11.2 million of the portfolio was 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 System's master custodian at year end.

As of June 30, 2020 and 2019 the distribution of the System's investments including accrued income and pending trades was as follows:





Management's Discussion and Analysis (continued)
(Unaudited)

Economic Factors

Ratio of Fiduciary Net Position to Total Pension Liability and to Total HISP Liability

The ratio of fiduciary net position to the total pension liability was as follows:

	June 30,		
	2021	**2020**	**2019**
Total pension liability	$ 339,028,732	$ 330,152,206	$ 305,801,494
Plan fiduciary net position	$ 429,150,928	$ 347,508,299	$ 344,205,778
Ratio of fiduciary net position to total pension liability	126.58%	105.26%	112.56%

The ratio of fiduciary net position to the total HISP liability was as follows:

	June 30,		
	2021	**2020**	**2019**
Total HISP liability	$ 2,907,424	$ 2,870,520	$ 2,813,691
Plan fiduciary net position	$ 4,300,474	$ 3,453,996	$ 3,317,718
Ratio of fiduciary net position to total HISP liability	147.91%	120.33%	117.91%

Other

The actuarial assumptions used in the July 1, 2021, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019.

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

Requests for Information

This financial report is designed to provide a general overview of the System'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 Fiduciary Net Position

As of June 30, 2021

	Pension Plan	Health Insurance Subsidy Plan	Combined
Assets			
Cash equivalents	$ 17,651,957	$ 95,846	$ 17,747,803
Receivables:			
Due from brokers for securities sold	18,394,866	187,955	18,582,821
Accrued interest	402,708	4,115	406,823
Total receivables	18,797,574	192,070	18,989,644
Investments, at fair value:			
Short-term investments	1,385,754	14,160	1,399,914
Government obligations	96,635,768	987,408	97,623,176
Corporate bonds	33,294,625	340,198	33,634,823
Domestic equities	177,341,228	1,812,044	179,153,272
International equities	121,953,123	1,246,097	123,199,220
Securities lending collateral	15,735,857	160,787	15,896,644
Total investments	446,346,355	4,560,694	450,907,049
Total assets	482,795,886	4,848,610	487,644,496
Liabilities			
Due to brokers and investment managers	37,909,101	387,349	38,296,450
Securities lending collateral	15,735,857	160,787	15,896,644
Total liabilities	53,644,958	548,136	54,193,094
Net position restricted for pension/HISP benefits	$ 429,150,928	$ 4,300,474	$ 433,451,402

See accompanying notes to financial statements.

Statements of Fiduciary Net Position

As of June 30, 2020

	Pension Plan	Health Insurance Subsidy Plan	Combined
Assets			
Cash equivalents	$ 9,720,373	$ 51,215	$ 9,771,588
Receivables:			
Member contributions	208,119	-	208,119
Participating court employers	566,615	5,712	572,327
Due from brokers for securities sold	7,653,484	77,146	7,730,630
Accrued interest	498,912	5,028	503,940
Total receivables	8,927,130	87,886	9,015,016
Investments, at fair value:			
Short-term investments	88,182	889	89,071
Government obligations	75,540,936	761,447	76,302,383
Corporate bonds	38,265,980	385,718	38,651,698
Domestic equities	140,319,757	1,414,415	141,734,172
International equities	90,595,713	913,198	91,508,911
Securities lending collateral	17,478,161	176,178	17,654,339
Total investments	362,288,729	3,651,845	365,940,574
Total assets	380,936,232	3,790,946	384,727,178
Liabilities			
Due to brokers and investment managers	15,949,772	160,772	16,110,544
Securities lending collateral	17,478,161	176,178	17,654,339
Total liabilities	33,427,933	336,950	33,764,883
Net position restricted for pension/HISP benefits	$ 347,508,299	$ 3,453,996	$ 350,962,295

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

For the Year Ended June 30, 2021

	Pension Plan	Health Insurance Subsidy Plan	Combined
Additions			
Contributions:			
Members	$ 2,863,279	$ -	$ 2,863,279
Participating court employers	7,617,960	231,600	7,849,560
Total contributions	10,481,239	231,600	10,712,839
Investment income:			
From investing activities:			
Net appreciation in fair value of investments	92,514,863	804,374	93,319,237
Interest	2,122,289	18,946	2,141,235
Total investment income	94,637,152	823,320	95,460,472
Less – Investment expenses	(184,294)	(1,602)	(185,896)
Income from investing activities	94,452,858	821,718	95,274,576
From securities lending activities:			
Securities lending income	32,943	286	33,229
Securities lending expenses:			
Borrower rebates	1,672	15	1,687
Management fees	(5,151)	(45)	(5,196)
Income from securities lending activities	29,464	256	29,720
Net investment income	94,482,322	821,974	95,304,296
Total additions	104,963,561	1,053,574	106,017,135
Deductions			
Retirement, death and survivor benefits	23,063,177	205,590	23,268,767
Refunds and withdrawals	84,534	-	84,534
Administrative expenses	173,221	1,506	174,727
Total deductions	23,320,932	207,096	23,528,028
Net increase in net position	81,642,629	846,478	82,489,107
Net position restricted for pension/HISP benefits			
Beginning of year	347,508,299	3,453,996	350,962,295
End of year	$ 429,150,928	$ 4,300,474	$ 433,451,402

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

	Pension Plan	Health Insurance Subsidy Plan	Combined
Additions			
Contributions:			
Members	$ 2,765,684	$ -	$ 2,765,684
Participating court employers	7,384,490	202,800	7,587,290
Total contributions	10,150,174	202,800	10,352,974
Investment income:			
From investing activities:			
Net appreciation in fair value of investments	12,855,923	118,288	12,974,211
Interest	2,791,574	26,554	2,818,128
Total investment income	15,647,497	144,842	15,792,339
Less – Investment expenses	(154,405)	(1,421)	(155,826)
Income from investing activities	15,493,092	143,421	15,636,513
From securities lending activities:			
Securities lending income	174,786	1,608	176,394
Securities lending expenses:			
Borrower rebates	(123,515)	(1,136)	(124,651)
Management fees	(7,645)	(70)	(7,715)
Income from securities lending activities	43,626	402	44,028
Net investment income	15,536,718	143,823	15,680,541
Total additions	25,686,892	346,623	26,033,515
Deductions			
Retirement, death and survivor benefits	22,024,967	208,740	22,233,707
Refunds and withdrawals	184,977	-	184,977
Administrative expenses	174,427	1,605	176,032
Total deductions	22,384,371	210,345	22,594,716
Net increase in net position	3,302,521	136,278	3,438,799
Net position restricted for pension/HISP benefits			
Beginning of year	344,205,778	3,317,718	347,523,496
End of year	$ 347,508,299	$ 3,453,996	$ 350,962,295

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2021 and 2020

(1) Reporting Entity

The Uniform Retirement System for Justices and Judges (the System) is a defined benefit cost-sharing single employer plan consisting of a retirement plan and a health insurance subsidy plan (HISP) both held in irrevocable trusts. The System, together with other similar fiduciary pension trust funds of the state of Oklahoma (the State), is a component unit of the State. The System 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 System. The allocation is based on OPERS' estimate of the cost of services provided to the System by the separate fund. Allocated costs are charged to the System and paid with funds provided through operations of the System.

(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the System.

(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 legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

(b) ***Investments*** – The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. At month end, there may be certain pending trades that were initiated by managers but not confirmed and, therefore, are not included in the fair value of investments.

The System 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.

System investments are reported at fair value, which is the price that would be received if the investments were sold in an orderly transaction between a willing buyer and a willing seller. Short-term investments include bills and notes and commercial paper. Short-term investments, domestic debt securities, and equity securities are reported at fair value, as determined by the System'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 System in index and commingled trust funds is determined by the respective fund trustees based on quoted sales prices of the underlying securities.

Cash equivalents include investments in money market funds and investment pools and are reported at amortized cost.

Net investment income includes net appreciation 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.

Notes to Financial Statements (continued)

The System'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 fiduciary net position.

(c) Use of Estimates

Management of the System has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles (GAAP), note disclosure and required supplementary information (RSI). Actual results could differ from these estimates.

(d) Risk and Uncertainties – Actuarial Assumptions

Contributions to the System and the actuarial information included in Note (6) Net Pension Asset, Net OPEB Asset and Actuarial Information and 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) Composition of Board of Trustees

The Board of Trustees consists of fourteen 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, the Director of State Finance or designee, and the State Treasurer 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.

(3) System Descriptions and Contribution Information

The following brief description of the System 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 System 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 System also administers the Health Insurance Subsidy Plan (HISP), a cost-sharing multiple-employer defined benefit OPEB plan that provides OPEB covering the same categories of employees covered by the System.

Notes to Financial Statements (continued)

The supervisory authority for the management and operation of the System and HISP is the Board, which acts as a fiduciary for investment of the funds and the application of System interpretation.

At June 30, the System's membership consisted of:

	2021	2020
Inactive members or their beneficiaries currently receiving benefits*	306	304
Inactive members entitled to but not yet receiving benefits	17	15
Active members	264	263
Total	587	582

*Of the inactive members or their beneficiaries currently receiving benefits, 163 are retirees and beneficiaries in the Health Insurance Subsidy Plan (HISP) as of June 30, 2021 and 163 as of June 30, 2020. The Plan also includes 17 and 15 inactive vested terminated members entitled to a refund of their member contributions as of June 30, 2021 and 2020, respectively.

(b) Benefits

Pensions

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 System 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 System are as follows:

For participants who became members prior to January 1, 2012:

- 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

For participants who became members on or after January 1, 2012:

- Age 67 with 8 years of judicial service
- Age 62 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 System. 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 System 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 System.

Notes to Financial Statements (continued)

Upon the death of a retired member, the System 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 year ended June 30, 2021 and 2020 totaled $58,334 and $45,000, respectively.

Surviving spouse benefits are paid to a member's spouse, provided the member makes the required contributions and the spouse qualifies under the System 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. 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.

Health Insurance Subsidy Plan

HISP provides a health insurance premium subsidy for retirees of the System who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

Benefits are established and may be amended by the State Legislature from time to time.

(c) Contributions

The contribution requirements of the System 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. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

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. Each married member of the System 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 System. The percentages established by the Oklahoma Legislature for the year ended June 30, 2021 was 22% of member payroll. Only employers contribute to the HISP.

Prior to July 2009, the Board was authorized to adjust the contribution rate to prevent a funded ratio of the System 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..

Notes to Financial Statements (continued)

(4) Cash Equivalents

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

At June 30, cash equivalents were:

	2021	2020
Cash equivalents		
State Treasurer	$ 121,672	$ 114,556
Custodial agent	17,626,131	9,657,032
Total cash and cash equivalents	$17,747,803	$ 9,771,588

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 fund in proportion to the respective investment in the fund. The custodial agent cash equivalents consist of temporary investments in commingled trust funds of the System's custodial agent. The fund is composed of high-grade money market instruments with short maturities. Each participant in the fund shares the risk of loss on the fund in proportion to the respective investment in the fund.

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, 2021 and 2020, the cash equivalents in *OK INVEST* and the System'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.

(5) Investments

(a) General

Investments are pooled for administrative purposes and then allocated to the pension plan and HISP based on actuarial data, inflows and outflows. The OPERS Statement of Investment Policy states that the Board believes that System assets should be managed in a fashion that reflects the System'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.

Notes to Financial Statements (continued)

The investment policy, guidelines, and objectives which govern the investment of System assets shall be developed and adopted by the Board of Trustees at a regularly scheduled public Board meeting, at least annually, prior to August 1 of each year. Changes to the investment policy may be made, as necessary, at any public meeting of the Board of Trustees, in compliance with the Open Meeting Act.

The asset allocation guidelines established by policy at June 30, 2021 and 2020, were U.S. equities – 40%, international equities – 28%, and domestic fixed income – 32%. The guidelines also establish minimum and maximum percentages for each asset class allocation, and when allocations move outside these limits, portfolios are rebalanced.

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

	2021	2020
U.S. Treasury notes/bonds	$ 52,627,663	$ 34,043,752
U.S. TIPS index fund	14,180,530	11,878,551
Government agencies	1,569,489	219,402
Government mortgage-backed securities	29,603,912	28,226,964
Foreign bonds	769,603	898,946
Municipal bonds	271,895	1,034,768
Corporate bonds	25,584,775	30,190,042
Asset-backed securities	4,172,392	4,605,209
Commercial mortgage-backed securities	2,583,905	2,347,828
Non government backed collateralized mortgage obligations	1,293,749	1,597,690
U.S. equity index funds	179,153,272	141,734,172
International equity index fund	123,199,220	91,508,911
Securities lending collateral	15,896,644	17,654,339
Total investments	$ 450,907,049	$ 365,940,574

The System participates in fixed income and international and domestic equity index funds managed by BlackRock Institutional Trust Company, N.A. (BTC). 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. Each fund is a collective fund which is a group trust and an entity separate from BTC, other funds, and the investing participants. BTC is trustee of each of the collective fund trusts and holds legal title to each trust's assets for the exclusive benefit of the System. The fair value of the System's position in the pool is the same as the value of the pool shares. In 2021 and 2020, the System invested in a fixed income index fund, two domestic equity index funds, and an international equity index fund. The System shares the risk of loss in these funds with other participants in proportion to its respective investment. Because the System 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 System in accordance with its investment policy guidelines including risk assessment.

(b) Securities Lending

The System's investment policy provides for its participation in a securities lending program. The program is administered by the System's master custodian, and there are no restrictions on the amount of loans that can be made. During 2021 and 2020, the types of securities loaned were primarily U.S. Government and corporate bonds. Certain securities of the System 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.

Notes to Financial Statements (continued)

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, 2021 and 2020, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The market value of the cash and non-cash collateral received in 2021 and 2020 was $15,896,644 and $8,206,711 and $17,654,339 and $8,633,021, respectively. The master custodian provides for full indemnification to the System 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 System for income of the securities while on loan. The loan premium paid by the borrower of the securities is apportioned between the System 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.

Securities On Loan		2021	%		2020	%
Collateralized by Cash Collateral	$	15,558,197	66%	$	17,271,026	67%
Collateralized by non- Cash Collateral		8,021,680	34%		8,426,678	33%
Total	$	23,579,877	100%	$	25,697,704	100%

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 System'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, 2021 and 2020, the cash collateral investments had an average weighted maturity of 31 and 26 days, respectively, and the relationship between the maturities of the custodial agent's investment pool and the System's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. The System's non-cash collateral is represented by its allocated share of a pool administered by the agent for the System and other pool participants and the System cannot pledge or sell them unless the borrower defaults, thus is not included in the statements of fiduciary net position.

(c) Credit Risk

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

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

The *Constrained 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 single-A as rated by a nationally recognized statistical rating organization (NRSRO). The portfolio should primarily consist of investment grade securities, with a minimum quality rating for any issue of triple-B rating by at least one NRSRO. 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.

Notes to Financial Statements (continued)

The *Core Plus* manager will invest in a broadly diversified portfolio with characteristics similar to the Constrained Core manager and will add a "plus" of limited exposure to high yield bonds. The total portfolio minimum quality should be single-A as rated by an NRSRO. No more than 20% of the portfolio shall consist of non-investment grade issues. The minimum quality rating for any issue is single-B rating by at least one NRSRO, and no more than 5% of a portfolio shall be invested in issues rated below double-B rating by at least one NRSRO. 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 single-A as rated by an NRSRO, and the portfolio should consist of investment grade securities only.

The *Passive* fixed income style consists of a Treasury Inflation-Protection Securities (TIPS) index fund. TIPS are securities issued by the U.S. Government that are designed to protect the purchasing power of the investor.

At June 30, 2021, the domestic fixed income portfolio consisted of a constrained core fixed income portfolio, a core plus fixed income portfolio, a rate anticipator portfolio, and a passive U.S. TIPS index fund. All components met the stated policy restrictions, except the core fixed income portfolio, which held $397,098 of the portfolio in issues rated below triple-B minus, and the core plus fixed income portfolio, which held $618,675 in issues rated below single-B. At June 30, 2020, the domestic fixed income portfolio consisted of a constrained core fixed income portfolio, a core plus fixed income portfolio, a rate anticipator portfolio, and a passive U.S. TIPS index fund. All components met the stated policy restrictions, except the core fixed income portfolio, which held $82,267 of the portfolio in issues rated below triple-B minus, and the core plus fixed income portfolio, which held $627,372 in issues rated below single-B.

Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have credit risk. At June 30, 2021, the System held 43.6% of fixed income investments that were not considered to have credit risk and 10.7% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities. At June 30, 2020, the System held 30.5% of fixed income investments that were not considered to have credit risk and 10.3% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities.

The System's exposure to credit risk at June 30, 2021 is presented below, in thousands, by investment category as rated by an NRSRO.

	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Total
Government agencies	$ -	$ -	$ -	$ 133	$ -	$ -	$ -	$ 133
Foreign government bonds	-	-	47	537	186	-	-	770
Municipal bonds	54	185	21	12	-	-	-	272
Corporate bonds	91	559	6,966	16,798	1,006	96	69	25,585
Asset-backed securities	3,420	307	120	-	47	183	95	4,172
Commercial mortgage-backed securities	2,359	178	19	28	-	-	-	2,584
Non government backed collateralized mortgage obligations	443	421	4	224	-	202	-	1,294
Total fixed income securities exposed to credit risk	$ 6,367	$ 1,650	$ 7,177	$ 17,732	$ 1,239	$ 481	$ 164	$ 34,810
Percent of total fixed income portfolio	4.8%	1.2%	5.4%	13.4%	0.9%	0.4%	0.1%	26.2%

Notes to Financial Statements (continued)

The System's exposure to credit risk at June 30, 2020 is presented below, in thousands, by investment category as rated by an NRSRO.

	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Total
Government agencies	$ 13.00	$ -	$ -	$ 114	$ -	$ -	$ -	$ 127
Foreign government bonds	-	-	22	877	-	-	-	899
Municipal bonds	351	481	99	104	-	-	-	1,035
Corporate bonds	143	1,341	10,910	16,428	1,127	229	12	30,190
Asset-backed securities	3,322	616	278	84	-	170	135	4,605
Commercial mortgage-backed securities	2,166	141	17	24	-	-	-	2,348
Non government backed collateralized mortgage obligations	846	224	74	216	130	108	-	1,598
Total fixed income securities exposed to credit risk	$ 6,841	$ 2,803	$ 11,400	$ 17,847	$ 1,257	$ 507	$ 147	$ 40,802
Percent of total fixed income portfolio	5.9%	2.6%	9.9%	15.5%	1.1%	0.4%	0.1%	35.5%

The exposure to credit risk of the underlying investments of the System's cash equivalents is 100% invested in Double -A credit rating at June 30, 2021 and 2020.

(d) Concentration of Credit Risk

Investments can be exposed to concentration of credit risk if significant amounts are invested in any one issuer. The System's investment policy states that portfolios managed on behalf of the System should not hold more than 5% of the outstanding securities of any single issuer. As of June 30, 2021, and 2021, the System did not have 5% or more of its total investments in any single issuer.

(e) 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 System does not have a formal investment policy on interest rate risk. Interest rate risk is controlled through diversification of portfolio management styles.

Notes to Financial Statements (continued)

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

	2021		2020	
	Fair Value	**Effective duration in years**	**Fair Value**	**Effective duration in years**
U.S. Treasury notes/bonds	$ 52,627,663	10.3	$ 34,043,752	13.6
U.S. TIPS index fund	14,180,530	7.5	11,878,551	7.7
Government agencies	1,569,489	1.2	219,402	9.6
Government mortgage-backed securities	29,603,912	3.8	28,226,964	3.9
Foreign bonds	769,603	8.8	898,946	8.7
Municipal bonds	271,895	15.2	1,034,768	11.4
Corporate bonds	25,584,775	7.8	30,190,042	7.5
Asset-backed securities	4,172,392	2	4,605,209	2.2
Commercial mortgage-backed securities	2,583,905	4.2	2,347,828	4.8
Non government backed collateralized mortgage obligations	1,293,749	1.7	1,597,690	2.6
Total fixed income	$ 132,657,913		$ 115,043,152	
Portfolio duration		7.5		8.2

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, 2021 and 2020, the System held $4,172,392 and $4,605,209, respectively, in asset-backed securities.

Mortgage-backed securities are securities backed by mortgages issued by public and private institutions. At June 30, 2021 and 2020, the System held $29,603,912 and $28,226,964, 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 $2,583,905 and $2,347,828, 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 tranche 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, 2021 and 2020, the System held $1,293,749 and $1,597,690, respectively in non-government backed CMOs.

Notes to Financial Statements (continued)

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

Maturities (in days)	**2021**	**2020**
0 - 14	47.4 %	36.3 %
15 - 30	4.3	8.3
31 - 60	9.7	14.6
61 - 90	17.7	11.2
91 - 180	9.2	22.9
181 - 364	11.2	3.3
365 - 730	0.5	3.6
	100.0 %	100.0 %

(f) Rate of Return

For the year ended June 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 27.68% and 4.59% respectively, and the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, was 23.73% and 4.34% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(g) Fair Value Measurement

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active and other market corroborated inputs
Level 3: Significant unobservable inputs

Debt securities classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

Notes to Financial Statements (continued)

Assets measured at fair value and net asset value at June 30, 2021 are as follows:

		Fair Value Measurements Using		
Investments by Fair Value Level	**6/30/2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash Equivalents by Fair Value Level				
Short-term investment fund	$ 17,626,131	$ -	$ 17,626,131	$ -
Investments by Fair Value Level				
U.S. Treasury notes/bonds	$ 52,627,663	$ -	$ 52,627,663	$ -
Government agencies	1,569,489	-	1,569,489	-
Government mortgage-backed securities	29,603,912	-	29,603,912	-
Foreign bonds	769,603	-	769,603	-
Municipal bonds	271,895	-	271,895	-
Corporate bonds	25,584,775	-	25,584,775	-
Asset-backed securities	4,172,392	-	4,172,392	-
Commercial mortgage-backed securities	2,583,905	-	2,583,905	-
Non government backed collateralized mortgage obligations	1,293,749	-	1,293,749	-
Total Investments by Fair Value Level	$ 118,477,383	$ -	$ 118,477,383	$ -
Investments Measured at the Net Asset Value (NAV)				
U.S. TIPS index fund	$ 14,180,530			
International equity index fund	123,199,220			
U.S. equity index funds	179,153,272			
Total Investments Measured at the NAV	316,533,022			
Securities lending collateral	15,896,644			
Total Investments	$ 450,907,049			

Notes to Financial Statements (continued)

Assets measured at fair value and net asset value at June 30, 2020 are as follows:

		Fair Value Measurements Using		
Investments by Fair Value Level	**6/30/2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash Equivalents by Fair Value Level				
Short-term investment fund	$ 9,657,032	$ -	$ 9,657,032	$ -
Investments by Fair Value Level				
U.S. Treasury notes/bonds	$ 34,043,752	$ -	$ 34,043,752	$ -
Government agencies	219,402	-	219,402	-
Government mortgage-backed securities	28,226,964	-	28,226,964	-
Foreign bonds	898,946	-	898,946	-
Municipal bonds	1,034,768	-	1,034,768	-
Corporate bonds	30,190,042	-	30,190,042	-
Asset-backed securities	4,605,209	-	4,605,209	-
Commercial mortgage-backed securities	2,347,828	-	2,347,828	-
Non government backed collateralized mortgage obligations	1,597,690	-	1,597,690	-
Total Investments by Fair Value Level	$ 103,164,601	$ -	$ 103,164,601	$ -
Investments Measured at the Net Asset Value (NAV)				
U.S. TIPS index fund	$ 11,878,551			
International equity index fund	91,508,911			
U.S. equity index funds	141,734,172			
Total Investments Measured at the NAV	245,121,634			
Securities lending collateral	17,654,339			
Total Investments	$ 365,940,574			

There have been no significant changes in valuation techniques during the fiscal years ended June 30, 2021 and 2020.

Certain investments that do not have a readily determinable fair value are measured at NAV (or its equivalent), such as member units or an ownership interest. NAV per share is calculated as of the System's year-end in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. The redemption method for investments measured at the NAV per share (or its equivalent) is presented in the table below.

Investments Measured at the Net Asset Value	**6/30/2021**	**6/30/2020**	**Redemption Frequency**	**Redemption Notice Period**
U.S. TIPS index fund (1)	$ 14,180,530	$ 11,878,551	Daily	2 days
International equity index fund (2)	123,199,220	91,508,911	Daily	2 days
U.S. equity index funds (3)	179,153,272	141,734,172	Daily	1 day
	$ 316,533,022	$ 245,121,634		

(1) **U.S. TIPS index fund** – The US Treasury Inflation Protected Securities fund is an index fund that establishes an objective of delivering investment performance approximating the rate of return for outstanding US Treasury inflation protected securities with a maturity of one year or greater. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Notes to Financial Statements (continued)

(2) **International Equity Index Fund** – The International equity fund consists of an index fund that is designed to track various segments of non-US equity markets. That index fund is the ACWI ex-US Index Fund. The index fund is invested and reinvested in portfolios of non-US developed and emerging markets equity securities, with the objective of approximating the capitalization-weighted return of each respective market segment for publicly traded equity securities. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(3) **U.S. Equity Index Funds** – The US equity funds consist of index funds that are designed to track various segments of US equity markets. Those index funds include the Russell 1000 Index Fund and the Russell 2000 Index Fund. The index funds are invested and reinvested in portfolios of US equity securities, with the objective of approximating the capitalization-weighted return of each respective market segment for publicly traded equity securities. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

The System had no unfunded commitments related to investments measured at NAV as of June 30, 2021 and 2020.

(6) Net Pension Asset, Net OPEB Asset and Actuarial Information

(a) Net Pension Asset and Net OPEB Asset

The components of the net pension asset of the employer at June 30 were as follows:

	2021	2020
Total pension liability	$ 339,028,732	$ 330,152,206
Plan fiduciary net position	$ 429,150,928	$ 347,508,299
Employer's net pension asset	$ (90,122,196)	$ (17,356,093)
Plan fiduciary net position as a percentage of the total pension liability	126.58%	105.26%

The components of the net OPEB asset of the employer at June 30 were as follows:

	2021	2020
Total OPEB liability	$ 2,907,424	$ 2,870,520
OPEB plan fiduciary net position	$ 4,300,474	$ 3,453,996
Employer's net OPEB asset	$ (1,393,050)	$ (583,476)
Plan fiduciary net position as a percentage of the total OPEB liability	147.91%	120.33%

(b) Actuarial Methods and Assumptions

The total pension liability and total OPEB liability as of June 30, 2021 and 2020, were determined based on actuarial valuations prepared as of July 1, 2021 and July 1, 2020, using the following actuarial assumptions:

- Salary increases – 3.50% per 2021 and 2020, including inflation
- Post-retirement benefit increases – No increases assumed
- Investment return – 6.50%, compounded annually net of investment expense, and including inflation in 2021 and 2020
- Assumed inflation rate – 2.50% in 2021 and 2020

Notes to Financial Statements (continued)

- Payroll growth – 3.25% per year for 2021 & 2020
- Actuarial cost method—Entry age
- Mortality Rates – In 2021, Pub-2010 Below Media, 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.

The actuarial assumptions used in the July 1, 2021 valuations 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.

The long-term expected rate of return on pension plan investments and OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The HISP represents a subsidy that is capped at $105 per month per retiree.

The target asset allocation and best estimates of arithmetic real rates of return for each major 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
U.S. Large Cap Equity	34.0%	4.7%
U.S. 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	3.5%	0.3%
Total	100.0%	

(c) Discount rate

The discount rate used to measure the total pension liability and the total OPEB liability was 6.50% for 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employer will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan’s fiduciary net position and the OPEB plan’s fiduciary net position were to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability. The discount rate determined does not use a municipal bond rate.

Notes to Financial Statements (continued)

Sensitivity of the net pension asset and the net OPEB asset to changes in the discount rate

The following presents the net pension liability or asset of the employer calculated using the discount rate of 6.50% for 2021 and 2020, as well as what the System's net pension liability or asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2021			June 30, 2020		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	$ (58,730,752)	$ (90,122,196)	$ (117,370,657)	$ 13,204,558	$ (17,356,093)	$ (43,868,073)

The following presents the net HISP liability or asset of the employer calculated using the discount rate of 6.50% for 2021 and 2020, as well as what the System's net HISP liability or asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2021			June 30, 2020		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net HISP liability (asset)	$ (1,148,920)	$ (1,393,050)	$ (1,607,361)	$ (342,068)	$ (583,476)	$ (795,318)

Due to the structure of the HISP, healthcare cost trend rate sensitivity analysis is not meaningful.

(7) Federal Income Tax Status

Pursuant to a determination by the IRS, the System 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 October 28, 2014 and was a favorable determination for the Uniform Retirement System for Justices and Judges. The System has been amended since receiving the determination letter; however, the System administrator believes that the System is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code and will retain its status as a qualified plan.

Required Supplementary Information

(Unaudited)

June 30, 2021

Schedule 1

Schedule of Changes in the Net Pension Asset ($ in Thousands)

Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 9,841	$ 9,194	$ 9,003	$ 8,897	$ 10,085	$ 9,689	$ 9,602	$ 9,489
Interest	20,719	20,642	19,623	19,162	19,229	19,341	18,812	18,529
Benefits changes	-	5,786	-	-	-	-	-	-
Difference between expected and actual experience	1,465	(738)	7,246	(2,004)	(6,664)	(7,480)	(4,598)	(7,597)
Changes of assumptions	-	11,677	-	-	3,979	5,843	-	(1,046)
Benefit payments	(23,063)	(22,025)	(20,384)	(18,462)	(17,648)	(17,198)	(16,093)	(14,940)
Refunds of contributions	(85)	(185)	(66)	(52)	(89)	(161)	(111)	(57)
Net change in total pension liability	8,877	24,351	15,422	7,541	8,892	10,034	7,612	4,378
Total pension liability - beginning	330,152	305,801	290,379	282,838	276,434	266,400	258,788	254,409
Adoption of GASB 74	-	-	-	-	(2,488)	-	-	-
Total pension liability - ending (a)	$ 339,029	$ 330,152	$ 305,801	$ 290,379	$ 282,838	$ 276,434	$ 266,400	$ 258,787
Plan Fiduciary Net Position								
Contributions - employer	$ 7,618	$ 7,384	$ 7,146	$ 6,504	$ 6,013	$ 5,832	$ 5,295	$ 4,611
Contributions - member	2,863	2,766	2,666	2,608	2,664	2,666	2,706	2,544
Net investment income	94,482	15,537	20,115	26,189	36,312	1,441	8,174	46,212
Benefit payments	(23,063)	(22,025)	(20,384)	(18,461)	(17,648)	(17,198)	(16,093)	(14,940)
Administrative expense	(173)	(174)	(169)	(154)	(153)	(149)	(144)	(132)
Refunds of contributions	(85)	(185)	(65)	(52)	(89)	(161)	(111)	(57)
Net change in plan fiduciary net position	81,642	3,303	9,309	16,634	27,099	(7,569)	(173)	38,238
Plan fiduciary net position - beginning	347,509	344,206	334,897	318,263	293,727	301,296	301,469	263,231
Adoption of GASB 74	-	-	-	-	(2,563)	-	-	-
Plan fiduciary net position - ending (b)	429,151	347,509	344,206	334,897	318,263	293,727	301,296	301,469
Net pension asset - ending (a) - (b)	$ (90,122)	$ (17,357)	$ (38,405)	$ (44,518)	$ (35,425)	$ (17,293)	$ (34,896)	$ (42,682)

Schedule of the Net Pension Asset ($ in Thousands)

Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$ 339,029	$ 330,152	$ 305,801	$ 290,379	$ 282,838	$ 276,434	$ 266,400	$ 258,787
Plan fiduciary net position	429,151	347,509	344,206	334,897	318,263	293,727	301,296	301,469
Net pension asset	$ (90,122)	$ (17,357)	$ (38,405)	$ (44,518)	$ (35,425)	$ (17,293)	$ (34,896)	$ (42,682)
Ratio of plan fiduciary net position to total pension liability	126.58%	105.26%	112.56%	115.33%	112.52%	106.26%	113.10%	116.49%
Covered payroll	$ 35,377	$ 35,113	$ 33,839	$ 33,359	$ 34,811	$ 34,537	$ 34,282	$ 34,326
Net pension asset as a % of covered payroll	-254.74%	-49.43%	-113.49%	-133.45%	-101.76%	-50.07%	-101.79%	-124.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

*2016 and prior columns have not been restated for the effect of the adoption of GASB Statement No. 74

Discounted Rate is 6.50% for 2021 and 2020, 7.00% 2019, 2018 and 2017, 7.25% for 2016 and 7.50% for 2015, compounded annually, net of investment expense and including inflation

Required Supplementary Information

Schedule of Pension Employer Contributions ($ in Thousands)

(Unaudited)

June 30, 2021

Schedule 2

Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$ 3,254	$ 790	$ 352	$ 1,638	$ 3,626	$ 3,454	$ 4,897	$ 7,215
Actual employer contributions	7,618	7,384	7,146	6,504	6,013	5,832	5,295	4,611
Annul contribution deficiency (excess)	$ (4,364)	$ (6,594)	$ (6,794)	$ (4,866)	$ (2,387)	$ (2,378)	$ (398)	$ 2,604
Covered payroll	$ 35,377	$ 35,113	$ 33,839	$ 33,359	$ 34,811	$ 34,537	$ 34,282	$ 34,326
Actual contributions as a % of covered payroll	21.53%	21.03%	21.12%	19.50%	17.27%	16.89%	15.45%	13.43%

* Covered payroll beginning in 2017 is for the defined benefit plan members only. Note: 2017 was the first year to exclude the health insurance subsidy.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Notes to Schedule

Valuation date:

Actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 years
Asset valuation method	5-year smoothed market
Inflation	2.50% for 2021 and 2021, 2.75% for 2019, 2018 and 2017, 3.00% for 2016 and 2015
Salary increase	3.50% for 2021 and 2020, 3.75% for 2019, 3.75% for 2018 and 2017, 5.00% for 2016 and 2015, including inflation
Investment rate of return	6.50% for 2021 and 2020, 7.00% for 2019, 2018 and 2017, 7.25% for 2016 and 7.50% for 2015, compounded annually, net of investment expense and including inflation
Retirement age	Age 67 with eight years of judicial service or age 62 with 10 years of judicial service for judges taking office on or after January 1, 2012. Age 65 with eight years of judicial service or age 60 with 10 years of judicial service for judges taking office prior to January 1, 2012.
Mortality	For 2021 and 2020 - Pub-2010 Below Median, General membership Active/ Retiree Healthy Mortality table with base rates projected to 2030 using Scale MP-2019. Males rates are set back one year, and female rates are set forward one year. For 2019 and 2018, active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years). For 2016 and 2015, RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010, set back one year

Required Supplementary Information

Schedule of Money-Weighted Rate of Return on Pension Plan Investments

(Unaudited)

June 30, 2021

Schedule 3

Annual money-weighted rate of return, net of investment expense	
Year ended June 30, 2021	27.68%
Year ended June 30, 2020	4.59%
Year ended June 30, 2019	6.11%
Year ended June 30, 2018	8.35%
Year ended June 30, 2017	12.68%
Year ended June 30, 2016	0.49%
Year ended June 30, 2015	2.75%
Year ended June 30, 2014	17.83%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Required Supplementary Information

(Unaudited)

June 30, 2021

Schedule 4

Schedule of Changes in the Net HISP Asset ($ in Thousands)

Year Ended June 30,	2021	2020	2019	2018	2017
Total HISP Liability					
Service cost	$ 114	$ 108	$ 115	$ 112	$ 122
Interest	180	190	183	183	174
Difference between expected and actual experience	(52)	(139)	(11)	(88)	(13)
Changes of assumptions	-	107	-	-	107
Benefit payments	(206)	(209)	(197)	(182)	(179)
Net change in total HISP liability	36	57	90	25	211
Total HISP liability - beginning	2,871	2,814	2,724	2,699	2,488
Total HISP liability - ending (a)	$ 2,907	$ 2,871	$ 2,814	$ 2,724	$ 2,699
Plan Fiduciary Net Position					
Contributions - employer	$ 231	$ 203	$ 187	$ 180	$ 178
Net investment income	822	144	190	251	330
Benefit payments	(205)	(209)	(197)	(182)	(179)
Administrative expense	(2)	(2)	(1)	(1)	(1)
Net change in plan fiduciary net position	846	136	179	248	328
Plan fiduciary net position - beginning	3,454	3,318	3,139	2,891	2,563
Plan fiduciary net position - ending (b)	4,300	3,454	3,318	3,139	2,891
Net HISP asset - ending (a) - (b)	$ (1,393)	$ (583)	$ (504)	$ (415)	$ (192)

Schedule of the Net HISP Asset ($ in Thousands)

Year Ended June 30,	2021	2020	2019	2018	2017
Total HISP liability	$ 2,907	$ 2,871	$ 2,814	$ 2,724	$ 2,699
Plan fiduciary net position	4,300	3,454	3,318	3,139	2,891
Net HISP asset	$ (1,393)	$ (583)	$ (504)	$ (415)	$ (192)
Ratio of plan fiduciary net position to total HISP liability	147.91%	120.32%	117.92%	115.21%	107.10%
Covered payroll*	N/A	N/A	N/A	N/A	N/A
Net HISP asset as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

*Covered Payroll is not meaningful to formulate a ratio of net HISP liability as a percentage of covered payroll. Contributions are only received from employers.

Discounted Rate is 6.50% for 2021 & 2020, 7.00% 2019, 2018 and 2017, 7.25% for 2016 and 7.50% for 2015, compounded annually, net of investment expense and including inflation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

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Required Supplementary Information

Schedule of HISP Employer Contributions ($ in Thousands)
(Unaudited)
June 30, 2021
Schedule 5

Year Ended June 30,		**2021**		**2020**		**2019**		**2018**		**2017**
Actuarially determined employer contribution	$	28	$	7	$	3	$	15	$	35
Actual employer contributions		232		203		187		180		178
Annual contribution deficiency (excess)	$	(204)	$	(196)	$	(184)	$	(165)	$	(143)
Covered payroll*		N/A		N/A		N/A		N/A		N/A
Actual contributions as a % of covered payroll		N/A		N/A		N/A		N/A		N/A

*Covered Payroll is not meaningful to formulate a ratio of net HISP asset as a percentage of covered payroll. Contributions are only received from employers.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Notes to Schedule

Valuation date:
Actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 years
Asset valuation method	5-year smoothed market
Inflation	2.50% for 2021 and 2020, 2.75% for 2019, 2018 and 2017, 3.00% for 2016 and 2015
Salary increase	3.50% for 2021 and 2020, 3.75% for 2019, 3.75% for 2018 and 2017, 5.00% for 2016 and 2015, including inflation
Investment rate of return	6.50% for 2021 and 2020, 7.00% for 2019, 2018 and 2017, 7.25% for 2016 and 7.50% for 2015, compounded annually, net of investment expense and including inflation
Retirement age	Age 67 with eight years of judicial service or age 62 with 10 years of judicial service for judges taking office on or after January 1, 2012. Age 65 with eight years of judicial service or age 60 with 10 years of judicial service for judges taking office prior to January
Mortality	For 2021 & 2020 - Pub-2010 Below Median, General membership Active/ Retiree Healthy Mortality table with base rates projected to 2030 using Scale MP-2019. Males rates are set back one year, and female rates are set forward one year. For 2019 and 2018, active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years). For 2016 and 2015, RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010, set back one year

Required Supplementary Information

Schedule of Money-Weighted Rate of Return on HISP Investments

(Unaudited)

June 30, 2021

Schedule 6

Annual money-weighted rate of return, net of investment expense	
Year ended June 30, 2021	23.73%
Year ended June 30, 2020	4.34%
Year ended June 30, 2019	6.06%
Year ended June 30, 2018	8.68%
Year ended June 30, 2017	12.89%

Supplementary Information

Schedule of Investment Expenses

Years Ended June 30, 2021 and 2020

Schedule 7

	2021	2020
Investment management fees		
Fixed Income Managers:		
BlackRock Financial Management, Inc.	$ 46,799	$ 44,765
Hoisington Investment Management	17,338	17,795
Metropolitan West Asset Management, LLC	71,345	46,602
U.S. Equity Managers:		
BlackRock Institutional Trust Company, N.A.	11,239	11,637
International Equity Managers:		
BlackRock Institutional Trust Company, N.A.	23,438	19,748
Total investment management fees	170,159	140,547
Investment consultant fees		
Verus Advisory, Inc.	7,734	7,507
Investment custodial fees		
Northern Trust Company	1,305	1,479
Other investment related expenses	6,698	6,293
Total investment expenses	$ 185,896	$ 155,826

Supplementary Information

Schedule of Administrative Expenses

Years Ended June 30, 2021 and 2020

Schedule 8

	2021	2020
Professional / consultant services	$ 16,008	$ 14,330
Allocated administrative expenses (see note below)	158,719	161,702
	$ 174,727	$ 176,032

Note to Schedule of Administrative Expenses

Administrative overhead expenses, including personnel and other supporting services costs, which are paid for by the Oklahoma Public Employees Retirement System (OPERS), are allocated to the Uniform Retirement System for Justices and Judges and two other retirement funds also administered by OPERS. The allocation is based on OPERS' estimate of the cost of service provided by the Plan to all the funds it administers.

Supplementary Information

Schedule of Professional/Consultant Fees

Years Ended June 30, 2021 and 2020

Schedule 9

Professional/Consultant	Service	2021	2020
Cavanaugh Macdonald Consulting, Inc.	Actuarial	$ 2,655	$ 4,257
Arledge & Associates	External Auditor	1,085	1,008
Eide Bailly LLP	External Auditor	1,962	1,923
Finley & Cook, PLLC	Internal Auditor	5,629	2,306
Gartner Inc.	IT Consulting	3,975	3,858
OMES-Communications	IT Consulting	-	296
True Digital Security	IT Consulting	702	682
		$ 16,008	$ 14,330

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Uniform Retirement System for Justices and Judges
Oklahoma City, Oklahoma

We have audited, 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, the financial statements of the Uniform Retirement System for Justices and Judges (the System), which comprise the statements of fiduciary net position as of June 30, 2021, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Oklahoma City, Oklahoma
October 13, 2021