



Schedule of Employer Allocations and Collective Other
Postemployment Benefit Amounts
June 30, 2019

**Public Employee Retirement System of
Idaho Sick Leave Insurance Reserve
Fund – School Members**

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
School Members
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Independent Auditor's Report

To the Retirement Board
Public Employee Retirement System of Idaho
Boise, Idaho

Report on Schedule of Allocations and Net Other Postemployment Benefit (OPEB) Amounts by Employer

We have audited the accompanying schedule of employer allocations of Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund – School Members (the Fund) as of and for the year ended June 30, 2019, and related notes. We have also audited the totals for the columns titled net OPEB liability (asset), total deferred outflows of resources, total deferred inflow of resources and plan OPEB expense (expense offset) (specified column totals) included in the accompanying schedule of collective OPEB amounts (collectively the Schedules) of the Fund as of and for the year ended June 30, 2019, and related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

Our responsibility is to express opinions on the schedules of employer allocations and specified column totals included in the schedule of collective OPEB amounts based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of collective OPEB amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of collective OPEB amounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of collective OPEB amounts, 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 schedule of employer allocations and specified column totals included in the schedule of collective OPEB amounts 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 Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of collective OPEB amounts.

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

Opinions

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations and net OPEB liability (asset), total deferred outflows of resources, total deferred inflow of resources, and plan OPEB expense (expense offset) for the total of all participating entities for the Fund as of and for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Employee Retirement System of Idaho (the System) as of and for the year ended June 30, 2019, and our report thereon, dated October 16, 2019, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Fund's management, the System's retirement board, fund employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 12, 2019

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
 School Members
 Schedule of Employer Allocations
 June 30, 2019

Employer	Total Employer Contributions	Employer Proportionate Allocation
Aberdeen School District	\$ 45,664	0.002783861
Alturas International Academy	14,051	0.000856611
American Falls School District	87,688	0.005345829
American Heritage Charter School	14,222	0.000867060
Another Choice Virtual Charter School	22,252	0.001356583
Anser of Idaho Inc	17,404	0.001061047
Arbon School District	1,699	0.000103593
Avery School District	1,410	0.000085952
Basin School District	23,801	0.001451037
Bear Lake School District	54,968	0.003351057
Bingham Academy	9,123	0.000556185
Blackfoot Charter Comm Learning Ctr	20,649	0.001258854
Blackfoot School District	195,993	0.011948550
Blaine Co School District	392,364	0.023920158
Bliss School District	11,427	0.000696652
Boise Ind School District	1,939,936	0.118266698
Bonneville School District	592,170	0.036101186
Boundary County School District	87,999	0.005364791
Bruneau-Grandview School District	20,999	0.001280213
Buhl School District	61,737	0.003763750
Butte Co School District	25,664	0.001564573
Caldwell School District	330,645	0.020157494
Camas Co School District	12,580	0.000766915
Cambridge School District	12,971	0.000790780
Canyon-Owyhee School District (COSSA)	36,156	0.002204202
Cascade School District	17,382	0.001059666
Cassia Co School District	292,157	0.017811101
Castleford School District	19,137	0.001166690
Challis Jt School District	23,320	0.001421685
Chief Tahgee Elementary Academy	11,739	0.000715687
Clark Co School District	12,765	0.000778218
Clearwater/Orofino Jt School District	82,506	0.005029888
Coeur d`Alene Charter Academy	30,957	0.001887283
Coeur d`Alene School District	564,827	0.034434225
Compass Public Charter School	39,624	0.002415639
Cottonwood School District	27,722	0.001690040
Council Valley School District	15,706	0.000957511

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 June 30, 2019

Employer	Total Employer Contributions	Employer Proportionate Allocation
Culdesac Jt School District	10,168	0.000619885
Dietrich School District	13,791	0.000840762
Emmett School District	130,320	0.007944882
Falconridge Charter School	11,938	0.000727809
Filer School District	78,171	0.004765622
Firth School District	34,721	0.002116737
Fruitland School District	82,809	0.005048360
Future Public School Inc	8,548	0.000521126
Garden Valley School District	17,042	0.001038931
Gem Prep: Meridian, Inc.	8,320	0.000507201
Gem Prep: Nampa, Inc.	10,480	0.000638929
Gem Prep: Online, LLC	21,678	0.001321576
Gem Prep: Pocatello Inc.	4,997	0.000304663
Genesee School District	26,623	0.001623080
Glenns Ferry Jt School District	25,986	0.001584222
Gooding Jt School District	62,369	0.003802290
Grace School District	30,436	0.001855510
Hagerman Jt School District	21,173	0.001290776
Hansen School District	22,511	0.001372369
Heritage Academy	10,143	0.000618343
Heritage Community Charter School	18,183	0.001108540
Highland Jt School District	15,941	0.000971831
Homedale School District	52,604	0.003206974
Horseshoe Bend School District	17,195	0.001048271
I Succeed Virtual High School	15,441	0.000941336
Id Assn of School Administrators	2,398	0.000146197
ID Bureau of Education Svc for the Deaf and Blind	40,868	0.002491456
Id High Sch Activity Assn	5,266	0.000321066
Idaho Arts Charter School	44,979	0.002742139
Idaho College and Career Readiness Academy	6,673	0.000406828
Idaho Digital Learning Academy	45,158	0.002753048
Idaho Education Assn	24,222	0.001476663
Idaho Falls School District	537,481	0.032767099
Idaho School Boards Assn	8,045	0.000490429
Idaho School District Council	1,077	0.000065671
Idaho Science & Technology Charter School	13,827	0.000842952
Idaho Virtual Academy	51,452	0.003136708

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
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Employer	Total Employer Contributions	Employer Proportionate Allocation
Idaho Virtual Education Partners, Inc.	18,805	0.001146412
Inspire Virtual Charter School	23,023	0.001403604
Jerome School District	174,683	0.010649406
Kamiah Jt School District	27,428	0.001672138
Kellogg School District	77,362	0.004716323
Kendrick School District	18,445	0.001124483
Kimberly School District	92,430	0.005634900
Kootenai Bridge Academy	8,037	0.000489949
Kootenai School District	15,117	0.000921589
Kootenai Technical Education Campus	8,842	0.000539029
Kuna Jt School District	260,949	0.015908566
Lake Pend Oreille Sch District	229,915	0.014016588
Lakeland School District	267,310	0.016296316
Lapwai School District	52,800	0.003218932
Legacy Public Charter School	9,418	0.000574139
Lewiston Independ School District	351,731	0.021443008
Liberty Charter School Inc	19,351	0.001179703
Mackay School District	13,953	0.000850607
Madison School District	259,345	0.015810739
Marsh Valley Jt School District	59,740	0.003641976
Marsing School District	42,471	0.002589233
McCall Donnelly School District	91,730	0.005592227
Meadows Valley School District	12,344	0.000752570
Melba School District	38,123	0.002324161
Meridian Charter High School Inc	13,758	0.000838768
Meridian Medical Arts Charter School	13,552	0.000826174
Middleton School District	178,550	0.010885157
Midvale School District	10,443	0.000636674
Minidoka County School District	209,695	0.012783876
Monticello Montessori Charter School	8,874	0.000540990
Moscow Charter School	8,045	0.000490458
Moscow School District	198,328	0.012090905
Mountain Home School District	175,804	0.010717730
Mountain View School District	76,632	0.004671793
Mullan School District	15,719	0.000958323
Murtaugh School District	20,563	0.001253599
Nampa School District	646,620	0.039420699

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
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Employer	Total Employer Contributions	Employer Proportionate Allocation
New Plymouth School District	50,534	0.003080778
NezPerce Jt School District	14,440	0.000880300
North Gem School District	12,813	0.000781151
North Star Charter School	39,629	0.002415966
North Valley Academy Charter School	11,441	0.000697512
Notus School District	23,948	0.001459959
Oneida School District	48,867	0.002979110
Palouse Prairie Education Organization	8,339	0.000508379
Parma School District	51,465	0.003137547
Pathways in Education - Nampa, Inc.	8,375	0.000510579
Payette River Regional Technical Academy	9,417	0.000574101
Payette School District	77,081	0.004699178
Peace Valley Charter	7,427	0.000452763
Pleasant Valley School District	1,160	0.000070722
Plummer-Worley Jt School District	35,033	0.002135782
Pocatello Community Charter Sch	15,010	0.000915050
Pocatello School District	652,583	0.039784232
Post Falls School District	298,630	0.018205737
Potlatch School District	35,896	0.002188384
Prairie School District	636	0.000038765
Preston School District	107,190	0.006534777
Project Impact STEM Academy	8,183	0.000498851
Richard McKenna Charter High School	14,991	0.000913943
Richfield School District	14,643	0.000892691
Rigby School District	240,255	0.014646947
Ririe School District	35,207	0.002146386
Rockland School District	14,490	0.000883383
Rolling Hills Charter School	12,658	0.000771711
Sage International School of Boise	47,652	0.002905052
Salmon River Jt School District	13,455	0.000820270
Salmon School District	39,896	0.002432236
Sandpoint Charter School	18,355	0.001119022
Shelley Jt School District	109,236	0.006659486
Shoshone School District	31,542	0.001922919
Snake River School District	91,112	0.005554547
Soda Springs School District	48,982	0.002986141
South Lemhi School District	9,331	0.000568830

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
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Employer	Total Employer Contributions	Employer Proportionate Allocation
St Anthony School District(FremontCoSchool District)	113,229	0.006902915
St Maries School District	58,581	0.003571315
STEM Charter Academy	17,286	0.001053816
Sugar-Salem School District	71,244	0.004343316
Swan Valley School District	4,261	0.000259797
Syringa Mountain School	6,339	0.000386431
Taylor's Crossing Public Charter School	16,149	0.000984506
Teton School District	114,657	0.006989976
The Academy, Inc.	17,328	0.001056382
The Village Charter School	17,231	0.001050451
Thomas Jefferson Charter School	17,912	0.001092002
Three Creek School District	615	0.000037522
Troy School District	20,925	0.001275679
Twin Falls School District	460,699	0.028086146
Upper Carmen Charter School	5,963	0.000363545
Valley School District	35,694	0.002176053
Vallivue School District	424,091	0.025854354
Victory Charter School	13,715	0.000836144
Vision Charter School	29,391	0.001791787
Wallace School District	37,402	0.002280170
Weiser School District	78,100	0.004761329
Wendell School District	51,901	0.003164094
West Ada School District	1,843,611	0.112394282
West Bonner Co School District	74,164	0.004521366
West Jefferson School District	35,823	0.002183936
West Side School District	34,469	0.002101395
White Pine Charter School	17,784	0.001084185
Whitepine Jt School District	22,236	0.001355594
Wilder School District	23,092	0.001407795
Xavier Charter School	24,887	0.001517242
Total employer contributions	\$ 16,403,065	1.000000000

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund – School Members
 Schedule of Collective OPEB Amounts
 June 30, 2019

Deferred Outflows of Resources			Deferred Inflows of Resources					
Changes of Assumptions	Differences Between Expected and Actual Experience	Total Deferred Outflows of Resources Excluding Employer Specific Amounts	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources Excluding Employer Specific Amounts	Plan OPEB Expense (Expense offset)	June 30, 2019 Net OPEB Liability (Asset)
\$ 354,661	\$ 10,140,332	\$ 10,494,993	\$ 5,535,963	\$ -	\$ -	\$ 5,535,963	\$ 3,516,166	\$ (95,780,391)

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
School Members

Notes to Schedule of Employer Allocations and Collective OPEB Amounts
June 30, 2019

Note 1 - Significant Accounting Policies

The Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund – School Members (the Fund) is administered by the Public Employee Retirement System of Idaho (the System). Employer contributions to the Fund are calculated on eligible compensation for active members reported by employers.

The Schedule of Collective OPEB Amounts presents the deferred inflow of resources, deferred outflow of resources, OPEB expense (expense offset) and net OPEB liability (asset) at the Fund level. The Schedule of Employer Allocations (collectively, the Schedules) reflects current year employer contributions and includes the following for each individual employer:

- Employer name.
- The amount of employer contributing entity's contributions for the period July 1, 2018 to June 30, 2019, (the fiscal year).
- The employer contributing entity's contributions as a percentage of total employer contributions, as defined by state statute.

The Schedule of Employer Allocations has been rounded and presenting the first nine decimal places.

Basis of Accounting

Contributions for employers and the net OPEB liability (asset) are recognized on an accrual basis of accounting. The fiscal year 2019 employer contribution total used as the denominator for the allocation calculation in the schedule of employer allocations can be reconciled to the System's CAFR for the fiscal year ended June 30, 2019, as follows:

Contributions from employers per CAFR	\$ 16,432,554
Reconciliation differences adjusted in the schedule of employer allocations	<u>(29,489)</u>
Contributions per schedule of employer allocations	<u>\$ 16,403,065</u>

Use of Estimates in the Preparation of the Schedules

The preparation of the Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
School Members

Notes to Schedule of Employer Allocations and Collective OPEB Amounts
June 30, 2019

Components of Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the System, for participating employers, as of June 30, 2019, are as follows:

Total OPEB liability	\$ 248,702,273
Fund fiduciary net position	<u>344,482,664</u>
Employers' net OPEB liability (asset)	<u><u>\$ (95,780,391)</u></u>
Fund fiduciary net position as a percentage of total OPEB asset	<u><u>138.51%</u></u>

The net OPEB liability (asset) is calculated using a discount rate of 7.05%, which is the expected rate of return on investments reduced by investment expenses. The net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Assumptions

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return	7.05 percent, net of OPEB plan investment expense
Health care trend rate	N/A*

* Health care trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement and is calculated as a fixed dollar amount that can be applied to premiums.

The long-term expected rate of return on OPEB Fund investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the approach used builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
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Notes to Schedule of Employer Allocations and Collective OPEB Amounts
June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

Discount rate – The discount rate used to measure the total OPEB liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Fund’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
School Members

Notes to Schedule of Employer Allocations and Collective OPEB Amounts
June 30, 2019

Sensitivity of the net OPEB liability (asset) to changes in the discount rate – The following presents the net OPEB liability (asset) of the Fund’s employers calculated using the discount rate of 7.05% as well as what the employer’s liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's net OPEB liability (asset)	\$ (84,339,783)	\$ (95,780,391)	\$ (106,661,310)

Deferred Inflow of Resources and Deferred Outflow of Resources

Each employer will need to calculate two additional types of deferred outflows of resources and deferred inflows of resources which are employer specific amounts. These amounts relate the (1) net impact from changes in proportion (allocation percentage) between the periods; and (2) contributions made to the plan subsequent to the measurement date and before the end of the employer’s reporting period.

Plan OPEB Expense

Plan OPEB expense consists of changes that are expensed immediately. The following table provides the detail of the plan OPEB expense:

Service costs and interest	\$ 25,715,099
Expected investment return	(22,389,245)
Administrative expenses	72,453
Amortization of difference between expected and actual experience	1,744,113
Amortization of changes of assumptions	65,678
Amortization of net difference between projected and actual investment earnings on OPEB Plan investments	(1,691,932)
Plan OPEB expense	\$ 3,516,166

The amortization period is based on the remaining expected service lives of all employees that are provided with OPEB through the System determined at the beginning of the measurement period. The amortization period was calculated at 9 years. The amortization of the net difference between projected and actual investment earnings on OPEB plan investments is amortized over a closed 5-year period inclusive of this fiscal year.

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
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The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense (expense offset) as follows:

2020	\$	117,859
2021		117,859
2022		117,861
2023		1,349,624
2024		1,809,789
Thereafter		1,446,038

Changes in Net OPEB Liability

The following table represents the changes in total OPEB liability (asset) and fiduciary net position for the year ended June 30, 2019:

	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (Asset) (a)-(b)</u>
Balances at June 30, 2018	\$ 232,418,359	\$ 315,363,310	\$ (82,944,951)
Changes for the year			
Service costs	9,108,050	-	9,108,050
Interest	16,607,049	-	16,607,049
Differences between expected and actual experience	2,499,644	-	2,499,644
Contributions - employer	-	16,432,554	(16,432,554)
Net investment income	-	24,690,082	(24,690,082)
Benefit payments including refunds of employee contributions	(11,930,829)	(11,930,829)	-
Administrative expense	-	(72,453)	72,453
Net Changes	<u>16,283,914</u>	<u>29,119,354</u>	<u>(12,835,440)</u>
Balances at June 30, 2019	<u>\$ 248,702,273</u>	<u>\$ 344,482,664</u>	<u>\$ (95,780,391)</u>