



Schedule of Employer Allocations and Collective Other
Postemployment Benefit Amounts
June 30, 2020

**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, 2020, 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, 2020, 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, 2020, 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, 2020, and our report thereon, dated October 20, 2020, 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
October 20, 2020

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
 School Members
 Schedule of Employer Allocations
 June 30, 2020

	<u>Employer Contributions</u>	<u>Proportionate Share</u>
Public Schools		
Aberdeen School Dist	\$ 24,887	0.002775609
Alturas International Academy	8,378	0.000934385
American Falls Sd	45,903	0.005119491
American Heritage Charter School	8,921	0.000994945
Another Choice Virtual Charter School	12,786	0.001426003
Anser of Idaho Inc	10,849	0.001209972
Arbon School Dist	1,049	0.000116993
Avery School Dist	924	0.000103052
Basin School District	13,138	0.001465261
Bear Lake School Dist	33,869	0.003777358
Bingham Academy	4,290	0.000478457
Blackfoot Charter Comm Learning Ctr	10,915	0.001217333
Blackfoot School Dis	103,847	0.011581896
Blaine Co School Dist	205,544	0.022924006
Bliss School Dist	7,160	0.000798544
Boise Ind School Dis	1,035,818	0.115523190
Bonneville School District	315,850	0.035226265
Boundary County Sd	45,158	0.005036402
Bruneau-Grandview Sd	10,532	0.001174618
Buhl School District	36,684	0.004091310
Butte Co School Dist	13,279	0.001480986
Caldwell School Dist	140,597	0.015680567
Camas Co School Dist	7,108	0.000792744
Cambridge School Dist	6,982	0.000778692
Canyon-Owyhee Sd (Cossa)	18,228	0.002032941
Cascade School Dist	10,250	0.001143167
Cassia Co Sd	141,744	0.015808490
Castleford Sd	11,406	0.001272094
Challis Jt Sd	12,086	0.001347933
Chief Tahgee Elementary Academy	7,047	0.000785941
Clark Co School Dist	6,798	0.000758170
Clearwater/Orofino Jt Sd	43,705	0.004874351
Coeur D`Alene Charter Academy	19,377	0.002161087
Coeur D`Alene Sd	306,021	0.034130052
Compass Public Charter School	21,855	0.002437455
Cottonwood Sd	13,990	0.001560283
Council Valley Sd	8,356	0.000931932
Culdesac Jt Sd	5,464	0.000609392
Dietrich School Dist	7,061	0.000787502
Elevate Academy, Inc	9,357	0.001043572
Emmett School Dist	69,288	0.007727584
Falconridge Charter School	6,528	0.000728058
Fern-Waters Public Charter School	928	0.000103498
Filer School Dist	45,963	0.005126183
Firth School Dist	22,067	0.002461099
Forge International School	5,840	0.000651326
Fruitland School Dist	48,810	0.005443704

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
 School Members
 Schedule of Employer Allocations
 June 30, 2020

Public Schools continued	Employer Contributions	Proportionate Share
Future Public School Inc	8,007	0.000893008
Garden Valley Sd	9,408	0.001049260
Gem Prep: Meridian, Inc	6,473	0.000721924
Gem Prep: Nampa, Inc.	7,043	0.000785495
Gem Prep: Online, LLC	11,995	0.001337784
Gem Prep: Pocatello Inc.	5,077	0.000566230
Genesee School Dist	13,719	0.001530059
Glenns Ferry Jt Sd	16,216	0.001808546
Gooding Jt Sd	38,648	0.004310352
Grace School Dist	16,762	0.001869440
Hagerman Jt Sd	10,228	0.001140713
Hansen School Dist	12,986	0.001448309
Heritage Academy	5,389	0.000601027
Heritage Community Charter School	10,813	0.001205957
Highland Jt Sd	8,039	0.000896577
Homedale School Dist	26,826	0.002991863
Horseshoe Bend Sd	10,725	0.001196143
I Succeed Virtual High School	8,815	0.000983123
Id Assn of School Administrators	1,243	0.000138630
Id High Sch Activity Assn	2,703	0.000301461
Idaho Arts Charter School	24,512	0.002733786
Idaho Bureau of Ed Svcs for the Deaf and Blind	25,566	0.002851337
Idaho College And Career Readiness Academy	4,194	0.000467750
Idaho Digital Learning Academy	22,241	0.002480505
Idaho Education Assn	12,150	0.001355071
Idaho Falls Sd	283,377	0.031604601
Idaho School Boards Assn	4,897	0.000546155
Idaho School District Council	550	0.000061341
Idaho Science & Technology Charter School	9,197	0.001025727
Idaho Virtual Academy	31,101	0.003468647
Idaho Virtual Education Partners, Inc.	13,528	0.001508757
Inspire Virtual Charter School	13,967	0.001557718
Jerome School Dist	108,604	0.012112437
Kamiah Jt Sd	14,502	0.001617386
Kellogg School District	40,153	0.004478202
Kendrick School Dist	10,728	0.001196477
Kimberly School Dist	56,862	0.006341731
Kootenai Bridge Academy	5,328	0.000594224
Kootenai School District	9,956	0.001110377
Kootenai Technical Education Campus	4,803	0.000535671
Kuna Jt Sd	141,754	0.015809606
Lake Pend Oreille Sch Dist	128,283	0.014307206
Lakeland School Dist	141,219	0.015749938
Lapwai School Dist	28,744	0.003205774
Legacy Public Charter School	6,448	0.000719136
Lewiston Independ Sd	182,381	0.020340673
Liberty Charter School Inc	9,032	0.001007325
Mackay School Dist	6,964	0.000776684

See Notes to Schedule of Employer Allocations and Collective OPEB Amounts

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
 School Members
 Schedule of Employer Allocations
 June 30, 2020

Public Schools continued	Employer Contributions	Proportionate Share
Madison School Dist	140,932	0.015717929
Marsh Valley Jt Sd	30,153	0.003362918
Marsing School Dist	22,475	0.002506602
McCall Donnelly Sd	49,276	0.005495677
Meadows Valley Sd	7,079	0.000789510
Melba School Dist	23,902	0.002665753
Meridian Charter High School Inc	7,360	0.000820849
Meridian Medical Arts Charter School	6,828	0.000761516
Middleton Sd	92,492	0.010315491
Midvale School Dist	7,089	0.000790625
Minidoka County Sd	110,536	0.012327910
Monticello Montessori Charter School	5,186	0.000578387
Moscow Charter School	4,784	0.000533552
Moscow School Dist	121,649	0.013567326
Mountain Home Sd	105,530	0.011769599
Mountain View School District	41,481	0.004626312
Mullan School Dist	8,850	0.000987027
Murtaugh School Dist	10,728	0.001196477
Nampa School Dist	391,684	0.043683915
New Plymouth Sd	26,778	0.002986509
Nezperce Jt Sd	7,445	0.000830329
North Gem Sd	7,074	0.000788952
North Star Charter School	21,442	0.002391393
North Valley Academy Charter School	6,844	0.000763301
Notus School Dist	13,822	0.001541546
Oneida School Dist	26,971	0.003008034
Palouse Prairie Education Organization	5,243	0.000584744
Parma School Dist	25,317	0.002823566
Pathways In Education - Nampa, Inc.	5,690	0.000634597
Payette River Regional Technical Academy	4,918	0.000548497
Payette School Dist	39,049	0.004355075
Peace Valley Charter	6,039	0.000673520
Pleasant Valley Sd	339	0.000037808
Plummer-Worley Jt Sd	21,878	0.002440020
Pocatello Community Charter Sch	8,796	0.000981004
Pocatello School Dist	396,465	0.044217134
Post Falls Sch Dist	149,343	0.016655995
Potlatch School Dist	21,818	0.002433328
Prairie School Dist	372	0.000041489
Preston School Dist	56,456	0.006296451
Project Impact Stem Academy	5,716	0.000637497
Richard Mckenna Charter Hi Sch	10,713	0.001194804
Richfield School Dist	7,876	0.000878398
Rigby School Dist	130,537	0.014558591
Ririe School Dist	18,707	0.002086363
Rockland School Dist	8,397	0.000936505
Rolling Hills Charter School	6,965	0.000776796
Sage International School Of Boise	24,590	0.002742485

See Notes to Schedule of Employer Allocations and Collective OPEB Amounts

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
School Members
Schedule of Employer Allocations
June 30, 2020

Public Schools continued	Employer Contributions	Proportionate Share
Salmon River Jt School Dist	8,468	0.000944423
Salmon School Dist	20,618	0.002299494
Sandpoint Charter School	9,051	0.001009444
Shelley Jt Sd	53,474	0.005963873
Shoshone School Dist	16,462	0.001835982
Snake River Sd	55,831	0.006226746
Soda Springs Sd	25,864	0.002884572
South Lemhi Sd	4,942	0.000551174
St Anthony Sd (Fremontcosd)	58,886	0.006567465
St Maries School Dist	34,930	0.003895689
Stem Charter Academy	9,791	0.001091975
Sugar-Salem Sd	36,811	0.004105474
Swan Valley Sd	2,329	0.000259750
Syringa Mountain School	2,857	0.000318637
Taylor's Crossing Public Charter School	8,658	0.000965613
Teton School Dist	57,991	0.006467647
The Academy, Inc.	11,614	0.001295292
The Village Charter School	8,037	0.000896354
Thomas Jefferson Charter School	9,825	0.001095767
Three Creek Sd	320	0.000035689
Treasure Valley Classical Academy, Inc	6,027	0.000672182
Troy School District	11,433	0.001275105
Twin Falls Sd	279,331	0.031153357
Upper Carmen Charter Sch	1,836	0.000204766
Valley School Dist	18,369	0.002048666
Vallivue School Dist	230,376	0.025693482
Victory Charter School	7,836	0.000873937
Vision Charter School	17,901	0.001996471
Wallace School Dist	22,383	0.002496342
Weiser School Dist	40,675	0.004536420
Wendell School Dist	26,774	0.002986063
West Ada County School District	964,942	0.107618499
West Bonner Co Sch Dist	37,543	0.004187113
West Jefferson Sd	18,304	0.002041417
West Side Sd	19,002	0.002119264
White Pine Charter School	14,754	0.001645491
Whitepine Jt Sch Dist	10,784	0.001202723
Wilder School Dist	15,117	0.001685976
Grand Total: All School Employers	8,966,321	1.000000000
Totals		
Plus: Unreconciled contributions	788	
Total employer contributions in the Statement of Changes in Fiduciary Net Position	\$ 8,967,109	

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund – School Members
 Schedule of Collective OPEB Amounts
 June 30, 2020

Deferred Outflows of Resources			Deferred Inflows of Resources				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Differences Between Expected and Actual Experience	Total Deferred Outflows of Resources Excluding Employer Specific Amounts	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts	Plan OPEB Expense (Expense offset)	June 30, 2020 Net OPEB Liability (Asset)
\$ 3,886,023	\$ 288,983	\$ 12,946,092	\$ 17,121,098	\$ 31,498,127	\$ 31,498,127	\$ 952,973	\$ (123,130,586)

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, 2020

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, 2019 to June 30, 2020, (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 2020 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, 2020, as follows:

Contributions from employers per CAFR	\$ 8,967,109
Reconciliation differences adjusted in the schedule of employer allocations	<u>(788)</u>
Contributions per schedule of employer allocations	<u>\$ 8,966,321</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, 2020

Components of Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the System, for participating employers, as of June 30, 2020, are as follows:

Total OPEB liability	\$ 232,878,651
Fund fiduciary net position	<u>356,009,237</u>
Employers' net OPEB liability (asset)	<u><u>\$ (123,130,586)</u></u>
Fund fiduciary net position as a percentage of total OPEB asset	<u><u>152.87%</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 OPEB total was determined by an actuarial valuation as of July 1, 2020. 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 OPEB total 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
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.

** net of OPEB plan investment expenses

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 –
 School Members
 Notes to Schedule of Employer Allocations and Collective OPEB Amounts
 June 30, 2020

Capital Market Assumptions from Callen 2020

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%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

Investment Policy Assumptions from PERSI November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2018

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, 2020

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	\$ (107,053,453)	\$ (123,130,586)	\$ (138,008,393)

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 (Expense Offset)

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

Service costs and interest	\$ 26,421,983
Expected investment return	(24,180,580)
Administrative expenses	72,369
Amortization of difference between expected and actual experience	2,320,046
Amortization of changes of assumptions	(3,921,427)
Amortization of net difference between projected and actual investment earnings on OPEB Plan investments	240,582
Plan OPEB expense (expense offset)	\$ 952,973

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 8.9 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 –
School Members

Notes to Schedule of Employer Allocations and Collective OPEB Amounts
June 30, 2020

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:

2021	\$	(1,360,799)
2022		(1,360,797)
2023		(129,036)
2024		331,131
2025		(2,520,612)
Thereafter		(9,336,916)

Changes in Net OPEB Liability (Asset)

The following table represents the changes in total OPEB liability (asset) and fiduciary net position for the year ended June 30, 2020:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2019	\$ 248,702,273	\$ 344,482,664	\$ (95,780,391)
Changes for the year			
Service costs	8,694,499	-	8,694,499
Interest	17,727,484	-	17,727,484
Differences between expected and actual experience	5,125,806	-	5,125,806
Changes in assumptions	(35,485,232)	-	(35,485,232)
Contributions - employer	-	8,967,109	(8,967,109)
Net investment income	-	14,518,012	(14,518,012)
Benefit payments including refunds of employee contributions	(11,886,179)	(11,886,179)	-
Administrative expenses	-	(72,369)	72,369
	<u> </u>	<u> </u>	<u> </u>
Net Changes	(15,823,622)	11,526,573	(27,350,195)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2020	<u>\$ 232,878,651</u>	<u>\$ 356,009,237</u>	<u>\$ (123,130,586)</u>