



Schedule of Employer Allocations and Collective Other
Postemployment Benefit Amounts
June 30, 2022

**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 the Audit of the Schedule of Allocations and Schedule of Collective Other Postemployment Benefit (OPEB) Amounts by Employer

Opinions

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, 2022, 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, 2022.

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 Fund as of and for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2022, and our report thereon, dated October 15, 2022 expressed an unmodified opinion on those financial statements.

Responsibilities of Management 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; and for the 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 Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.



Boise, Idaho
October 12, 2022

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
 School Members
 Schedule of Employer Allocations
 June 30, 2022

	<u>Fiscal Year 2020 Employer Contributions</u>	<u>Employer Proportionate Share</u>
Public Schools		
Aberdeen School District	\$ 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 District	1,049	0.000116993
Avery School District	924	0.000103052
Basin School District	13,138	0.001465261
Bear Lake School District	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 District	205,544	0.022924006
Bliss School District	7,160	0.000798544
Boise Ind School District	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 District	13,279	0.001480986
Caldwell School District	140,597	0.015680567
Camas Co School District	7,108	0.000792744
Cambridge School District	6,982	0.000778692
Canyon-Owyhee Sd (Cossa)	18,228	0.002032941
Cascade School District	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 District	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 District	7,061	0.000787502
Elevate Academy, Inc	9,357	0.001043572
Emmett School District	69,288	0.007727584
Falconridge Charter School	6,528	0.000728058
Fern-Waters Public Charter School	928	0.000103498
Filer School District	45,963	0.005126183
Firth School District	22,067	0.002461099
Forge International School	5,840	0.000651326
Fruitland School District	48,810	0.005443704

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Public Schools, continued	Fiscal Year 2020 Employer Contributions	Employer 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 District	13,719	0.001530059
Glenns Ferry Jt Sd	16,216	0.001808546
Gooding Jt Sd	38,648	0.004310352
Grace School District	16,762	0.001869440
Hagerman Jt Sd	10,228	0.001140713
Hansen School District	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 District	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 District	108,604	0.012112437
Kamiah Jt Sd	14,502	0.001617386
Kellogg School District	40,153	0.004478202
Kendrick School District	10,728	0.001196477
Kimberly School District	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 District	128,283	0.014307206
Lakeland School District	141,219	0.015749938
Lapwai School District	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 District	6,964	0.000776684

Public Employee Retirement System of Idaho Sick Leave Insurance Reserve Fund –
 School Members
 Schedule of Employer Allocations
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Public Schools, continued	Fiscal Year 2020 Employer Contributions	Employer Proportionate Share
Madison School District	140,932	0.015717929
Marsh Valley Jt Sd	30,153	0.003362918
Marsing School District	22,475	0.002506602
McCall Donnelly Sd	49,276	0.005495677
Meadows Valley Sd	7,079	0.000789510
Melba School District	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 District	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 District	121,649	0.013567326
Mountain Home Sd	105,530	0.011769599
Mountain View School District	41,481	0.004626312
Mullan School District	8,850	0.000987027
Murtaugh School District	10,728	0.001196477
Nampa School District	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 District	13,822	0.001541546
Oneida School District	26,971	0.003008034
Palouse Prairie Education Organization	5,243	0.000584744
Parma School District	25,317	0.002823566
Pathways In Education - Nampa, Inc.	5,690	0.000634597
Payette River Regional Technical Academy	4,918	0.000548497
Payette School District	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 District	396,465	0.044217134
Post Falls Sch District	149,343	0.016655995
Potlatch School District	21,818	0.002433328
Prairie School District	372	0.000041489
Preston School District	56,456	0.006296451
Project Impact Stem Academy	5,716	0.000637497
Richard Mckenna Charter Hi Sch	10,713	0.001194804
Richfield School District	7,876	0.000878398
Rigby School District	130,537	0.014558591
Ryrie School District	18,707	0.002086363
Rockland School District	8,397	0.000936505
Rolling Hills Charter School	6,965	0.000776796
Sage International School of Boise	24,590	0.002742485

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Public Schools, continued	Fiscal Year 2020 Employer Contributions	Employer Proportionate Share
Salmon River Jt School District	8,468	0.000944423
Salmon School District	20,618	0.002299494
Sandpoint Charter School	9,051	0.001009444
Shelley Jt Sd	53,474	0.005963873
Shoshone School District	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 District	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 District	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 District	18,369	0.002048666
Vallivue School District	230,376	0.025693482
Victory Charter School	7,836	0.000873937
Vision Charter School	17,901	0.001996471
Wallace School District	22,383	0.002496342
Weiser School District	40,675	0.004536420
Wendell School District	26,774	0.002986063
West Ada County School District	964,942	0.107618499
West Bonner Co Sch District	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 District	10,784	0.001202723
Wilder School District	15,117	0.001685976
Xavier Charter School	13,768	0.001535524
Grand Total: All School Employers	\$ 8,966,321	1.000000000

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

Schedule of Collective OPEB Amounts

June 30, 2022

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, 2022 Net OPEB Liability (Asset)
\$ 31,707,959	\$ 14,860,012	\$ 18,388,486	\$ 64,956,457	\$ 34,196,056	\$ 34,196,056	\$ 9,776,235	\$ (76,127,065)

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, 2022

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 employer contributions for fiscal year ending June 30, 2020 as there were no contributions during fiscal years ending June 30, 2022 and 2021. The June 30, 2020 continues to be a reasonable allocation method based on the activity of the Fund. The Schedule of Employer Allocations 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 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.

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.

Components of Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the System, for participating employers, as of June 30, 2022, are as follows:

Total OPEB liability	\$ 279,754,781
Fund fiduciary net position	<u>355,881,846</u>
Employers' net OPEB liability (asset)	<u><u>\$ (76,127,065)</u></u>
Fund fiduciary net position as a percentage of total OPEB asset	<u><u>127.21%</u></u>

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, 2022

The net OPEB liability (asset) is calculated using a discount rate of 5.45%, 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, 2022. 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	2.30 percent
Salary increases including inflation	3.05 percent
Investment rate of return-net of investment fees	5.45 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.

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.

Asset Class	Target Allocation	Expected Rate of Return (Arithmetic)
Broad U.S. Equity	39.3%	8.53%
Global EX U.S. Equity	10.7%	9.09%
Fixed Income	50.0%	2.80%
Cash Equivalents	0.0%	2.25%

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
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Discount rate – The discount rate used to measure the total OPEB liability was 5.45%. 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.

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 5.45% 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 (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Employer's net OPEB liability (asset)	\$ (53,711,462)	\$ (76,127,065)	\$ (96,622,612)

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	\$ 27,041,140
Expected investment return	(22,614,734)
Administrative expenses	71,098
Amortization of difference between expected and actual experience	3,758,056
Amortization of changes of assumptions	(3,141,550)
Amortization of net difference between projected and actual investment earnings on OPEB Plan investments	4,662,225
Plan OPEB expense (expense offset)	\$ 9,776,235

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 –
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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:

2023	\$	6,510,492
2024		6,970,659
2025		4,118,915
2026		14,122,633
2027		(915,545)
Thereafter		(46,753)

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, 2022:

	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (Asset) (a)-(b)</u>
Balances at June 30, 2021	\$ 276,050,086	\$ 421,270,510	\$ (145,220,424)
Changes for the year			
Service costs	11,701,233	-	11,701,233
Interest	15,339,907	-	15,339,907
Differences between expected and actual experience	1,425,881	-	1,425,881
Changes in assumptions	(12,023,043)	-	(12,023,043)
Contributions - employer	-	(2,109)	2,109
Net investment income	-	(52,576,174)	52,576,174
Benefit payments including refunds of employee contributions	(12,739,283)	(12,739,283)	-
Administrative expenses	-	(71,098)	71,098
Net Changes	<u>3,704,695</u>	<u>(65,388,664)</u>	<u>69,093,359</u>
Balances at June 30, 2022	<u>\$ 279,754,781</u>	<u>\$ 355,881,846</u>	<u>\$ (76,127,065)</u>