

Financial Statements
June 30, 2023

**Public Employee Retirement
System of Idaho**

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

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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 Financial Statements

Opinion

We have audited the financial statements of the pension and other trust funds of the Public Employee Retirement System of Idaho (the System), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the System, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Public Employee Retirement System of Idaho are intended to present the fiduciary net position and changes in fiduciary net position of only the Public Employee Retirement System of Idaho. They do not purport to, and do not, present fairly the net position of the State of Idaho as of June 30, 2023, or the changes in its net position for the year 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 financial statements.
- 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 System'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 financial statements.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4-12 and 45-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Public Employee Retirement System of Idaho's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023 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.



November 7, 2023
Boise, Idaho

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2023

Management is pleased to provide Management's Discussion and Analysis ("MD&A") of the financial activities of the Public Employee Retirement System of Idaho (the "System" or "PERSI") as of and for the year ended June 30, 2023. The June 30, 2022 amounts are combined and are provided for comparative purposes. This overview and analysis is designed to focus on current known facts and activities and resulting changes.

The System administers seven fiduciary funds. These consist of three defined benefit pension trust funds – the PERSI Base Plan, the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Fund (JRF), two defined contribution pension trust funds – the PERSI Choice Plan 401(k) and 414(k), and two Sick Leave Insurance Reserve trust funds – State and Schools.

Financial Highlights

- The change in net position for all pension and other funds administered by the System increased \$1.6 billion and decreased \$(2.8) billion in Fiscal Year 2023 and Fiscal Year 2022, respectively. The change in the defined benefit plans reflects the total of contributions received and an investment return less benefits paid and administrative expenses. Changes in net position for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
PERSI Base Plan	\$ 1,345,658,945	\$ (2,455,561,542)
FRF	23,814,735	(64,237,569)
JRF	7,081,384	(13,405,720)
PERSI Choice Plan 414(k)	399,709	(10,868,870)
PERSI Choice Plan 401(k)	152,320,556	(120,381,264)
Sick Leave - State	14,319,078	(41,690,554)
Sick Leave - Schools	14,933,231	(65,388,664)
Total increase (decrease) in plan net position	<u>\$ 1,558,527,638</u>	<u>\$ (2,771,534,183)</u>

Assets for the three defined benefit plans, the PERSI Base Plan, FRF and JRF, are pooled for investment purposes. For the Fiscal Years ended June 30, 2023 and 2022, the rate of return net of investment expenses on the investment assets are detailed below (these are plan-level returns). For the defined contribution plans, the PERSI Choice Plan 401(k) and 414(k), individual participant returns will vary depending on their specific investment choices. Returns for Choice Plan options can be found on the PERSI website under Investments/Choice Plan.

	2023	2022
PERSI Defined Benefit Plans	9.2%	(9.6)%
Sick Leave Insurance Reserve Fund - State	8.2%	(12.8)%
Sick Leave Insurance Reserve Fund - Schools	8.1%	(12.7)%

- All of the plans experienced investment gains in Fiscal Year 2023 as a result of positive market performance. Net investment income (loss) for all of the funds administered by the System for the Fiscal Years ended June 30, 2023 and 2022, was \$2.0 billion and \$(2.4) billion, respectively.

	<u>2023</u>	<u>2022</u>
PERSI Base Plan	\$ 1,755,431,286	\$ (2,079,387,503)
FRF	39,961,291	(48,067,876)
JRF	9,428,594	(11,164,262)
PERSI Choice Plan 414(k)	5,278,719	(6,292,655)
PERSI Choice Plan 401(k)	126,120,313	(147,298,208)
Sick Leave - State	19,836,889	(36,182,352)
Sick Leave - Schools	28,281,879	(52,577,567)
	<u>\$ 1,984,338,971</u>	<u>\$ (2,380,970,423)</u>

- As of June 30, 2023 and 2022, the net pension liability (asset) are as follows:

	<u>PERSI Base Plan 2023</u>	<u>FRF 2023</u>	<u>JRF 2023</u>
Total pension liability	\$ 24,686,512,681	\$ 235,032,187	\$ 131,999,508
Plan fiduciary net position	20,695,842,118	471,434,942	111,017,104
Employers' net pension liability (asset)	<u>\$ 3,990,670,563</u>	<u>\$ (236,402,755)</u>	<u>\$ 20,982,404</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>83.83 %</u>	<u>200.58 %</u>	<u>84.10 %</u>

	<u>PERSI Base Plan 2022</u>	<u>FRF 2022</u>	<u>JRF 2022</u>
Total pension liability	\$ 23,288,243,222	\$ 242,329,263	\$ 125,836,363
Plan fiduciary net position	19,349,485,162	447,620,207	103,935,720
Employers' net pension liability (asset)	<u>\$ 3,938,758,060</u>	<u>\$ (205,290,944)</u>	<u>\$ 21,900,643</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>83.09 %</u>	<u>184.72 %</u>	<u>82.60 %</u>

The System's funding objective is to meet long - term benefit obligations through contributions and investment income and provide a reserve against market fluctuations. The ratio listed above gives an indication of how well this objective has been met at a specific point in time. The higher the ratio, the better the Plan is funded.

SICK LEAVE INSURANCE RESERVE FUND

State Members

	2023	2022
Total OPEB liability	\$ 115,683,555	\$ 103,036,122
Plan fiduciary net position	258,821,864	244,502,786
Employers' net OPEB liability (asset)	\$ (143,138,309)	\$ (141,466,664)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	223.7 %	237.0 %

School Members

	2023	2022
Total OPEB liability	\$ 298,248,684	\$ 279,754,781
Plan fiduciary net position	370,815,077	355,881,846
Employers' net OPEB liability (asset)	\$ (72,566,393)	\$ (76,127,065)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	124.3 %	127.0 %

Using the Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The financial section is comprised of four additional components: (1) fund financial statements, (2) notes to financial statements, (3) required supplementary information, and (4) additional supplementary schedules.

Fund Financial Statements — There are two financial statements presented for the fiduciary funds. The statements of fiduciary net position as of June 30, 2023 with comparable 2022 totals indicates the fiduciary net position available to pay future benefits and gives a snapshot at a particular point in time. The statements of changes in fiduciary net position for the years ended June 30, 2023 with comparable 2022 totals provides a view of the current year's activity. It details the additions and deductions to the individual funds and supports the change to the prior year's ending net position on the statements of fiduciary net position. All pension fund statements are presented on a full accrual basis and reflect all trust activities, as incurred.

Notes to Financial Statements — The notes provide additional information essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 17-44 of this report.

Required Supplementary Information — The required supplementary information consists of the Management's Discussion and Analysis, Schedule of Net Pension Liability (Asset), Schedule of Changes in Net Pension Liability (Asset), Schedule of Contributions, Schedule of Investment Returns and related notes concerning the methods and assumptions used in calculations of actuarially determined contributions. In addition, required supplementary information includes Schedule of Changes in Net Other Post Employment Benefit (OPEB) Liability (Asset), Schedule of Net OPEB Liability (Asset), Schedule of Contributions – OPEB, Schedule of Investment Returns – Sick Leave Insurance Reserve Fund as well as related notes concerning the methods and assumptions used in the calculation of the OPEB Liability (Asset).

Additional Supplementary Schedules — The additional schedules (Schedule of Investment Expenses and Schedule of Administrative Expenses) are presented for additional analysis.

Comparative Financial Statements

Defined Benefit Pension Trust Funds — The PERSI Base Plan, the Firefighters' Retirement Fund, and the Judges' Retirement Fund are qualified plans under the Internal Revenue Code and provide retirement, disability and death benefits to the employees of affiliated employers. Benefits are funded by member and employer contributions and by earnings on investments. Assets for these plans are pooled only for investment purposes.

Defined Benefit Pension Trust Funds Net Position

	As of June 30, 2023	As of June 30, 2022	\$ Change	% Change
Assets:				
Cash and cash equivalents	\$ 11,997,313	\$ 20,061,806	\$ (8,064,493)	(40.2)%
Investments sold receivable	45,033,390	76,589,145	(31,555,755)	(41.2)
Other receivables	82,150,872	70,360,955	11,789,917	16.8
Investments - at fair value	21,186,406,193	19,791,709,553	1,394,696,640	7.0
Prepaid retiree benefits	98,003,890	94,033,173	3,970,717	4.2
Assets used in plan operations (net)	4,846,769	5,649,811	(803,042)	(14.2)
Due from other plans	35,000	—	35,000	—
Total assets	21,428,473,427	20,058,404,443	1,370,068,984	6.8
Liabilities:				
Investment purchased payable	119,122,833	125,616,070	(6,493,237)	(5.2)
Other liabilities	17,049,997	17,042,840	7,157	—
Total liabilities	136,172,830	142,658,910	(6,486,080)	(4.5)
Net Position:				
Assets used in plan operation (net)	4,846,769	5,649,811	(803,042)	(14.2)
Net position restricted for pensions	21,287,453,828	19,910,095,722	1,377,358,106	6.9
Net Position	\$21,292,300,597	\$19,915,745,533	\$ 1,376,555,064	6.9 %

The fair value of investments increased due to the investment return of 9.17% (net of investment expenses). Liabilities for benefits and refunds payable vary at Fiscal Year - End depending on member request and timing. Change in asset values and timing of payments can affect the balance of liabilities at the statements of fiduciary net position date.

The percent change in investments sold receivable and investments purchased payable fluctuates as the volume of trading activity by the System's professional investment managers' changes. The cash balance change was due to normal fluctuations in operating cash requirements and the timing of transfers to investment managers.

Defined Benefit Pension Trust Funds Changes in Net Position

Investment income (loss) for the Fiscal Year 2023 was \$1.8 billion as compared to Fiscal Year 2022 which was \$(2.1) billion. The changes in the fund for fiscal years 2023 and 2022; gross returns of 9.49% and (9.33)%, contributions and other additions totaled \$859.7 million and \$800.9 million, total additions including investment income (loss) and contributions totaled \$2.7 billion and \$(1.3) billion, respectively.

For Fiscal Year 2023, the investment gain resulted in an increase of \$2.7 billion in the additions section. Total deductions were \$1.3 billion which paid for the benefits and administrative expenses. In Fiscal Year 2022, total additions of \$(1.3) billion were less than the \$1.2 billion paid for benefits and administrative expenses by \$(2.5) billion.

For Fiscal Year 2023, the increase in benefits and refunds paid was a result of an increase in the number of retirees and the annual Cost of Living Adjustment (COLA) increase for benefits paid to retirees. The COLA adjustment for 2023 was 1.00% based on date of retirement compared to 2022 which was 3.5%. An investment gain resulted in a positive return in Fiscal Year 2023 compared to an investment loss that resulted in a negative return for the Fiscal Year 2022.

	Year Ended June 30, 2023	Year Ended June 30, 2022	\$ Change	% Change
Additions:				
Member contributions	\$ 336,570,703	\$ 316,070,207	\$ 20,500,496	6.5 %
Employer contributions	522,613,531	484,438,804	38,174,727	7.9
Investment income (loss)	1,804,821,171	(2,138,619,641)	3,943,440,812	(184.4)
Other additions	534,732	409,446	125,286	30.6
Total additions (losses)	<u>2,664,540,137</u>	<u>(1,337,701,184)</u>	<u>4,002,241,321</u>	<u>(299.2)</u>
Deductions:				
Benefits and refunds paid	1,277,825,826	1,185,356,423	92,469,403	7.8
Administrative expenses	10,159,247	10,147,224	12,023	0.1
Total deductions	<u>1,287,985,073</u>	<u>1,195,503,647</u>	<u>92,481,426</u>	<u>7.7</u>
Changes in net position	<u>\$ 1,376,555,064</u>	<u>\$ (2,533,204,831)</u>	<u>\$ 3,909,759,895</u>	<u>(154.3)%</u>
Ending net position	<u>\$21,292,300,597</u>	<u>\$19,915,745,533</u>	<u>\$ 1,376,555,064</u>	<u>6.9 %</u>

Defined Contribution Pension Trust Funds

During Fiscal Year 2023, the System administered two defined contribution plans. The PERSI Choice Plans, qualified plans under Internal Revenue Code, consist of a 401(k) plan and a 414(k) plan and provide another retirement benefit option to members of the Defined Benefit Pension Plans.

The 401(k) Plan consists of employee voluntary contributions, rollover contributions, and some employer matching contributions. The 414(k) Plan represents the gain sharing allocation made to eligible PERSI members during Fiscal Year 2001. The assets of these plans are pooled for investment purposes, but the 414(k) Plan cannot be used to pay the benefits of the 401(k) Plan and vice versa.

Defined Contribution Pension Trust Funds Net Position

	As of June 30, 2023	As of June 30, 2022	\$ Change	% Change
Assets:				
Cash	\$ 2,182,682	\$ 2,242,681	\$ (59,999)	(2.7)%
Short - term investments	1,251,403	2,029,823	(778,420)	(38.3)
Investments - at fair value	1,475,487,842	1,322,458,003	153,029,839	11.6
Receivables	5,213,734	4,744,021	469,713	9.9
Total assets	<u>1,484,135,661</u>	<u>1,331,474,528</u>	<u>152,661,133</u>	<u>11.5</u>
Liabilities				
Other liabilities	<u>481,450</u>	<u>540,582</u>	<u>(59,132)</u>	<u>(10.9)</u>
Net Position	<u>\$ 1,483,654,211</u>	<u>\$ 1,330,933,946</u>	<u>\$ 152,720,265</u>	<u>11.5 %</u>

Net position increased from Fiscal Year 2022 to Fiscal Year 2023. The change reflects a positive return in the investment market. The change in cash is due to the timing of a transfer of funds at the end of the month. Receivables include contributions that are not yet recorded by the record keeper at year end plus accrued interest and dividends. The change in other liabilities consists of amount due to the base plan, administrative expenses payable and stale dated checks payable.

Defined Contribution Pension Trust Funds Changes in Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022	\$ Change	% Change
Additions:				
Member contributions	\$ 80,103,170	\$ 76,423,883	\$ 3,679,287	4.8 %
Employer contributions	9,571,246	8,511,252	1,059,994	12.5
Rollovers	11,169,245	16,230,934	(5,061,689)	(31.2)
Investment income (loss)	131,399,032	(153,590,863)	284,989,895	(185.6)
Total additions (losses)	<u>232,242,693</u>	<u>(52,424,794)</u>	<u>284,667,487</u>	<u>(543.0)</u>
Deductions:				
Benefits and refunds paid	77,070,556	76,279,978	790,578	1.0
Administrative expenses	2,451,872	2,545,362	(93,490)	(3.7)
Total deductions	<u>79,522,428</u>	<u>78,825,340</u>	<u>697,088</u>	<u>0.9</u>
Change in net position	<u>\$ 152,720,265</u>	<u>\$ (131,250,134)</u>	<u>\$ 283,970,399</u>	<u>(216.4)%</u>
Ending net position	<u>\$ 1,483,654,211</u>	<u>\$ 1,330,933,946</u>	<u>\$ 152,720,265</u>	<u>11.5 %</u>

The current fiscal year saw a higher investment return than the prior fiscal year. Member contributions increased due to an increase in salary deferrals as well as an increase in the number of members actively contributing. Rollovers represent rollovers from other plans. Changes in employer contributions vary up or down according to individual employers' desire to match employee contributions. The increase in benefits and refunds paid is a result of an increase in the number of retirees receiving benefits.

Other Trust Funds

During Fiscal Year 2023, the System administered two Sick Leave Insurance Reserve Fund trusts. The PERSI Sick Leave Insurance Retirement Fund provides payment of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The Fund's contributions are financed by state agency and school district employers of the System which make up the two separate trusts.

Sick Leave Insurance Reserve Funds Net Position

	As of June 30, 2023	As of June 30, 2022	\$ Change	% Change
Assets:				
Cash	\$ 27,607	\$ 25,362	\$ 2,245	8.9 %
Investments - at fair value	628,177,675	598,910,853	29,266,822	4.9
Prepaid insurance premium	1,511,425	1,489,619	21,806	1.5
Due from other funds	—	36,000	(36,000)	100
Total assets	<u>629,716,707</u>	<u>600,461,834</u>	<u>29,254,873</u>	<u>4.9</u>
Liabilities:				
Other liabilities	<u>79,766</u>	<u>77,202</u>	<u>2,564</u>	<u>3.3</u>
Net Position	<u>\$ 629,636,941</u>	<u>\$ 600,384,632</u>	<u>\$ 29,252,309</u>	<u>4.9 %</u>

The net position increased in Fiscal Year 2023 from Fiscal Year 2022 because of positive investment returns.

Sick Leave Insurance Reserve Funds Changes in Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022	\$ Change	% Change
Additions:				
Employer contributions	\$ (12,454)	\$ (2,291)	\$ (10,163)	443.6 %
Investment income (loss)	48,118,768	(88,759,919)	136,878,687	(154.2)
Other additions	10,432	1,779	8,653	486.4
Total additions (losses)	<u>48,116,746</u>	<u>(88,760,431)</u>	<u>136,877,177</u>	<u>(154.2)</u>
Deductions:				
Benefits and refunds paid	18,744,801	18,199,150	545,651	3.0
Administrative expenses	119,636	119,637	(1)	0.0
Total deductions	<u>18,864,437</u>	<u>18,318,787</u>	<u>545,650</u>	<u>3.0</u>
Change in net position	<u>\$ 29,252,309</u>	<u>\$ (107,079,218)</u>	<u>\$ 136,331,527</u>	<u>(127.3)%</u>
Ending net position	<u>\$ 629,636,941</u>	<u>\$ 600,384,632</u>	<u>\$ 29,252,309</u>	<u>4.9 %</u>

In the November 2021 meeting, the PERSI Board extended the rate holiday for employer contributions for Schools and for State to June 30, 2026 and June 30, 2031, respectively. There were no Sick Leave contributions received in fiscal years 2022 and 2023 due to the rate holiday. The changes in net position for Fiscal Year 2023 reflect a net investment return of 8.2% and 8.1% for State and Schools Funds, respectively, resulting in \$48 million in investment income, compared to \$(89) million loss for Fiscal Year

2022. The increase in other additions was due to increased interest earnings on the cash balance held at the Idaho State Treasurer's Office.

Plan Membership

This table reflects PERSI Base Plan and PERSI Choice Plans membership as of June 30, 2023 and 2022.

Base Plan	2023	2022
Active participants	76,668	74,409
Vested - Base Plan	44,627	44,288
Non-vested - Base Plan	32,041	30,121
Retirees and beneficiaries	54,680	53,190
Terminated and vested	16,106	15,489
Terminated and non-vested	35,968	34,714
Choice Plan	2023	2022
Participants	43,440	43,080
Actively contributing	20,762	20,662
Periodic installment payments	3,537	3,304

Retirees and Beneficiaries (Base Plan)

While the above table reflects changes in active participants, the following table demonstrates the changes in Base Plan retirees and beneficiaries for the Fiscal Years 2023 and 2022.

	2023	2022
Beginning - July 1	53,190	50,891
New Retirements	2,799	3,611
Death of Beneficiary	(1,309)	(1,312)
Ending - June 30	54,680	53,190

Investment Activities

Long - term (20 - 25 year) asset growth is vital to the Defined Benefit Plans' current and continued financial stability. Therefore, trustees have a fiduciary responsibility to act with prudence and discretion when making plan investment decisions. To assist the Board in this area, a comprehensive formal investment policy is updated periodically. As managers are added, specific detailed investment guidelines are developed, adopted, and become part of that manager's agreement.

Portfolio performance is reviewed monthly by the Board and its consultants. Performance is evaluated individually, by money manager style, and collectively by investment type and for the aggregate portfolio. Investment types include both domestic and international equities, domestic and international fixed income, private equity and real estate.

Economic Factors

At July 1, 2023, PERSI's Base Plan had a net pension liability (asset) of \$4.0 billion, an increase compared to the July 1, 2022 liability (asset) of \$3.9 billion. The investment return net of all expenses for 2023 was 9.11% compared to the assumed return of 6.3%. An increase in the number of retirees along with higher inflation resulted in the increase in the net pension liability. The fund ended the fiscal year to finish at 9.49% gross before expenses investment rate of return. The amortization period of the unfunded liability for Fiscal Year 2023 is 13.5 years which is less than the 25-year maximum allowed by statute.

Since inception, the cumulative funding of the Plan is 60% investment income, 25% employer contributions and 15% member contributions. PERSI is viewed as a well-run and conservatively managed pension plan compared to plans nationally. This reputation stems from sound decisions made by the legislature and the Board.

The Board has and will continue to make appropriate choices regarding investments, contributions, and actuarial assumptions with the goal of maintaining the long - term sustainability of the Plan.

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2023 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2022

	Pension Trust Funds		
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund
ASSETS			
Cash and cash equivalents	\$ 11,605,016	\$ 266,231	\$ 126,066
Investments - at fair value			
Fixed income investments			
Domestic	5,042,804,362	115,357,371	27,034,018
International	14,258,517	326,173	76,439
Idaho commercial mortgages	739,882,130	16,925,276	3,966,441
Short - term investments	275,154,837	6,294,343	1,475,080
Real estate equities	1,178,306,220	26,954,508	6,316,793
Equity securities			
Domestic	8,987,937,492	205,604,812	48,183,519
International	2,768,956,873	63,341,657	14,844,127
Private equity	1,597,302,885	36,539,324	8,562,996
Mutual, collective, unitized funds	—	—	—
Total investments	20,604,603,316	471,343,464	110,459,413
Receivables			
Investments sold	43,711,609	1,086,991	234,790
Administrative fee			
Contributions	8,236,415	—	513,659
Interest and dividends	71,246,401	1,771,708	382,689
Total receivables	123,194,425	2,858,699	1,131,138
Assets used in plan operations	4,846,769	—	—
Due from other plans	35,000	—	—
Prepaid retiree benefits	98,003,890	—	—
Total assets	20,842,288,416	474,468,394	111,716,617
LIABILITIES			
Accrued liabilities	16,630,040	341,514	78,443
Due to other plans	—	—	—
Investments purchased	115,809,825	2,691,938	621,070
Total liabilities	132,439,865	3,033,452	699,513
NET POSITION			
Net position restricted for OPEB	—	—	—
Net position restricted for pensions	20,709,848,551	471,434,942	111,017,104
Total net position	\$ 20,709,848,551	\$ 471,434,942	\$ 111,017,104

See Notes to Financial Statements

Pension Trust Funds		Other Trust Funds		Totals	
PERSI Choice Plan		Sick Leave Insurance Reserve Funds			
401(k)	414(k)	State	Schools	2023	2022
\$ 2,081,839	\$ 100,843	\$ 5,049	\$ 22,558	\$ 14,207,602	\$ 22,329,849
—	—	122,592,468	177,290,597	5,485,078,816	5,367,805,409
—	—	—	—	14,661,129	13,380,011
—	—	—	—	760,773,847	789,424,287
1,251,403	—	—	—	284,175,663	213,216,976
—	—	—	—	1,211,577,521	1,229,545,401
—	—	108,898,210	153,617,932	9,504,241,965	8,409,211,804
—	—	26,899,278	38,879,190	2,912,921,125	2,779,315,053
—	—	—	—	1,642,405,205	1,590,751,288
1,418,021,114	57,466,728	—	—	1,475,487,842	1,322,458,003
1,419,272,517	57,466,728	258,389,956	369,787,719	23,291,323,113	21,715,108,232
				45,033,390	76,589,145
175,693	8,616	—	—	184,309	192,060
1,115,598	—	—	—	9,865,672	7,991,306
3,767,708	146,119	—	—	77,314,625	66,921,610
5,058,999	154,735	—	—	132,397,996	151,694,121
—	—	—	—	4,846,769	5,649,811
—	—	—	—	35,000	36,000
—	—	478,952	1,032,473	99,515,315	95,522,792
1,426,413,355	57,722,306	258,873,957	370,842,750	23,542,325,795	21,990,340,805
475,494	5,956	17,093	27,673	17,576,213	17,660,624
—	—	35,000	—	35,000	36,000
—	—	—	—	119,122,833	125,616,070
475,494	5,956	52,093	27,673	136,734,046	143,312,694
—	—	258,821,864	370,815,077	629,636,941	600,384,632
1,425,937,861	57,716,350	—	—	22,775,954,808	21,246,679,479
\$ 1,425,937,861	\$ 57,716,350	\$ 258,821,864	\$ 370,815,077	\$ 23,405,591,749	\$ 21,847,064,111

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2022

	Pension Trust Funds		
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund
ADDITIONS			
Contributions			
Members	\$ 335,646,335	\$ —	\$ 924,368
Employers	513,828,266	3,346,505	5,438,760
Rollovers	—	—	—
Total contributions	849,474,601	3,346,505	6,363,128
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	1,432,563,513	32,611,409	7,694,338
Interest, dividends and other investment income	382,916,288	8,716,849	2,051,651
Less investment expenses	(60,048,515)	(1,366,967)	(317,395)
Total investment income (loss) - net	1,755,431,286	39,961,291	9,428,594
Other-net	518,724	—	16,008
Total net additions (losses)	2,605,424,611	43,307,796	15,807,730
DEDUCTIONS			
Benefits and refunds paid to members and beneficiaries	1,249,768,496	19,446,545	8,610,785
Administrative expenses	9,997,170	46,516	115,561
Total deductions	1,259,765,666	19,493,061	8,726,346
INCREASE (DECREASE) IN NET POSITION	1,345,658,945	23,814,735	7,081,384
NET POSITION			
Beginning of year	19,364,189,606	447,620,207	103,935,720
End of year	<u>\$ 20,709,848,551</u>	<u>\$ 471,434,942</u>	<u>\$ 111,017,104</u>

See Notes to Financial Statements

Pension Trust Funds		Other Trust Funds		Totals	
PERSI Choice Plan		Sick Leave Insurance Reserve Funds			
401(k)	414(k)	State	Schools	2023	2022
\$ 80,103,170	\$ —	\$ —	\$ —	\$ 416,673,873	\$ 392,494,090
9,571,246	—	(833)	(11,621)	532,172,323	492,947,765
11,169,245	—	—	—	11,169,245	16,230,934
100,843,661	—	(833)	(11,621)	960,015,441	901,672,789
105,602,775	5,179,069	19,937,194	28,414,630	1,632,002,928	(2,691,886,758)
23,697,914	112,417	—	—	417,495,119	380,781,652
(3,180,376)	(12,767)	(100,305)	(132,751)	(65,159,076)	(69,865,317)
126,120,313	5,278,719	19,836,889	28,281,879	1,984,338,971	(2,380,970,423)
—	—	2,408	8,024	545,164	411,225
226,963,974	5,278,719	19,838,464	28,278,282	2,944,899,576	(1,478,886,409)
72,472,242	4,598,314	5,470,465	13,274,336	1,373,641,183	1,279,835,551
2,171,176	280,696	48,921	70,715	12,730,755	12,812,223
74,643,418	4,879,010	5,519,386	13,345,051	1,386,371,938	1,292,647,774
152,320,556	399,709	14,319,078	14,933,231	1,558,527,638	(2,771,534,183)
1,273,617,305	57,316,641	244,502,786	355,881,846	21,847,064,111	24,618,598,294
<u>\$ 1,425,937,861</u>	<u>\$ 57,716,350</u>	<u>\$ 258,821,864</u>	<u>\$ 370,815,077</u>	<u>\$ 23,405,591,749</u>	<u>\$ 21,847,064,111</u>

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

NOTE 1. GENERAL DESCRIPTION OF THE FUNDS

General — The Public Employee Retirement System of Idaho (the “System” or “PERSI”) is the administrator of seven plans including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”), the Firefighters’ Retirement Fund (FRF); and the Judges’ Retirement Fund (JRF); and two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (“PERSI Choice Plan”). PERSI also administers two Sick Leave Insurance Reserve Trust Funds, which qualify as other post employment benefits plans (OPEB), one for state employers and one for school district employers.

Reporting Entity — The System is a fiduciary fund of the State of Idaho (the “State”) and is included in the State of Idaho Annual Comprehensive Financial Report. The basic financial statements of the System include the financial activities of all of the above funds. A five member retirement board (the “Board”), appointed by the Governor and confirmed by the Idaho Senate, manages the System. State law requires that two members of the Board be active PERSI members with at least ten years of service and three members who are Idaho citizens not members of the System except by reason of having served on the Board. Responsibilities of the Board include selecting the funding agents, establishing funding policy, and setting contribution rates.

Defined Benefit Retirement Plans Administration — The PERSI Base Plan and FRF are both cost - sharing, multiple - employer defined benefit retirement plans that provide benefits based on members’ years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

Statutes governing the PERSI Base Plan are Title 59, Chapter 13 of the Idaho Code. Statutes governing FRF are Title 72, Chapter 14 of the Idaho Code.

Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

Effective July 1, 2014, by statute, PERSI assumed administration of the Judges’ Retirement Fund (JRF). The JRF is a single employer defined benefit plan that provides benefits based on members’ years of service, age and annual compensation. Statutes governing the Judges’ Retirement Fund are Title 1, Chapter 20 of the Idaho Code.

JRF members, having left office or retired, are eligible for retirement benefits based on age and years of service (a minimum of four years) as specified in statute.

Plans Membership — State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the System.

As of June 30, 2023 and 2022, the number of participating employer units in the PERSI Base Plan was:

	2023	2022
Cities	160	160
School districts	190	186
Highway and water districts	142	141
State subdivisions	92	90
Counties	44	44
Other	222	219
Total	850	840

As of June 30, 2023 and 2022, the number of benefit recipients and members in the PERSI Base Plan consisted of the following:

	2023	2022
Members:		
Active	76,668	74,409
Terminated and vested	16,106	15,489
Retirees and beneficiaries	54,680	53,190
Total	147,454	143,088

FRF has 22 participating employer units all consisting of fire departments that also participate in PERSI. As of June 30, 2023, there were 437 retired members or beneficiaries, collecting benefits from FRF. The FRF covers a closed group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the Base Plan. The cost of these additional benefits is paid by FRF member and employer contributions and receipts from a fire insurance premium tax.

As of June 30, 2023, JRF had 56 active members and 115 retired members or beneficiaries collecting benefits from JRF.

Benefits Provided - The benefit payments for the PERSI Base Plan, FRF and JRF are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The Retirement Board has the authority to provide higher PERSI Base Plan cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

The cost of living increase for the FRF retirees is based on the increase in the statewide average firefighter's wage for employer units who belong to the FRF plan.

Adjustments to JRF benefits are made by either the PERSI COLA as described above or by a statutory adjustment which is based on active judge's salaries. Whether the PERSI COLA or the statutory adjustment applies depend on the date the judge first assumed office, on or before July 1, 2012 and/or by whether the judge (if it was an option available) made an irrevocable election to use the PERSI COLA.

Contributions - The PERSI Base Plan, FRF and JRF benefits are funded by contributions from members and employers and earnings from investments. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. Member and employer contributions are paid as a percentage of member compensation. PERSI Base Plan, FRF and JRF member contribution rates are determined by the Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Contributions are based on actuarial assumptions, the benefit formulas, and employee groups of the System. Costs of administering the fund are financed through the contributions and investment earnings of the System.

Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method for the PERSI Base Plan, FRF and JRF. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age.

The PERSI Base Plan and the JRF Plan amortizes any net pension liability based on a level percentage of payroll. The payroll for employees covered by the PERSI Base Plan and JRF Plan was \$4,234,635,471 and \$8,697,841, respectively, for the year ended June 30, 2023.

Net pension liability (asset) for FRF is the difference between the pension liability of the FRF benefits not provided by the Base Plan and the FRF assets. There are no active employees in the FRF Plan since June 30, 2021. By statute, one - half of all proceeds from fire insurance premium tax collected throughout the state are automatically assigned to the FRF and are accounted for in employer contributions.

The Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2023, the employee rate was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters.

Idaho Statute 59-1394(1)(a) requires 50% of the gross receipts by the State of the tax on fire insurance premiums, as provided by Idaho Statute 41-402 is perpetually appropriated for the purpose of partially funding the benefit requirements of Chapter 14, Title 72 of the Idaho Code (Fireman's Retirement Fund).

The JRF employee contribution rate is 18.50% of the employer contribution rate as set by the Board. As of June 30, 2023, the employee contribution rate was 11.57% and the employer contribution rate was 62.53%. Active employees who have 20 or more years of service are exempt from employee contributions.

Upon termination of employment, PERSI Base Plan participants are entitled to accumulated member contributions plus interest, accrued at 1.00% from January 1, 2023 through June 30, 2023 (24.69% from July 1, 2022 through December 31, 2022) compounded monthly per annum, and are refundable. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

JRF employees with less than four years of service are entitled to a refund of accumulated member contributions plus interest, accrued at 6.50% per annum.

Defined Contribution Retirement Plans - The PERSI Choice Plans are defined contribution retirement plans. The statute governing the PERSI Choice Plans is Idaho Code Title 59, Chapter 13.

The PERSI Choice Plans made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans within the PERSI Choice Plans are commingled for investment purposes. Participants can direct their investment mix with some trading frequency restrictions. Participants have fifteen investment options: two balanced funds, four fixed income funds and eight equity funds and one specialty fund. Participants investing in the Total Return Balanced Fund and the PERSI Short - term Investment Portfolio pay investment management fees of .27% and .11%, respectively. Since inception of the plans, participants have paid investment management fees for all other options.

The 401(k) portion of the PERSI Choice Plans is open to all active PERSI members. Employees can make tax - deferred contributions up to 100% of their gross salary less deductions and subject to the Internal Revenue Service (IRS) annual contribution applicable limit for the age of the employee. The 414(k) portion of the PERSI Choice Plans was established for gain sharing allocations from the PERSI Base Plan. The gain sharing amount (if any) is based on funding levels in the Base Plan and is subject to Board approval. Eligibility for gain sharing requires twelve months of active PERSI Base Plan membership as defined in Idaho statutes and PERSI rules.

Participants may allocate their assets in 1% increments among the investment options; however, if no allocation preference is indicated, a default investment election to the PERSI Total Return Fund (TRF) is made. The TRF is a unitized fund comprised of investment accounts of the PERSI Base Plan.

As of June 30, 2023, there were 43,440 participants with balances in the PERSI Choice Plans. Some of these participants are in both the 401(k) Plan and the 414(k) Plan. As of June 30, 2023, there were 9,496 participants with both Choice Plan 401(k) and 414(k) plans. There were 26,645 participants with only Choice Plan 401(k), and 7,299 participants with only Choice Plan 414(k).

Optional Retirement Plan - Certain community colleges and university employees participate in an optional retirement plan (ORP) in accordance with the provisions of Idaho Code 33-107(A) and (B). For university employees who opted out of PERSI in 1993, the employer by statute pays 1.49% of ORP payroll in lieu of a withdrawal liability payment to PERSI with a payoff date of July 1, 2025. The community colleges were paid in full as of June 30, 2011.

Sick Leave Insurance Reserve Trust Funds (OPEB) - PERSI administers the Sick Leave Insurance Reserve Fund cost sharing, multiple-employer defined benefit OPEB plans that provides payment of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The Sick Leave Insurance Retirement Fund is classified as a trust fund. For state and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

The Sick Leave Insurance Retirement Fund is made up of two trust funds administered by PERSI - a trust for payment of school district employee benefits and a trust for payment of state employee benefits. The statutes governing the Sick Leave Insurance Retirement Fund are Idaho Code, Sections 67-5333, 33-1216, 59-1365, and 33-1228.

The Sick Leave Insurance Retirement Fund is a fund that exists for the payment of unused sick leave benefits in the form of insurance premiums for state and school district employees who separate from service by reason of retirement.

The System administers these trusts on behalf of the participating employers. Employers' contributions are a measure of pay collected each pay cycle and are held in trust for future benefits. The school districts and the State are responsible for any unfunded OPEB liability, respectively, through contribution rate adjustments.

Membership in the Sick Leave Insurance Funds as of June 30, 2023 valuation.

	State	Schools
Members:		
Active	21,701	35,625
Retirees and beneficiaries	6,502	7,838
Total	28,203	43,463

School District Employees - For school district employees, the unused sick leave amount available for benefit is limited to one-half of their eligible sick leave balance and rate of compensation at retirement.

State Employees - State employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

Credited Hours of State Services	Maximum Allowable Sick Leave Hours
0-10,400 (0-5 years)	420
10,401-20,800 (5-10 years)	480
20,801-31,200 (10-15 years)	540
31,201+ (15 years or more)	600

Members may use one - half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement.

In the November 2021 Board Meeting, the PERSI Board extended the rate holiday for employer contributions for Schools and for State to June 30, 2026 and June 30, 2031, respectively. There were no contributions received in the current fiscal year because of the holiday.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The System's basic financial statements are prepared utilizing the accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable, pursuant to formal commitments and statutory or contractual requirements, investment income is recognized when earned, and benefit payments and refunds and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. The pension funds are accounted for on a flow of economic resources measurement focus.

The significant GASB standards affecting the System are:

- GASB Statement No. 34, *Financial Statements – and Management's Discussion and Analysis for State and Local Governments*,
- GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*,
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures*,
- GASB Statement No. 40, *Deposit and Investment Risk Disclosures*,
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*,
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*,
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*,
- GASB Statement No. 67, *Financial Reporting for Pension Plans*,
- GASB Statement No. 68, *Financial Reporting for Pensions as amendment of GASB Statement No. 27*,
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*,
- GASB Statement No. 72, *Fair Value Measurement and Application*,
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*,
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans*,
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*,
- GASB Statement No. 82, *Pension Issues*,
- GASB Statement No. 84, *Fiduciary Activities*,
- GASB Statement No. 85, *Omnibus 2017*.

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. Investments of the PERSI Base Plan, FRF, JRF and the PERSI TRF (an option of the PERSI Choice Plan) are pooled for investment purposes, as is disclosed in Note 3. The Sick Leave Insurance Funds for State and Schools are not pooled.

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions, within asset allocation policy, portfolio investment policy, specific investment guidelines and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board in its administration of the System and management of the investment program is guided by the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514 of the Idaho Code and of fiduciary responsibilities in the Idaho Code, Section 59-1301, and is

empowered in its sole discretion to limit, control, and designate the types and amounts of investments. The Board has adopted an investment policy including policy related to deposit and investment risks identified in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

The fair value of investments is based on published market prices and quotations from major investment brokers, when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer term real estate holdings is estimated based on the System's consultant assessments and/or independent appraisals. Short - term investments are reported at fair value, when published market prices and quotations are available, or at cost plus accrued interest, which approximate fair value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter, the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds' advisory committee, and reviewed by consultants. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. Because of the lack of published market prices for these investments, the estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual company values, private equity represents 7.8% of total investments. PERSI's real estate and commercial mortgage investments are 5.7% and 3.6%, respectively, of total investments.

Investment expenses presented within the statements of changes in plan fiduciary net position do not include fees and costs for private equity investments nor does it include fees and commissions related to public equity transactions. These fees and costs are presented, for information purposes, within the Investment Section of PERSI's Annual Comprehensive Financial Report in the Schedule of Costs for Private Equity Partnerships and the Schedule of Broker Fees and Commissions. These costs are captured within the net asset value for investments as reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

The System purchases forward currency contracts for certain international investments and United States of America agency-guaranteed collateralized mortgage obligations for the purpose of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure. The System may incur minor recording costs for forward contracts until the settlement date. Potential future obligations for the forward contracts are not recognized until the contract expiration date.

The following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted November 2019) and for the Sick Leave Insurance Reserve Funds (Sick Leave, adopted March 2021), as of June 30, 2023:

<u>Asset Class</u>	2023	
	DB Plans	Sick Leave
Fixed Income	30.0%	39.3%
US/Global Equity	55.0%	10.7%
International Equity	15.0%	50.0%
Cash	0.0%	0.0%
Total	100%	100%

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the financial statements.

Assets Used in Plan Operations – These assets represent buildings, equipment, and computer software development costs used by the System and are recorded at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings is 30 - 50 years. The estimated useful life of computer software development costs is 10 - 15 years. Computer and technology equipment has a 3 - 5 year useful life.

Totals – The basic financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's basic financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions and are carried at cost plus accrued interest. Cash balances represent operating cash accounts held by various banks and on deposit with the State Treasurer. In accordance with Idaho Code Sections 67-1210 and 67-1210A, the State Treasurer invests cash not needed to meet immediate obligations in the pooled Idle Short - term Fund. Deposits are held by its agent in the State Treasurer's name. Pooled balances are available on demand. Cash deposits in other bank accounts are covered by federal depository insurance up to \$250,000. The System does not have a policy for custodial credit risk related to cash on deposit at local financial institutions.

Cash and cash equivalents	
Held by the State Treasurer	\$ 10,645,608
FDIC insured/collateralized	2,759,972
Uninsured and uncollateralized	<u>802,022</u>
Total	<u><u>\$ 14,207,602</u></u>

B. Investments

Investments of the pension trust funds are reported at fair value. See Note 2 for more details. The Board maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. This includes policies pertaining to asset allocation and risk described in subsequent sections. Refer to Note 2 for additional asset allocation information. In fulfilling its responsibilities, the Board has contracted with investment managers, a master global custodian, other custodians, and a cash manager. Manager contracts include specific guidelines regarding the PERSI investments under management.

The following investments, risks disclosures and rate of return do not include assets from the Sick Leave Insurance Retirement Funds or other non - TRF Choice Plan options. Based on the assets that are being excluded, they do not apply to these disclosures thus it is appropriate to exclude:

Derivatives
Mortgage - Backed Securities
TIPS
Custodial Credit Risk
Concentration of Credit Risk

Investments at fair value as of June 30, 2023, are as follows:

Domestic fixed income	\$ 5,185,195,751
Co - mingled domestic fixed income (Sick Leave Insurance Reserve Fund)	299,883,065
International fixed income	14,661,129
Idaho commercial mortgages	760,773,847
Short - term investments	284,175,663
Real estate	1,211,577,521
Domestic equities	9,241,725,823
Co - mingled domestic equity (Sick Leave Insurance Reserve Fund)	262,516,142
International equities	2,847,142,657
Co - mingled international equity (Sick Leave Insurance Reserve Fund)	65,778,468
Private equity	1,642,405,205
Mutual, collective, and unitized funds	1,475,487,842
Total Investments	<u><u>\$23,291,323,113</u></u>

Concentrations - In line with policy, the System does not have any investments from a single issuer (excluding explicitly guaranteed governments) that represent more than 5% of the System's net position.

Derivatives - Derivatives are financial obligations whose value is derived from underlying debt or equity securities, commodities, or currencies. Any derivative instruments held by PERSI are for investment purposes only and all information is disclosed within the investment footnotes. The derivatives held by PERSI are reported in the US dollar denomination. They are designed, among other things, to help investors protect themselves against the risk of price changes. In accordance with its investment policy, the System, through its external investment managers, holds investments in futures, options, and forward foreign currency contracts. Only a few selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are defined in manager contracts and are monitored on an ongoing basis.

Futures contracts are contracts for delayed delivery or receipt of securities in which the seller agrees to make delivery and the buyer agrees to take delivery at a specified future date, of a specified instrument, at a specified price. Market risk arises due to market price and interest rate fluctuations that may result in a decrease in the fair value of futures contracts. Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Each day the net change in the futures contract value is settled in cash with the exchanges. Holders of futures contracts look to the exchange for performance under the contract. Accordingly, the credit risk due to the nonperformance of counterparties to futures contracts is minimal. At June 30, 2023, the System had futures contracts with a fair value of \$(2,745,550), which is included in fixed income investments. Cash equivalents and short - term investments in amounts necessary to settle the futures contracts were held in the portfolio so that no leverage was employed, in accordance with the System's Statement of Investment Policy. As the derivative amounts are not significant, they have been included within the risk disclosure.

As of June 30, 2023, the System had the following net futures contracts exposure:

	Exposure covered by contract
Cash and Cash Equivalents	
Japanese Yen Foreign Currency	\$ 8,152,031
Mexican Peso Foreign Currency	3,333,840
Australian Dollar Foreign Currency	2,070,180
British Pound Foreign Currency	1,904,850
Canadian Dollar Foreign Currency	(378,150)
Fed Fund 30d	(15,426,547)
3Mo Secured Overnight Financing Rate Futures (CME)	(27,685,738)
Total Cash and Cash Equivalents	<u>(28,029,534)</u>
Fixed Income	
US 5yr Treasury Note	265,806,688
US Ultra Bond	26,562,656
Euro - Oat	2,381,435
Australian 10yr Bond	2,319,903
UK Long Gilt	2,302,033
Euro - Bund	1,459,103
Euro BOBL	1,262,396
Euro - BUXL 30yr Bond	(913,822)
US 10yr Ultra	(2,131,875)
Japan 10yr Bond	(8,222,229)
US 2yr Treasury Note	(21,147,750)
US Long Bond	(46,320,781)
US 10yr Treasury Note	(94,976,719)
Total Fixed Income	<u>128,381,038</u>
Net Futures Exposure	<u><u>\$ 100,351,504</u></u>

Option contracts are contractual agreements giving the purchaser the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified time. The option's price is usually a small percentage of the underlying asset's value. Options strategies used by the

System are designed to provide exposures to positive market moves and limit exposures to interest rate and currency fluctuations. At June 30, 2023, the Base Plan, TRF, JRF, and FRF had option contracts payable with a fair value of \$563,123, which is included in Domestic Fixed Income and \$(662,827) which is included in Investments Purchased.

At June 30, 2023, the System had the following net options exposure:

OPTIONS	Exposure covered by contract
Fixed Income	
Cash/Cash Equivalents - Purchased Call Options	\$ 7,253
Cash/Cash Equivalents - Purchased Put Options	24,806
Fixed Income - Purchased Call Options	26,617
Fixed Income - Purchased Put Options	504,447
Total Fixed Income	563,123
Investments Purchased	
Cash/Cash Equivalents - Written Call Options	—
Cash/Cash Equivalents - Written Put Options	(23,621)
Fixed Income - Written Call Options	(58,381)
Fixed Income - Written Put Options	(580,825)
Total Investments Purchased	(662,827)
Net Option Exposure	\$ (99,704)

Forward Foreign Currency Exchange Contracts are carried at fair value by the System. The System has entered into foreign exchange contracts to purchase or sell currency at various dates in the future at a specific price. Some of the System's international and real estate investment managers use forward contracts to hedge the exposure of investments to fluctuations in foreign currency. Forward foreign exchange contracts are negotiated between two counterparties. The System could sell the forward contract at a loss, or if it were to continue to hold the contract, the System may make a termination payment to the counterparty to cancel its obligation under the contract and then buy the currency on the open market. The System could also incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Controls are established by the System and the investment managers to monitor the creditworthiness of the counterparties. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. As of June 30, 2023, the System had entered into forward currency contracts to sell foreign currencies with a fair value of \$39,890,078 and had entered into forward currency contracts to buy foreign currencies with a fair value of \$(40,025,508). Forward currency contracts are receivables or payables reported as investments sold or investments purchased. A net unrealized loss of \$(135,430) at June 30, 2023 was recorded, which represent the loss which would occur from executing these forward foreign currency contracts.

Mortgage-Backed Securities - These investments are valued based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments, thereby reducing the

value of the securities. Details regarding interest rate risk for these investments are included in the Interest Rate Risk section on page 110.

TIPS - Treasury Inflation Protected Securities (TIPS) are fixed income securities issued by the US Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. At June 30, 2023, the System had invested in TIPS with a fair value of \$2,156,358,793.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The System's investment policies requires each portfolio manager to maintain a reasonable credit risk level relative to its benchmark and provided expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

As of June 30, 2023, the System's fixed income assets that are not government guaranteed represented 45.84% of the fixed income portfolio. The System's fixed income assets are shown with current credit ratings in the table below.

Credit Quality	PERSI/FRF Base Plans		JRF		Total Return Fund		
	Domestic	Int'l	Domestic	Int'l	Domestic	Int'l	Total
Short - term							
A-1+	\$ 18,352,016	\$ —	\$ 96,183	\$ —	\$ 1,020,690	\$ —	\$ 19,468,889
A-1	78,052,370	—	409,074	—	4,341,059	—	82,802,503
A-2	9,407,084	—	49,303	—	523,196	—	9,979,583
Long - term							
AAA	103,884,257	—	544,459	—	5,777,758	—	110,206,474
AA*	433,816,653	—	2,273,641	—	24,127,696	—	460,217,990
A	504,250,384	—	2,642,785	—	28,045,027	—	534,938,196
BBB	575,176,315	9,880,254	3,014,510	51,783	31,989,733	549,512	620,662,107
BB**	25,640,566	—	134,383	—	1,426,057	—	27,201,006
B*	3,080,384	—	16,144	—	171,323	—	3,267,851
CCC**	4,762,871	—	24,962	—	264,898	—	5,052,731
CC**	475,697	—	2,493	—	26,457	—	504,647
Not rated	142,868,475	4,588,028	748,776	24,046	7,945,954	255,174	156,430,453
Total Credit Risk Fixed	1,899,767,072	14,468,282	9,956,713	75,829	105,659,848	804,686	2,030,732,430
Income Securities							
US Government	3,526,089,810	—	18,480,300	—	196,111,471	—	3,740,681,581
Pooled Investments - (unrated)	30,518,689	—	159,949	—	1,697,366	—	32,376,004
Pooled Investments - SLIRF (unrated)	—	—	—	—	—	—	299,883,065
Idaho Mortgages	756,807,406	—	3,966,441	—	42,091,558	—	802,865,405
Total	\$ 6,213,182,977	\$ 14,468,282	\$ 32,563,403	\$ 75,829	\$ 345,560,243	\$ 804,686	\$ 6,906,538,485

*Includes US Government Agencies implicitly guaranteed by US Government: FHLB \$40,937,752; FHLMC \$90,691,307; FNMA \$149,666,525

**Active bond managers are allowed to invest a portion of their portfolios in non-investment grade securities. These positions are monitored on a regular basis.

Each portfolio is managed in accordance with operational guidelines that are specific as to expected portfolio characteristics that usually, but not always, include credit quality and exposure levels. The System's investment policy requires managers to provide PERSI with expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to staff and these disclosures are to be made available to the Board.

D. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of their deposits and investments that are in the possession of an outside party. The System mitigates custodial credit risk by requiring in policy, to the extent possible, that investments be clearly marked as to PERSI ownership and be registered in the System's name. All securities are required to be delivered to a third-party institution mutually agreed upon by the bank and the System.

The System's cash and deposits are swept daily by the System's custodian and cash manager into short - term investment funds. Clearwater Advisors, LLC is the System's cash manager and invests the bulk of the System's cash, approximately 87.09%, in short - term instruments held at the custodian bank. Of the remaining cash and deposits at June 30, 2023 approximately 2.39% or, \$7,021,869, was held by various counterparties not in the System's name. The remainder, approximately 10.52%, is invested in custodial bank-maintained collective investment funds.

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The System's operational guidelines for investments in any corporate entity are stated in each individual manager's specific portfolio guideline.

Per the Systems Investment policy, managers will provide expected concentration of credit risk exposures in their portfolio guidelines. If the concentration of credit risk exceeds expectations, managers are required to report these occurrences to Staff and these disclosures are to be made available to the Board. For the portfolio as a whole, Staff will report to the Board at a regular Board Meeting if the exposure to a non - US government guaranteed credit exceeds 5% of the System's invested assets.

F. Interest Rate Risk

Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration methodology. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with operational guidelines which include an expected range of interest rate risk in the portfolio. Per the System's investment policy, managers will provide PERSI with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. The reporting of effective duration found in the tables that follow quantifies the interest rate risk of the System's fixed income assets. Some of the large durations are due to the use of options and forward foreign currency contracts. For line items below reported as "N/A," the duration calculation is not available. A negative duration can occur when floating rate securities trade at a discount.

Effective duration of domestic fixed income assets by security type:

Investment	Fair Value Allocations				
	Effective Duration in Years	PERSI/FRF DB Plans	Judges' Plan	Total Return Fund	Total
Domestic					
Asset - backed Securities	2.91	\$ 18,294,135	\$ 95,880	\$ 1,017,470	\$ 19,407,485
Asset - backed Securities	N/A	4,044,138	21,195	224,924	4,290,257
Mortgages	3.51	24,055,267	126,074	1,337,888	25,519,229
Mortgages	N/A	395,863	2,075	22,017	419,955
Commercial Paper	0.19	115,107,350	603,280	6,401,956	122,112,586
Commercial Paper	N/A	(15,220)	(80)	(847)	(16,147)
Corporate Bonds	7.46	1,198,657,132	6,282,183	66,666,031	1,271,605,346
Corporate Bonds	N/A	7,269,542	38,100	404,312	7,711,954
Fixed Income Derivatives	16.88	(2,303,283)	(12,072)	(128,102)	(2,443,457)
Fixed Income Derivatives	N/A	(247,119)	(1,295)	(13,744)	(262,158)
Government Agencies	7.67	112,601,182	590,145	6,262,570	119,453,897
Government Bonds	7.51	1,498,857,197	7,855,537	83,362,338	1,590,075,072
Government Mortgage - backed Securities	5.95	285,871,563	1,498,258	15,899,394	303,269,215
Pooled Investments	—	30,518,689	159,949	1,697,366	32,376,004
Pooled Investments - SLIRF Domestic Fixed Income	N/A	—	—	—	299,883,065
Private Placements	3.98	124,869,461	654,443	6,944,898	132,468,802
Private Placements	N/A	5,744,768	30,108	319,508	6,094,384
TIPS	8.86	2,032,654,906	10,653,181	113,050,706	2,156,358,793
Idaho Mortgages	—	756,807,407	3,966,441	42,091,558	802,865,406
Total		\$6,213,182,978	\$ 32,563,402	\$ 345,560,243	\$6,891,189,688

Effective duration of international fixed income assets by security type:

Investment	Fair Value Allocations				
	Effective Duration in Years	PERSI/FRF DB Plans	Judges' Plan	Total Return Fund	Total
International					
Government Bonds	7.19	\$ 14,468,282	\$ 75,829	\$ 804,686	\$ 15,348,797
Total		\$ 14,468,282	\$ 75,829	\$ 804,686	\$ 15,348,797

G. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The System expects the managers of these holdings to maintain adequately diversified portfolios to limit foreign currency risk. Per the System's investment policy, the individual manager guidelines will outline the expected current exposures (either specifically or through ranges of security exposures to particular currency areas) of the underlying portfolio and if the actual currency exposure differs from the expected, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. Currency gains and losses will result from exchange rate fluctuations. The System's exposure to foreign currency risk expressed in US dollars as of June 30, 2023, is highlighted in the table that follows. Negative fair values related to variable - rate debt instruments that are highly sensitive to changes in interest rates.

Currency	Short - term Investments	Equity	Fixed Income	Total USD Equivalent Fair Value
Argentina Peso	\$ 1,944	\$ —	\$ —	1,944
Australian Dollar	4,416,074	77,632,189	(27,098)	82,021,165
Brazil Real	76,536	23,242,851	—	23,319,387
Canadian Dollar	5,532,153	39,589,069	—	45,121,222
Chinese R Yuan Hk	(1,874,149)	—	—	(1,874,149)
Euro Currency Unit	14,810,960	1,159,540,516	(35,552)	1,174,315,924
Hong Kong Dollar	187,659	129,247,036	—	129,434,695
Indian Rupee	584,793	—	—	584,793
Indonesian Rupiah	647,285	—	3,275,711	3,922,996
Israeli Shekel	49,532	2,883,028	—	2,932,560
Japanese Yen	3,420,048	420,162,223	(32,870)	423,549,401
Malaysian Ringgit	15	6,234,611	—	6,234,626
Mexican Peso	(1,725,550)	11,362,980	9,928,767	19,566,197
New Taiwan Dollar	52,694	23,028,912	—	23,081,606
New Zealand Dollar	1,026	1,475,287	—	1,476,313
Norwegian Krone	1,244,187	4,567,000	—	5,811,187
Philippines Peso	—	9	—	9
Polish Zloty	6,799	—	—	6,799
Pound Sterling	(1,780,697)	632,658,396	(36,108)	630,841,591
Russian Ruble	—	—	1,646,233	1,646,233
Singapore Dollar	8,993	38,136,811	—	38,145,804
South Korean Won	1,154,154	43,149,941	—	44,304,095
Swedish Krona	269,372	56,141,174	—	56,410,546
Swiss Franc	6,783,774	218,461,747	—	225,245,521
Thailand Baht	(162)	5,705,967	—	5,705,805
Total value of investments subject to foreign currency risk	\$ 37,295,763	\$ 3,039,628,095	\$ 14,719,083	\$ 3,091,642,941

H. Rate of Return

For the years ended June 30, 2023 and 2022, the annual money - weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.24% and (9.61)%, respectively. The money - weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4. FAIR VALUE

GASB Statement No. 72, *Fair Value Measurement and Application*, (Statement 72) specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

Level 1 - Unadjusted quoted prices for identical instruments in active markets, that the reporting entity has the ability to access at the measurement date.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model - derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3 - Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the reporting entity's own assumptions, but the market participant's assumptions that may be used in pricing the asset or liability.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Plan defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Plan performed a detailed analysis of the assets and liabilities that are subject to Statement 72.

The following table presents fair value measurements as of June 30, 2023:

Instruments by Fair Value Level	Total	Level 1	Level 2	Level 3
Fixed Income Securities:				
US Government	\$ 3,741,948,709	\$ 3,717,384,285	\$ 24,564,424	\$ —
Asset backed - Securitized	514,406,434	—	499,264,329	15,142,105
Corporate	1,086,775,765	—	1,086,526,510	249,255
Idaho Mortgages	802,865,405	—	802,865,405	—
Non - US Government	144,259,360	—	142,692,376	1,566,984
Total Fixed Income Securities	6,290,255,673	3,717,384,285	2,555,913,044	16,958,344
Equities:				
Domestic	7,450,410,562	7,450,410,562	—	—
Developed Markets	3,328,332,184	3,328,332,184	—	—
Emerging Markets	309,168,163	309,168,163	—	—
Total Equities	11,087,910,909	11,087,910,909	—	—
Preferred Securities	6,167,376	5,350,120	817,256	—
Mutual Funds - Defined Contribution investment options	935,022,662	934,663,589	359,073	—
Total investments by fair value level*	\$ 18,319,356,620	\$ 15,745,308,903	\$ 2,557,089,373	\$ 16,958,344

* The Total Return Fund and Short - Term Investment Portfolio are unitized Defined Contribution investment options included with the Equity and Fixed Income totals above and the Private Equity Partnerships and Private Real Estate totals below.

Investments measured at the net asset value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private Equity Partnerships:				
Growth Equity	\$ 68,003,316	\$ 192,314,546	N/A	N/A
Corporate Finance/Buyout	1,422,245,347	888,334,042	N/A	N/A
Distressed Debt	32,408,031	12,939,712	N/A	N/A
Co/Direct Investment	108,176,164	46,276,168	N/A	N/A
Secondaries	77,787,175	127,830,594	N/A	N/A
Venture Capital	24,655,007	22,228,240	N/A	N/A
Private Real Estate:				
Open Ended Co - mingled Insurance Company separate account	91,150,962	N/A	N/A	N/A
Multifamily properties (Olympic)	60,884,025	N/A	N/A	N/A
Value added apartments	283,882,090	N/A	N/A	N/A
Value added offices	14,156,177	N/A	N/A	N/A
Value added retail	56,224,820	N/A	N/A	N/A

Continued

Continued

Investments measured at the net asset value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Office/Industrial properties	99,825,737	N/A	N/A	N/A
Core Office	140,917,731	N/A	N/A	N/A
Industrial	424,208,395	N/A	N/A	N/A
Development properties	107,360,889	N/A	N/A	N/A
Collective Funds:				
REIT Index Collective Fund	4,697,768	N/A	Daily	Daily
TIPS Index Collective Fund	5,128,998	N/A	Daily	Daily
US Broad Equity Market Index Collective Fund	134,821	N/A	Daily	Daily
Emerging Equity Market Index Fund	113,910	N/A	Daily	Daily
US Large Cap Equity Market Index Collective Fund	69,437,867	N/A	Daily	Daily
US Bond Market Index Collective Fund	12,053,045	N/A	Daily	Daily
International Equity Index Collective Fund	11,975,819	N/A	Daily	Daily
US Small/Midcap Equity Index Collective Fund	30,072,301	N/A	Daily	Daily
BNYM Mellon DB NSL Emerging Market Stock Index Fund - Non - DC	847,454,144	N/A	Daily	2 days
Unitized Fund:				
Short - Term Investment Portfolio account	44,625,278	N/A	Daily	Daily
Sick Leave Insurance Reserve Trust Funds:				
Russell 3000 Index Fund	262,516,143	N/A	Daily	Same day
Government Credit Bond Index Fund	299,883,065	N/A	Daily	1 day
MSCI ACWI Ex - US Strategy Fund	65,778,468	N/A	Daily	3 days
Total investments measured at the Net Asset Value (NAV)	4,665,757,493			
Total investments measured at fair value	\$ 22,985,114,113			

Investment derivative instruments by fair value	Total	Level 1	Level 2	Level 3
Foreign Exchange Contracts - Receivable	\$ 39,890,078	\$ —	\$ 39,890,078	\$ —
Foreign Exchange Contracts - Payable	(40,025,508)	—	(40,025,508)	—
Futures	(2,846,440)	(2,846,440)	—	—
Swap Collateral	(20,000)	—	(20,000)	—
Total Investment derivative instruments	\$ (3,001,870)	\$ (2,846,440)	\$ (155,430)	\$ —

The Plan uses a Fair Value Hierarchy (FVH) report within the custodial reporting system that is based on asset class and utilizing a proprietary matrix. The custodian uses several third party vendors to establish pricing. When possible, secondary vendor pricing is used to check for accuracy against the primary vendor's price. The pricing vendors provide detailed pricing and reference data outlining their inputs, pricing applications, models, and methodologies. FVH reporting is reviewed and researched if inconsistencies are observed.

Short-Term Securities: These items were removed from leveling table due to the nature of securities. These are cash equivalents and highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value.

Equities: Equities at Level 1 are using quoted prices for identical securities in an active market. Level 3 equities have very limited trading volume and use the last quoted price available on the trade data.

Fixed Income: These securities are primarily in Level 1 and 2. Information such as sector groupings, benchmark curves, like security benchmarking, reported trades, broker/dealer quotes and other reference data are all used to assist with pricing of all types of securities. Specifically, these categories used the following methodologies.

US Government Electronic fixed income trade platform and broker feeds are used and reviewed for consistency and outliers.

Asset Backed/Securitized Uses volatility - driven multi-dimensional spread tables and option adjusted spread and prepayment model.

Corporate and Non - US Government Multi - dimensional relational models are used along with option adjusted spread.

Idaho Mortgages - The fair value of the commercial mortgage portfolio is calculated daily. Expected cash flows for loans are discounted with rates that are based on the US Treasury yield curve. The relevant discount rates include a spread above Treasury yields that accounts for credit and liquidity risk.

Mutual Funds: Valued at the daily closing price as reported by the fund and reported as Level 1. Mutual funds held by the Plan are open - end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Private Equity Partnerships: These are reported at the NAV and includes limited partnerships invested in the following strategies: Growth Equity, Corporate Finance/Buyout, Distressed Debt, Co/Direct Investments, Secondaries, and Venture Capital. Fair value is obtained by using a valuation provided by the General Partner, adjusting for interim cash flows and rolling forward to the measurement date of the Plan. A gatekeeper is used to monitor values, cash flows, and provide due diligence for new investments. The fair values presented may differ from actual amounts realized from these investments.

Real Estate:

Real Estate Investment Trusts (REITs) are publicly traded securities and are included with Equities: Domestic, Level 1, as those securities are traded in an active market.

Private Real Estate are investments owned directly or with other partnership interests and are in several general categories to include Affordable Housing, Multifamily properties, Value added apartments, Office/Industrial Properties, and Development Properties and are listed with investments measured at the NAV. Each property in the Portfolio is externally appraised at a minimum every year. Appraisals are completed by third - party MAI certified appraisers. For properties not subject to an external appraisal during a quarter, internal valuations are completed by AEW (the Plan's private real estate consultant) (or Pinnacle and reviewed by AEW), based on updated operational performance at the subject property and any relevant sale comparable. A discounted cash flow analysis is utilized to determine asset value. Prior to finalizing the values, Altus (an independent professional advisory with expertise in appraisals) reviews every valuation quarterly and communicates its questions/findings to AEW before approval. The valuation of the Affordable Housing properties is calculated by a third party valuation and accounting specialist in the affordable housing industry once a year at December 31st. Development properties are initially valued at their accumulated cost amounts until completion, upon which an appraisal is done.

Prudential is an open - ended commingled insurance company separate account comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. Fair value is generally determined through an appraisal process that is conducted by independent appraisers within a reasonable amount of time following acquisition and no less frequently than annual thereafter.

Collective Trust Funds: At the beginning of the fiscal year, there were eight collective trust funds offered as investment options in the Defined Contribution Plan, and one in the Defined Benefit Plan. During the fiscal year, an additional fund in the Defined Benefit Plan was converted to a collective fund. The collective funds are value based on the NAV of the underlying investments. Collective Trusts are regulated, but not registered investment vehicles.

Commingled Funds: These are the investment vehicles used for the Plan's Sick Leave Insurance Reserve Trust Funds where funds are pooled from numerous plans. They are valued at net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Derivatives:

Foreign Currency Forward Contracts use a market approach with foreign exchange rates. Futures are standardized legal contracts to buy or sell something at a predetermined price at a specified time in the future.

Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Each day, the net change in the futures contract value is settled in cash with the exchanges.

Swap Collaterals are based on a certain value; priced at \$1.00. It is collateral at the broker to hold for those derivatives that require collateral.

NOTE 5. NET PENSION LIABILITY (ASSET)

The components of the net pension liability (asset) of the participating employers as of June 30, 2023 and 2022, are as follows:

	PERSI Base Plan 2023	FRF 2023	JRF 2023
Total pension liability	\$ 24,686,512,681	\$ 235,032,187	\$ 131,999,508
Plan fiduciary net position	20,695,842,118	471,434,942	111,017,104
Employers' net pension liability (asset)	<u>\$ 3,990,670,563</u>	<u>\$ (236,402,755)</u>	<u>\$ 20,982,404</u>
Plan fiduciary net position as a percentage of total pension liability	<u>83.83 %</u>	<u>200.58 %</u>	<u>84.10 %</u>
	PERSI Base Plan 2022	FRF 2022	JRF 2022
Total pension liability	\$23,288,243,222	\$ 242,329,263	\$ 125,836,363
Plan fiduciary net position	19,349,485,162	447,620,207	103,935,720
Employers' net pension liability (asset)	<u>\$ 3,938,758,060</u>	<u>\$ (205,290,944)</u>	<u>\$ 21,900,643</u>
Plan fiduciary net position as a percentage of total pension liability	<u>83.09 %</u>	<u>184.72 %</u>	<u>82.60 %</u>

The net pension liability (asset) is calculated using a discount rate of 6.35%, which is the expected rate of return on investments reduced by investment expenses. The unfunded liability as reported in Management's Discussion and Analysis is calculated using 6.30%, which is the expected rate of return on investments reduced by investment and administrative costs. The net pension liability was determined by an actuarial valuation as of July 1, 2023, applied to all prior periods included in the measurement. 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 pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Economic assumptions for the Base Plan, FRF, and JRF were studied in the most recent actuarial experience study performed for the period 2015 through 2020. Demographic assumptions, including mortality, for the Base Plan and FRF were studied for the period 2015 through 2020. Demographic assumptions, including mortality, for JRF were studied for the period 2013 through 2018.

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

Actuarial Assumptions	PERSI Base Plan	FRF	JRF
Inflation	2.30%	2.30%	2.30%
Salary increases including inflation	3.05%	3.05%**	3.05%*
Investment rate of return - net of investment fees	6.35%	6.35%	6.35%
Cost of Living (COLA) adjustments	1.00%**	***	***

*3.05 percent or 1.00 percent depending on whether the member was hired on or before July 1, 2012 and by whether the judge (if it was an option available) made an irrevocable election to use the PERSI COLA.

**3.05 percent COLA is assumed for the gross benefit paid to members of FRF. A 1.00 percent COLA is assumed for the PERSI benefit offsets used to determine the benefits paid by FRF.

***There is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on years of service.

Mortality

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries, as well as for the Judicial members. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub - 2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub - 2010 General Tables, increased 21%.
Teachers - Males	Pub - 2010 Teacher Tables, increased 12%.
Teachers - Females	Pub - 2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub - 2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub - 2010 Safety Tables, increased 26%.
	5% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub - 2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub - 2010 Disabled Tables, increased 36%.

Judicial Members

Males - Pre - Commencement	General Pub - 2010 Above Median tables for male employees
Males - Post - Commencement	General Pub - 2010 Above Median tables for male healthy annuitants
Females - Pre - Commencement	General Pub - 2010 Above Median tables for female employees
Females - Post - Commencement	General Pub - 2010 Above Median tables for female healthy annuitants

The long - term expected rate of return on pension plan 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 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 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 System relies primarily on an approach which 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 somewhat more conservative than the current allocation of PERSI'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.

Capital Market Assumptions

Asset Class	Target Allocation	Long - Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	(0.25)%
TIPS	10.00%	(0.30)%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount rate – The discount rate used to measure the total pension liability was 6.35%. 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 pension plans' 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long - term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

Sensitivity of the net pension liability (asset) to changes in the discount rate – The following presents the net pension liability (asset) of PERSI, FRF and JRF employers calculated using the discount rate of 6.35% as well as what the employers' 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 5.35%	Current Discount Rate 6.35%	1% Increase 7.35%
Employers' net pension liability (asset) - PERSI	\$7,177,385,264	\$3,990,670,563	\$ 1,386,128,855
Employers' net pension liability (asset) - FRF	(216,239,500)	(236,402,755)	(253,975,942)
Employers' net pension liability (asset) - JRF	34,344,362	20,982,404	9,565,607

NOTE 6. NET OPEB ASSET

The components of the net OPEB asset associated with the Sick Leave Insurance Reserve Funds of the participating employers as of June 30, 2023 and 2022, is as follows:

State Members

	<u>2023</u>	<u>2022</u>
Total OPEB liability	\$ 115,683,555	\$ 103,036,122
Plan fiduciary net position	<u>258,821,864</u>	<u>244,502,786</u>
Employers' net OPEB liability (asset)	<u>\$ (143,138,309)</u>	<u>\$ (141,466,664)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>223.7%</u>	<u>237.0%</u>

School Members

	<u>2023</u>	<u>2022</u>
Total OPEB liability	\$ 298,248,684	\$ 279,754,781
Plan fiduciary net position	<u>370,815,077</u>	<u>355,881,846</u>
Employers' net OPEB liability (asset)	<u>\$ (72,566,393)</u>	<u>\$ (76,127,065)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>124.3%</u>	<u>127.0%</u>

The OPEB asset is calculated using a discount rate of 5.45% which is the expected rate of return on investments reduced by investment expenses. The net OPEB asset was determined by an actuarial valuation as of July 1, 2023. 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 asset are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Board's adopted asset allocation policy for the Sick Leave Insurance Retirement Funds as of June 30, 2023 was 50% Fixed income, 39.3% US/Global equity, and 10.7% International equity.

<u>Actuarial Assumptions</u>	<u>Sick Leave Insurance Reserve Funds</u>
Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return - net of investment fees	5.45%

The long - term expected rate of return on OPEB plan 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 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 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, we rely primarily on an approach which 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 somewhat more conservative than the current allocation of PERSI's assets.

The real rate of return is determined by adding expected inflation of 2.25% to expected long-term geometric returns.

Asset Class	Index	Target Allocation	Expected Real Rate of Return*
Broad US Equity	Russell 3000	39.3%	4.90%
Developed Ex US Equity	MSCI World ex USA	10.7%	4.75%
Fixed Income	Bloomberg Barclays Aggregate	50.0%	0.50%

*Based on Callan's 10-Year Geometric Projected Rate of Return minus the assumed inflation rate.

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 pension plans' 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 OPEB plan 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 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) calculated using the discount rate of 5.45% as well as what the employers' 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:

State & School Members	1% Decrease 4.45%	Discount Rate 5.45%	1% Increase 6.45%
State Members - Net OPEB Liability/(Asset)	\$ (132,738,812)	\$ (143,138,309)	\$ (152,407,412)
School Members - Net OPEB Liability/(Asset)	\$ (48,841,379)	\$ (72,566,393)	\$ (94,265,262)

NOTE 7. ASSETS USED IN PLAN OPERATIONS

Assets used in plan operations at June 30, 2023 and 2022, consist of the following:

	2023	2022
Buildings and improvements	\$ 6,122,935	\$ 6,060,426
Less accumulated depreciation	(5,687,985)	(5,264,543)
Total buildings and improvements	<u>434,950</u>	<u>795,883</u>
Equipment	877,950	799,398
Less accumulated depreciation	(590,681)	(462,786)
Total equipment	<u>287,269</u>	<u>336,612</u>
Computer software development - Arrivos	12,766,777	11,968,297
Less accumulated amortization	(8,642,227)	(7,450,981)
Total computer software development - Arrivos	<u>4,124,550</u>	<u>4,517,316</u>
Equipment - Arrivos	254,114	254,114
Less accumulated depreciation	(254,114)	(254,114)
Total equipment	<u>—</u>	<u>—</u>
Total assets used in plan operations	<u>\$ 4,846,769</u>	<u>\$ 5,649,811</u>

Depreciation expense is a component of administrative expense. For the year ended June 30, 2023, depreciation expense on the buildings and improvements was \$423,442. The equipment had a total depreciation expense of \$127,895 for 2023.

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

The State funds, or partially funds, post employment benefits relating to health, disability, and life insurance. Employees of PERSI participate in the State of Idaho's post employment benefit programs. The State administers the retiree healthcare plan which allows eligible retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long - term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefits costs are paid by PERSI through a rate charged by the State. The primary government (State of Idaho) is reporting the liability for the retiree healthcare and long - term disability benefits. Specific details of these other post employment benefits are available in the Annual Comprehensive Financial Report of the State of Idaho which may be accessed at www.sco.idaho.gov.

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

PERSI Base Plan

	2023	2022	2021	2020	2019
Total pension liability changes for the year					
Service cost ⁽¹⁾	\$ 637,491,431	\$ 596,927,904	\$ 513,205,361	\$ 484,964,767	\$ 461,646,272
Interest ⁽¹⁾⁽²⁾	1,480,236,878	1,397,434,963	1,388,578,112	1,321,253,945	1,250,119,942
Effect of plan changes	22,917,868	274,272,094	5,638,304	372,935,449	—
Effect of economic/demographic gains or losses	506,681,792	457,371,784	26,369,372	166,634,457	(105,480,176)
Effect of assumptions changes or inputs	—	—	1,136,086,143	—	—
Benefit payments, including refunds of member contributions	(1,249,058,510)	(1,129,444,374)	(1,092,389,237)	(1,012,529,440)	(975,200,330)
Net change in total pension liabilities	1,398,269,459	1,596,562,371	1,977,488,055	1,333,259,178	631,085,708
Total pension liability - beginning	23,288,243,222	21,691,680,851	19,714,192,796	18,380,933,618	17,749,847,910
Total pension liability - ending	24,686,512,681	23,288,243,222	21,691,680,851	19,714,192,796	18,380,933,618
Plan net position					
Contributions - employer	513,828,265	476,416,795	450,951,588	430,638,154	390,080,902
Contributions - employee	335,646,335	315,161,350	294,084,814	280,790,591	257,060,511
Net investment income (loss)	1,755,938,036	(2,073,323,125)	4,734,923,136	463,879,610	1,301,966,592
Other	—	—	—	—	—
Benefit payments, including refunds of member contributions	(1,249,058,510)	(1,129,444,374)	(1,092,389,237)	(1,012,529,440)	(975,200,330)
Administrative expense	(9,997,170)	(9,984,308)	(8,972,053)	(10,179,831)	(9,276,642)
Net change in plan net position	1,346,356,956	(2,421,173,662)	4,378,598,248	152,599,084	964,631,033
Plan net position - beginning	19,349,485,162	21,770,658,824	17,392,060,576	17,239,461,492	16,274,830,459
Plan net position - ending	20,695,842,118	19,349,485,162	21,770,658,824	17,392,060,576	17,239,461,492
Plan net pension liability (asset) - ending	<u>\$3,990,670,563</u>	<u>\$3,938,758,060</u>	<u>\$ (78,977,973)</u>	<u>\$2,322,132,220</u>	<u>\$1,141,472,126</u>

(1) Service cost and interest on total pension liability are measured after reflecting the effect of plan changes but before reflecting the assumption changes.

(2) Includes interest on total pension liability, service cost, plan changes, and benefit payments.

See Notes to Required Supplementary Information

2018	2017	2016	2015	2014
\$ 437,257,407	\$ 406,910,895	\$ 397,283,921	\$ 384,419,252	\$ 376,800,000
1,202,947,872	1,129,286,928	1,088,670,726	1,045,505,462	992,942,358
84,200,000	12,200,000	67,800,000	150,400,000	(1,300,000)
(38,113,799)	273,580,592	(104,512,779)	(105,531,304)	(111,248,209)
104,724,103	—	13,100,000	—	74,600,000
<u>(909,678,264)</u>	<u>(864,785,159)</u>	<u>(824,524,533)</u>	<u>(770,593,410)</u>	<u>(729,094,149)</u>
881,337,319	957,193,256	637,817,335	704,200,000	602,700,000
16,868,510,591	15,911,317,335	15,273,500,000	14,569,300,000	13,966,600,000
17,749,847,910	16,868,510,591	15,911,317,335	15,273,500,000	14,567,300,000
369,139,113	356,367,389	335,610,100	321,240,628	310,986,283
243,950,654	237,032,668	220,866,936	211,468,780	203,890,954
1,283,658,926	1,692,713,855	202,329,942	367,820,877	2,000,619,926
—	—	25,283	16,767	—
(909,678,264)	(864,785,159)	(824,524,533)	(770,593,410)	(729,094,149)
<u>(8,922,335)</u>	<u>(8,810,136)</u>	<u>(6,806,655)</u>	<u>(6,434,462)</u>	<u>(6,787,811)</u>
978,148,094	1,412,518,617	(72,498,927)	123,519,180	1,779,615,203
15,296,682,365	13,884,163,748	13,956,662,675	13,833,143,496	12,053,528,293
<u>16,274,830,459</u>	<u>15,296,682,365</u>	<u>13,884,163,748</u>	<u>13,956,662,675</u>	<u>13,833,143,496</u>
<u>\$1,475,017,451</u>	<u>\$1,571,828,226</u>	<u>\$2,027,153,587</u>	<u>\$1,316,837,325</u>	<u>\$ 736,156,504</u>

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

Firefighters' Retirement Fund	2023	2022	2021	2020	2019
Total pension liability changes for the year					
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —
Interest ⁽¹⁾	14,779,983	14,749,137	15,415,347	18,555,434	19,216,525
Effect of plan changes	—	—	—	—	—
Effect of economic/demographic gains or losses	(2,630,514)	4,963,948	(6,986,802)	(4,019,534)	(9,593,204)
Effect of assumptions changes or inputs	—	—	(16,003,571)	—	—
Benefit payments, including refunds of member contributions	(19,446,545)	(19,014,750)	(18,828,213)	(19,073,931)	(18,929,519)
Net change in total pension liabilities	(7,297,076)	698,335	(26,403,239)	(4,538,031)	(9,306,198)
Total pension liability - beginning	242,329,263	241,630,928	268,034,167	272,572,198	281,878,396
Total pension liability - ending	235,032,187	242,329,263	241,630,928	268,034,167	272,572,198
Plan net position					
Contributions - employer ⁽²⁾	3,346,505	2,901,920	2,549,471	8,660,397	3,926,915
Contributions - employee	—	—	—	4,503	4,540
Net investment income (loss)	39,961,291	(48,067,876)	111,249,774	11,090,094	36,330,366
Benefit payments, including refunds of member contributions	(19,446,545)	(19,014,750)	(18,828,213)	(19,073,931)	(18,929,519)
Administrative expense	(46,516)	(56,863)	(46,585)	(73,557)	(55,031)
Net change in plan net position	23,814,735	(64,237,569)	94,924,447	607,506	21,277,271
Plan net position - beginning	447,620,207	511,857,776	416,933,329	416,325,823	395,048,552
Plan net position - ending	471,434,942	447,620,207	511,857,776	416,933,329	416,325,823
Plan net pension liability (asset) - ending	\$ (236,402,755)	\$ (205,290,944)	\$ (270,226,848)	\$ (148,899,162)	\$ (143,753,625)

⁽¹⁾ Includes interest on total pension liability, service cost, benefit payments, and plan changes. Measured before reflecting effect of the assumption changes.

⁽²⁾ Includes Fire Insurance Premium Tax.

See Notes to Required Supplementary Information

2018	2017	2016	2015	2014
\$ —	\$ —	\$ —	\$ —	\$ —
19,841,800	20,041,184	20,496,009	21,479,861	21,888,712
(615,405)	(68,748)	(557,863)	(2,100,000)	—
(9,182,411)	(3,116,488)	(7,446,350)	(15,100,408)	(5,629,912)
1,386,562	—	—	—	—
(18,934,403)	(19,294,441)	(19,476,228)	(19,874,275)	(19,958,800)
(7,503,857)	(2,438,493)	(6,984,432)	(15,594,822)	(3,700,000)
289,382,253	291,820,746	298,805,178	314,400,000	318,100,000
281,878,396	289,382,253	291,820,746	298,805,178	314,400,000
7,706,226	7,452,987	7,198,597	11,305,473	14,200,323
4,368	4,385	6,329	6,168	9,095
31,124,311	41,488,825	5,083,454	9,357,909	50,966,862
(18,934,403)	(19,294,441)	(19,476,228)	(19,874,275)	(19,958,800)
(29,833)	(43,022)	(58,873)	(153,719)	—
19,870,669	29,608,734	(7,246,721)	641,556	45,217,480
375,177,883	345,569,149	352,815,870	352,174,314	306,956,837
395,048,552	375,177,883	345,569,149	352,815,870	352,174,314
<u>\$ (113,170,156)</u>	<u>\$ (85,795,630)</u>	<u>\$ (53,748,403)</u>	<u>\$ (54,010,692)</u>	<u>\$ (37,774,314)</u>

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

Judges' Retirement Fund

	2023	2022	2021	2020	2019
Total pension liability changes for the year					
Transfer in from JRF	\$ —	\$ —	\$ —	\$ —	\$ —
Service cost ⁽¹⁾	3,817,043	3,834,828	3,489,980	3,343,947	3,177,846
Interest ⁽¹⁾⁽²⁾	7,963,806	7,728,109	8,127,424	7,930,143	7,502,002
Effect of economic/demographic gains or losses	2,993,081	551,964	(106,337)	(962,452)	2,627,021
Effect of assumptions changes or inputs	—	—	2,489,739	—	—
Benefit payments, including refunds of member contributions	(8,610,785)	(8,166,744)	(7,679,687)	(7,639,712)	(7,168,403)
Net change in total pension liabilities	6,163,145	3,948,157	6,321,119	2,671,926	6,138,466
Total pension liability - beginning	125,836,363	121,888,206	115,567,087	112,895,161	106,756,695
Total pension liability - ending	131,999,508	125,836,363	121,888,206	115,567,087	112,895,161
Plan net position					
Contributions - employer	5,438,760	5,120,089	5,066,720	4,878,534	4,688,762
Contributions - employee	924,368	908,857	875,812	845,925	778,864
Net investment income (loss)	9,444,602	(11,161,869)	25,476,975	2,535,628	6,936,823
Transfer in	—	—	—	—	—
Other	—	—	—	12,960	13,200
Benefit payments, including refunds of member contributions	(8,610,785)	(8,166,744)	(7,679,687)	(7,639,712)	(7,168,403)
Administrative expense	(115,561)	(106,053)	(104,054)	(127,095)	(121,305)
Net change in plan net position	7,081,384	(13,405,720)	23,635,766	506,240	5,127,941
Plan net position - beginning	103,935,720	117,341,440	93,705,674	93,199,434	88,071,493
Plan net position - ending	111,017,104	103,935,720	117,341,440	93,705,674	93,199,434
Plan net pension liability - ending	\$ 20,982,404	\$ 21,900,643	\$ 4,546,766	\$ 21,861,413	\$ 19,695,727

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

⁽¹⁾ Service cost and interest are measured after reflecting the effect of plan changes but before reflecting the effect of assumption changes.

⁽²⁾ Includes interest on total pension liability, service cost, plan changes, assumption changes, and benefit payments.

See Notes to Required Supplementary Information

	2018	2017	2016	2015			
\$	—	\$	—	\$	—	\$	92,302,982
	2,962,939		3,179,411		3,110,818		3,251,679
	7,329,407		7,055,599		6,888,876		6,589,779
	(400,640)		265,945		(1,647,589)		284,788
	—		—		—		—
	(6,691,558)		(6,173,415)		(5,974,937)		(5,577,389)
	3,200,148		4,327,540		2,377,168		96,851,839
	103,556,547		99,229,007		96,851,839		—
	106,756,695		103,556,547		99,229,007		96,851,839
	4,278,996		3,946,599		3,370,587		3,595,417
	714,804		630,392		623,754		629,077
	6,938,171		9,157,849		1,092,130		2,049,895
	—		—		—		75,864,300
	—		—		2,571		2,063
	(6,691,558)		(6,173,415)		(5,974,937)		(5,577,389)
	(104,949)		(74,035)		(133,096)		(95,733)
	5,135,464		7,487,390		(1,018,991)		76,467,630
	82,936,029		75,448,639		76,467,630		—
	88,071,493		82,936,029		75,448,639		76,467,630
\$	<u>18,685,202</u>	\$	<u>20,620,518</u>	\$	<u>23,780,368</u>	\$	<u>20,384,209</u>

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF NET IN PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

PERSI Base Plan	2023	2022	2021	2020	2019
Total Pension Liability	\$24,686,512,681	\$23,288,243,222	\$21,691,680,851	\$19,714,192,796	\$18,380,933,618
Plan net position	20,695,842,118	19,349,485,162	21,770,658,824	17,392,060,576	17,239,461,492
Net pension liability (asset)	\$3,990,670,563	\$3,938,758,060	\$ (78,977,973)	\$2,322,132,220	\$1,141,472,126
Plan net position as a percentage of total pension liability (asset)	83.83 %	83.09 %	100.36 %	88.22 %	93.79 %
Covered payroll	\$4,234,635,471	\$3,926,540,125	\$3,716,726,113	\$3,546,033,069	\$3,382,051,785
Net pension liability (asset) as a percentage of covered payroll	94.24 %	100.31 %	(2.12)%	65.49 %	33.75 %
Firefighters' Retirement Fund					
	2023	2022	2021	2020	2019
Total Pension Liability	\$ 235,032,187	\$ 242,329,263	\$ 241,630,928	\$ 268,034,167	\$ 272,572,198
Plan net position	471,434,942	447,620,207	511,857,776	416,933,329	416,325,823
Net pension liability (asset)	\$(236,402,755)	\$(205,290,944)	\$(270,226,848)	\$(148,899,162)	\$(143,753,625)
Plan net position as a percentage of total pension liability (asset)	200.58 %	184.72 %	211.83 %	155.55 %	152.74 %
Covered payroll	\$ 84,485,207	\$ 78,865,896	\$ 85,896,222	\$ 78,657,631	\$ 78,284,032
Net pension liability (asset) as a percentage of covered payroll	(279.82)%	(260.30)%	(314.60)%	(189.30)%	(183.63)%
Judges' Retirement Fund					
	2023	2022	2021	2020	2019
Total Pension Liability	\$ 131,999,508	\$ 125,836,363	\$ 121,888,206	\$ 115,567,087	\$ 112,895,161
Plan net position	111,017,104	103,935,720	117,341,440	93,705,674	93,199,434
Net pension liability (asset)	\$ 20,982,404	\$ 21,900,643	\$ 4,546,766	\$ 21,861,413	\$ (19,695,727)
Plan net position as a percentage of total pension liability (asset)	84.10 %	82.6 %	96.27 %	81.08 %	82.55 %
Covered payroll	\$ 8,697,841	\$ 8,188,212	\$ 8,102,863	\$ 7,801,909	\$ 6,731,755
Net pension liability (asset) as a percentage covered of payroll	241.24 %	267.47 %	56.11 %	280.21 %	292.58 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

2018	2017	2016	2015	2014
\$17,749,847,910	\$16,868,510,591	\$15,911,317,335	\$15,273,500,000	\$14,569,300,000
16,274,830,459	15,296,682,365	13,884,163,748	13,956,662,675	13,833,143,496
\$1,475,017,451	\$1,571,828,226	\$2,027,153,587	\$1,316,837,325	\$ 736,156,504
91.69 %	90.68 %	87.26 %	91.38 %	94.95 %
\$3,200,396,203	\$3,089,555,264	\$2,895,430,105	\$2,791,109,393	\$2,702,945,352
46.09 %	50.88 %	70.01%	47.18%	27.24%

2018	2017	2016	2015	2014
\$ 281,878,396	\$ 289,382,253	\$ 291,820,746	\$ 298,805,178	\$ 314,400,000
395,048,552	375,177,883	345,569,149	352,815,870	352,174,314
\$(113,170,156)	\$ (85,795,630)	\$ (53,748,403)	\$ (54,010,692)	\$ (37,774,314)
140.15 %	129.65 %	118.42 %	118.08 %	112.01 %
\$ 74,848,287	\$ 70,568,501	\$ 68,017,833	\$ 63,780,545	\$ 63,017,405
(151.20)%	(121.58)%	(79.02)%	(84.68)%	(59.94)%

2018	2017	2016	2015	2014
\$ 106,756,695	\$ 103,556,547	\$ 99,229,007	\$ 96,851,839	\$ —
88,071,493	82,936,029	75,448,639	76,467,630	—
\$ 18,685,202	\$ 20,620,518	\$ 23,780,368	\$ 20,384,209	\$ —
82.5 %	80.09 %	76.03 %	78.95 %	— %
\$ 6,178,081	\$ 6,162,190	\$ 6,097,302	\$ 6,149,339	\$ —
302.44 %	334.63 %	390.01 %	331.49 %	— %

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CONTRIBUTIONS FISCAL YEARS 2014-2023

PERSI Base Plan

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 325,041,599	\$ 310,986,283	\$ 14,055,316	\$2,702,945,352	11.51%
2015	327,101,958	335,610,100	(8,508,142)	2,791,109,393	12.02
2016	297,262,331	334,034,293	(36,771,962)	2,895,430,105	11.54
2017	337,212,145	356,367,389	(19,155,244)	3,089,555,264	11.53
2018	388,341,490	369,139,113	19,202,377	3,200,396,203	11.53
2019	382,640,388	390,080,902	(7,440,514)	3,382,051,785	11.53
2020	392,340,997	430,638,154	(38,297,157)	3,546,033,069	12.14
2021	394,829,024	450,951,588	(56,122,564)	3,716,726,113	12.13
2022	463,066,559	476,416,795	(13,350,236)	3,926,540,125	12.13
2023	436,757,899	513,828,265	(77,070,366)	4,234,635,471	12.13

Firefighters' Retirement Fund

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Contribution as a % of Covered Payroll
2014	\$ 1,119,619	\$ 14,200,323	\$ (13,080,704)	\$ 63,017,405	22.53%
2015	—	11,305,473	(11,305,473)	63,780,545	17.73
2016	—	7,198,597	(7,198,597)	68,017,833	10.58
2017	—	7,452,987	(7,452,987)	70,568,501	10.56
2018	—	7,706,226	(7,706,226)	74,848,287	10.30
2019	—	8,247,827	(8,247,827)	78,284,032	10.54
2020	—	8,660,397	(8,660,397)	78,657,631	11.01
2021	—	2,549,471	(2,549,471)	85,896,222	2.97
2022	—	2,901,920	(2,901,920)	78,865,896	3.68
2023	—	3,346,505	(3,346,505)	84,485,207	3.96

⁽¹⁾ Contribution shown in this column includes the Fire Insurance Premium Tax. Starting in fiscal year 2021, there were no employer contributions other than the Fire Insurance Premium Tax.

⁽²⁾ Covered Payroll for the Firefighters' Retirement Fund is the total annual payroll of all firefighters in the participating fire departments, including firefighters who are not eligible to participate.

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

**SCHEDULE OF CONTRIBUTIONS
FISCAL YEARS 2015-2023**

Fiscal Year	Judges' Retirement Fund				
	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2015	\$ 3,492,825	\$ 3,595,417	\$ (102,592)	\$ 6,149,339	58.47%
2016	3,463,268	3,370,587	92,681	6,097,302	55.28
2017	3,604,265	3,946,599	(342,334)	6,162,190	64.05
2018	3,273,147	4,278,996	(1,005,849)	6,178,081	69.26
2019	3,307,311	4,688,762	(1,381,451)	6,731,755	69.65
2020	3,897,054	4,878,534	(981,480)	7,801,909	62.53
2021	4,032,795	5,066,720	(1,033,925)	8,102,863	62.53
2022	3,367,812	5,120,089	(1,752,277)	8,188,212	62.53
2023	4,906,452	5,438,760	(532,308)	8,697,841	62.53

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF INVESTMENT RETURNS YEAR ENDED JUNE 30, 2023

Investment Returns

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expenses	9.24 %	(9.61)%	27.61 %	2.79 %	8.00 %	8.51 %	12.38 %	1.51 %	2.74 %	16.89 %

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUNDS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) YEAR ENDED JUNE 30, 2023

Sick Leave Insurance Reserve Fund - State

	2023	2022	2021	2020
Total OPEB liability changes for the year				
Service cost ⁽¹⁾	\$ 4,562,774	\$ 4,679,986	\$ 4,715,656	\$ 3,939,068
Interest ⁽¹⁾⁽²⁾	5,717,047	5,789,278	5,650,851	7,105,202
Effect of plan changes	—	—	—	—
Effect of economic/demographic gains or losses	3,149,777	3,360,108	(2,555,609)	(2,161,468)
Effect of assumptions changes or inputs	4,688,300	(9,572,405)	8,214,660	(10,060,579)
Benefit payments, including refunds of member contributions	(5,470,465)	(5,459,867)	(5,083,113)	(4,739,183)
Net change in total OPEB liabilities	12,647,433	(1,202,900)	10,942,445	(5,916,960)
Net OPEB liability - beginning	103,036,122	104,239,022	93,296,577	99,213,537
Total OPEB liability - ending (a)	<u>\$ 115,683,555</u>	<u>\$ 103,036,122</u>	<u>\$ 104,239,022</u>	<u>\$ 93,296,577</u>
Plan net position				
Contributions - employer	\$ (833)	\$ (182)	\$ (682)	\$ 4,494,217
Net investment income (loss)	19,839,297	(36,181,966)	56,875,563	9,556,026
Other	—	—	—	—
Benefit payments, including refunds of member contributions	(5,470,465)	(5,459,867)	(5,083,113)	(4,739,183)
Administrative expense	(48,921)	(48,539)	(47,914)	(47,225)
Net change in plan net position	14,319,078	(41,690,554)	51,743,854	9,263,835
Plan net position - beginning	244,502,786	286,193,340	234,449,486	225,185,651
Plan net position - ending (b)	<u>\$ 258,821,864</u>	<u>\$ 244,502,786</u>	<u>\$ 286,193,340</u>	<u>\$ 234,449,486</u>
Net OPEB liability/(asset), ending = (a) - (b)	<u>\$ (143,138,309)</u>	<u>\$ (141,466,664)</u>	<u>\$ (181,954,318)</u>	<u>\$ (141,152,909)</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

⁽¹⁾ Service cost and interest cost are measured after reflecting the changes of benefit terms but before reflecting the changes of assumptions.

⁽²⁾ Includes interest on total OPEB liability, service cost, changes of benefit terms, and benefit payments.

See Notes to Required Supplementary Information

2019	2018	2017
\$ 4,326,780	\$ 4,170,390	\$ 4,043,479
6,592,557	6,207,620	6,223,171
—	(5,771,416)	—
1,415,058	—	—
—	186,986	—
<u>(4,611,044)</u>	<u>(4,671,380)</u>	<u>(5,010,974)</u>
7,723,351	122,200	5,255,676
91,490,186	91,367,986	86,112,310
<u>\$ 99,213,537</u>	<u>\$ 91,490,186</u>	<u>\$ 91,367,986</u>
\$ 7,497,670	\$ 7,161,239	\$ 7,136,693
16,085,961	17,316,960	12,294,424
—	—	—
(4,611,044)	(4,671,380)	(5,010,974)
<u>(47,183)</u>	<u>(44,182)</u>	<u>(41,148)</u>
18,925,404	19,762,637	14,378,995
206,260,247	186,497,610	172,118,615
<u>\$ 225,185,651</u>	<u>\$ 206,260,247</u>	<u>\$ 186,497,610</u>
<u>\$ (125,972,114)</u>	<u>\$ (114,770,061)</u>	<u>\$ (95,129,624)</u>

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUNDS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) YEAR ENDED JUNE 30, 2023

Sick Leave Insurance Reserve Fund - Schools

	2023	2022	2021	2020
Total OPEB liability changes for the year				
Service cost ⁽¹⁾	\$ 11,992,603	\$ 11,701,233	\$ 10,733,979	\$ 8,694,499
Interest ⁽¹⁾⁽²⁾	15,543,305	15,339,907	13,972,195	17,727,484
Effect of plan changes	—	—	—	—
Effect of economic/demographic gains or losses	(1,051,078)	1,425,881	11,913,355	5,125,806
Effect of assumptions changes or inputs	5,283,409	(12,023,043)	18,963,947	(35,485,232)
Benefit payments, including refunds of member contributions	(13,274,336)	(12,739,283)	(12,412,041)	(11,886,179)
Net change in total OPEB liabilities	18,493,903	3,704,695	43,171,435	(15,823,622)
Net OPEB liability - beginning	279,754,781	276,050,086	232,878,651	248,702,273
Total OPEB liability - ending (a)	<u>\$ 298,248,684</u>	<u>\$ 279,754,781</u>	<u>\$ 276,050,086</u>	<u>\$ 232,878,651</u>
Plan net position				
Contributions - employer	\$ (11,621)	\$ (2,109)	\$ (3,637)	\$ 8,967,109
Net investment income (loss)	28,289,903	(52,576,174)	77,748,673	14,518,013
Other	—	—	—	—
Benefit payments, including refunds of member contributions	(13,274,336)	(12,739,283)	(12,412,041)	(11,886,179)
Administrative expense	(70,715)	(71,098)	(71,722)	(72,369)
Net change in plan net position	14,933,231	(65,388,664)	65,261,273	11,526,574
Plan net position - beginning	355,881,846	421,270,510	356,009,237	344,482,664
Plan net position - ending (b)	<u>\$ 370,815,077</u>	<u>\$ 355,881,846</u>	<u>\$ 421,270,510</u>	<u>\$ 356,009,238</u>
Net OPEB liability/(asset), ending = (a) - (b)	<u>\$ (72,566,393)</u>	<u>\$ (76,127,065)</u>	<u>\$ (145,220,424)</u>	<u>\$ (123,130,586)</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(1) Service cost and interest cost are measured after reflecting the changes of benefit terms but before reflecting the changes of assumptions.

(2) Includes interest on total OPEB liability, service cost, changes of benefit terms, and benefit payments.

See Notes to Required Supplementary Information

2019	2018	2017
\$ 9,108,050	\$ 8,778,843	\$ 7,692,471
16,607,049	15,779,480	14,272,064
—	—	—
2,499,644	10,851,176	—
—	486,017	—
<u>(11,930,829)</u>	<u>(12,186,675)</u>	<u>(13,155,040)</u>
16,283,914	23,708,841	8,809,495
232,418,359	208,709,518	200
<u>\$ 248,702,273</u>	<u>\$ 232,418,359</u>	<u>\$ 8,809,695</u>
\$ 16,432,554	\$ 15,599,238	\$ 14,763,323
24,690,082	26,546,106	18,873,664
—	—	—
(11,930,829)	(12,186,675)	(13,155,040)
<u>(72,453)</u>	<u>(67,805)</u>	<u>(63,192)</u>
29,119,354	29,890,864	20,418,755
315,363,310	285,472,446	265,053,691
<u>\$ 344,482,664</u>	<u>\$ 315,363,310</u>	<u>\$ 285,472,446</u>
<u>\$ (95,780,391)</u>	<u>\$ (82,944,951)</u>	<u>\$ (76,762,928)</u>

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUNDS

SCHEDULE OF NET OPEB LIABILITY (ASSET) YEAR ENDED JUNE 30, 2023

State Members

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$115,683,555	\$103,036,122	\$104,239,022	\$ 93,296,577
Plan fiduciary net position	<u>258,821,864</u>	<u>244,502,786</u>	<u>286,193,340</u>	<u>234,449,486</u>
Employers' net OPEB liability (asset)	<u>\$(143,138,309)</u>	<u>\$(141,466,664)</u>	<u>\$(181,954,318)</u>	<u>\$(141,152,909)</u>
Plan fiduciary net position as a percentage of total plan liability (asset)	<u>223.7 %</u>	<u>237.0 %</u>	<u>275.0 %</u>	<u>251.0 %</u>
Covered payroll (in millions)	\$ 1,401.9	\$ 1,180.6	\$ 1,111.6	\$ 1,382.8
Net OPEB as a percentage of covered payroll	(10.2)%	(12.0)%	(16.4)%	(10.2)%

School Members

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$298,248,684	\$279,754,781	\$276,050,086	\$232,878,651
Plan fiduciary net position	<u>370,815,077</u>	<u>355,881,846</u>	<u>421,270,510</u>	<u>356,009,237</u>
Employers' net OPEB liability (asset)	<u>\$(72,566,393)</u>	<u>\$(76,127,065)</u>	<u>\$(145,220,424)</u>	<u>\$(123,130,586)</u>
Plan fiduciary net position as a percentage of total plan liability (asset)	<u>124.3 %</u>	<u>127.0 %</u>	<u>153.0 %</u>	<u>153.0 %</u>
Covered payroll (in millions)	\$ 1,730.6	\$ 1,603.5	\$ 1,497.2	\$ 1,507.1
Net OPEB as a percentage of covered payroll	(4.2)%	(4.7)%	(9.7)%	(8.2)%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

2019	2018	2017
\$99,213,537	\$91,490,186	\$91,367,986
225,185,651	206,260,247	186,497,610
<u>\$(125,972,114)</u>	<u>\$(114,770,061)</u>	<u>\$(95,129,624)</u>

<u>227.0 %</u>	<u>225.4 %</u>	<u>201.1 %</u>
\$ 1,153.5	\$ 1,101.7	\$ 1,098.0
(10.9)%	(10.4)%	(8.7)%

2019	2018	2017
\$248,702,273	\$232,418,359	\$208,709,518
344,482,664	315,363,310	285,472,446
<u>\$(95,780,391)</u>	<u>\$(82,944,951)</u>	<u>\$(76,762,928)</u>

<u>138.5 %</u>	<u>135.7 %</u>	<u>136.8 %</u>
\$ 1,380.9	\$ 1,310.9	\$ 1,240.6
(6.9)%	(6.3)%	(6.2)%

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUNDS

SCHEDULE OF CONTRIBUTIONS - OPEB YEAR ENDED JUNE 30, 2023

Sick Leave Insurance Reserve Fund - State					
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	\$ 4,282,016	\$ 7,136,693	\$ (2,854,677)	\$1,097,952,769	0.65%
2018	4,186,570	7,161,239	(2,974,669)	1,101,729,077	0.65
2019	4,383,253	7,497,670	(3,114,417)	1,153,487,692	0.65
2020	4,978,210	4,494,217	483,993	1,382,836,000	0.33
2021	3,557,248	(682)	3,557,930	1,111,640,064	—
2022	4,840,519	(182)	4,840,701	1,180,614,285	—
2023	5,327,068	(833)	5,327,901	1,401,860,082	—

Sick Leave Insurance Reserve Fund - Schools					
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	\$ 8,064,000	\$ 14,763,323	\$ (6,699,323)	\$1,240,615,378	1.19%
2018	8,913,850	15,599,238	(6,685,388)	1,310,860,336	1.19
2019	9,390,031	16,432,554	(7,042,523)	1,380,886,891	1.19
2020	9,645,294	8,967,109	678,185	1,507,077,143	0.60
2021	9,132,736	(3,637)	9,136,373	1,497,169,775	—
2022	12,186,762	(2,109)	12,188,871	1,603,521,347	—
2023	12,633,068	(11,621)	12,644,689	1,730,557,270	—

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUNDS

SCHEDULE OF INVESTMENT RETURNS - SICK LEAVE INSURANCE RETIREMENT FUND YEAR ENDED JUNE 30, 2023

Annual money weighted rate of return, net of investment expenses	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State	8.2 %	(12.8)%	23.2 %	4.2 %	7.8 %	9.4 %	13.3 %
Schools	8.1 %	(12.7)%	23.2 %	4.2 %	7.8 %	9.4 %	13.3 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note: Sick Leave Insurance Retirement Funds began being tracked as two separate funds in 2022.

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND, JUDGES' RETIREMENT FUND, AND SICK LEAVE INSURANCE RESERVE FUNDS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the employers' contributions are calculated as of June 30, 2023 for PERSI, as of June 30, 2023 for FRF and as of June 30, 2023 for JRF. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	<u>PERSI Base Plan</u>	<u>FRF</u>	<u>JRF</u>
Valuation date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of projected payroll open	Level dollar amount - open	Level percentage of projected payroll open
Remaining amortization period	13.5 years	N/A	12.4 years
Asset valuation method	Fair Market Value	3-yr smoothing	Fair Market Value
Actuarial assumptions:			
Investment rate of return *	6.35%	6.35%	6.35%
Projected salary increases including inflation	3.05%	3.05%	3.05%
Postretirement benefit increase	1.00%	1.00%	1.00% or 3.05%
Implied price inflation rate	2.30%	2.30%	2.30%
Discount Rate - Actuarial Accrued Liability	6.35%	6.35%	6.35%

*net of investment expenses

The valuation date for the Sick Leave Insurance Reserve Funds is as of June 30, 2023.

Actuarial Assumptions	<u>Sick Leave Insurance Reserve Funds</u>
Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return *	5.45%

*net of investment expenses

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

***ADDITIONAL SUPPLEMENTARY SCHEDULES
JUNE 30, 2023***

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SCHEDULE OF INVESTMENT EXPENSES YEAR ENDED JUNE 30, 2023

INVESTMENT AND RELATED SERVICES:

Adelante Capital Management	\$ 2,654,941
AEW Capital Management, LP	13,228,262
BCA Research, Inc	12,167
Bernstein, Sanford C	4,268,563
Bloomberg, LP	73,338
BLS Capital	5,434,693
BNY Mellon Trust	2,514,763
Brandes Investment Partners, LP	2,114,765
Business Entity Data BV	91
Capital Economics (N A) Ltd	13,320
Clearwater Advisors, LLC	764,013
Clearwater Analytics, LLC	397,027
Consensus Economics, Inc	694
D B Fitzpatrick & Co, Inc	3,764,926
Donald Smith & Company	2,978,658
Fiera Capital, Inc	4,214,162
Genesis Investment Management, LLP	1,832,102
Hamilton Lane Advisors, LLC	30,000
Income Research + Management Inc	432,332
Longview Partners (Guernsey) Ltd	3,491,334
Macro Research Board (MRB)	5,000
Mellon Investments Corporation	1,323,051
Mondrian Investment Partners	1,699,589
Mountain Pacific Investment Advisors, Inc	2,613,764
Peregrine Capital Management	3,189,978
Prudential Property Investment Separate Account	426,773
State Street Global Advisors	1,150,583
Walter Scott & Partners Ltd	3,742,030
Western Asset	574,383
With Intelligence, LLC	7,893
Yardeni Research, Inc	7,500
TOTAL INVESTMENT AND RELATED SERVICES	62,960,695

CONSULTING AND OTHER SERVICES:

Alban Row Investments, LLC	83,344
BAS Ventures, Inc	2,100
Callan LLC	493,177
Cavanaugh Macdonald Consulting, LLC	166,667

continued

Eide Bailly LLP	115,172
Empower Retirement	203,295
Foster Garvey PC	453,878
Hamilton Lane Advisors, LLC	156,944
Jenks, John R	78,496
Klausner,Kaufman, Jensen & Levinson	24,225
Korn Ferry	1,866
Lee, Thomas	6,294
Milliman, Inc	260,208
Skjervem, John D	4,357
Storer, Robert	6,639
Walls, Garret A	38,230
Whiteford, Taylor, & Presto	23,780
Williams, Ashbel	79,709
TOTAL CONSULTING AND OTHER SERVICES	<u>2,198,381</u>
TOTAL	<u><u>\$ 65,159,076</u></u>

concluded

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SCHEDULE OF ADMINISTRATIVE EXPENSES YEAR ENDED JUNE 30, 2023

PORTFOLIO - RELATED EXPENSES:	
Personnel expenses	\$ 582,893
Operating expenses	118,115
	<u>701,008</u>
OTHER ADMINISTRATIVE EXPENSES:	
Personnel expenses	4,743,862
Operating expenses	2,856,234
Building depreciation expense	423,442
Equipment depreciation expense	127,895
Software amortization expense	1,191,245
	<u>9,342,678</u>
SICK LEAVE FUNDS EXPENSES - Administrative expenses	<u>119,636</u>
JUDGES' FUND EXPENSES - Administrative expenses	<u>115,561</u>
DEFINED CONTRIBUTION FUND - Administrative expenses	<u>2,451,872</u>
TOTAL	<u><u>\$ 12,730,755</u></u>



**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 Retirement Board
Public Employee Retirement System of Idaho
Boise, Idaho

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 pension and other trust funds of the Public Employee Retirement System of Idaho (the System or PERSI), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Public Employee Retirement System of Idaho's basic financial statements, and have issued our report thereon dated November 7, 2023.

Report on 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that have not been identified.

Report on 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 7, 2023