IDAHO INDEPENDENT
INTERGOVERNMENTAL AUTHORITY

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Idaho Independent Intergovernmental Authority

Opinions

We have audited the accompanying statements of net position of Idaho Independent Intergovernmental Authority (the "Authority") as of and for the year ended September 30, 2024 and 2023, and the related statement of revenues, expenditures, and changes in net position, and statement of cash flows for the years then ended, which collectively comprise the Authority's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2024 and 2023, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 Idaho Independent Intergovernmental Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 Authority'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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, the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer Contributions, and the Claims Development Information be presented to supplement the basic financial statements. Such information, although not 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. Management has omitted the required Management Discussion and Analysis from these financial statements. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer Contributions and the Claims Development Information on pages 21 to 23 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2024, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Condie, Stoker & Brown

Condie, Stoker & Brown
Rupert, Idaho

December 19, 2024

Condie Stoker & Brown
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of the
Idaho Independent Intergovernmental Authority

We have audited, in accordance with the 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 statements of net position of Idaho Independent Intergovernmental Authority (the "Authority"), as of and for the years ended September 30, 2024 and 2023, and the related statement of revenues, expenditures, and changes in net position, and statement of cash flows for the years then ended, and have issued our report thereon dated December 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 determination of financial statement amounts. 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.

Condie, Stoker & Brown

Condie, Stoker & Brown
Rupert, Idaho

December 19, 2024

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets		
Cash in Checking - Operating	$ 547,417	$ 284,308
Cash in Checking - Claims	42,481	286,393
Cash in Savings	365,847	3,366,038
Investments at Fair Value	3,001,240	3,681,916
Contributions Receivable	164,629	89,299
Other Receivable	15	92,640
Total Current Assets	4,121,629	7,800,594
Total Assets	4,121,629	7,800,594
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow - Pensions	168,761	392,512
Total Deferred Outflows of Resources	168,761	392,512
Total Assets and Deferred Outflows of Resources	$ 4,290,390	$ 8,193,106
LIABILITIES AND NET POSITION		
Liabilities		
Accounts Payable	$ 136,918	$ 48,210
Claims Payable	1,303,987	568,475
Unearned Contributions Received	317,247	253,322
Net Pension Liability	516,674	468,902
Claims Incurred but not Paid	2,979,573	2,944,622
Total liabilities	5,254,399	4,283,531
Net Position		
Restricted Net Position (IBNP Reserve)	2,979,573	2,944,622
Unrestricted Net Position	(3,943,582)	964,953
Total Net Position	(964,009)	3,909,575
Total Liabilities, Deferred Inflows, and Net Position	$ 4,290,390	$ 8,193,106

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Operating Revenues:		
Contributions	$ 37,416,802	$ 32,112,305
Commission Funds Received	-	42,222
Grants	-	2,908,000
Miscellaneous Income	3,110	5,817
Total Operating Revenues	37,419,912	35,068,344
Operating Expenditures:		
Claims and Claims Administration		
Claims Expense	37,674,378	28,422,625
Change in IBNP Liability	34,951	(485,888)
Claims Administration Fees	1,521,796	1,419,784
Stop Loss Reinsurance	1,013,017	999,932
Billing and Enrollment	133,256	80,087
Total Claims and Administration Expense	40,377,398	30,436,540
General Operating and Administrative expense		
Accounting & Auditing Fees	53,277	84,319
Actuarial Fees	33,575	32,783
Consulting Fees	260,023	390,672
Legal Fees	30,609	98,477
Liability Insurance and Workers Comp	35,045	13,927
Life Insurance Premiums	101,464	89,760
Office Expenses	145,537	-
Payroll Taxes & Benefits	443,613	255,227
PCORI/Reinsurance Filing Fees	10,395	9,154
Professional Organizations/Sponsorships	141,049	93,488
Salaries & Wages	751,369	529,751
Travel	140,201	185,570
Miscellaneous	23,893	187,062
Total Operating and Administrative Expense	2,170,050	1,970,190
Income (Loss) from Operations	(5,127,536)	2,661,614
Nonoperating Revenues:		
Interest Income	166,694	144,410
Unrealized Gain/(Loss) on Investments	87,258	10,104
Total Nonoperating Revenue	253,952	154,514
Change in Net Position	(4,873,584)	2,816,128
Net Position - Beginning	3,909,575	1,093,447
Net Position - Ending	$ (964,009)	$ 3,909,575

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Cash Flows Provided by Operating and Other Activities:		
Receipts from Assessed Contributions	$ 37,498,022	$ 31,719,093
Receipts from Reimbursements, Rebates, and Stop Loss Payments	5,638,818	1,870,560
Grants Received	-	2,905,000
Payments for Claims	(45,245,753)	(29,974,940)
Other Operating Receipts/(Payments)	(1,806,709)	(4,556,293)
Net Cash Provided (Used) by Operating Activities	(3,915,622)	1,963,420
Cash Flows from Investing Activities:		
Cash Used to Purchase Investments	-	(3,650,040)
Cash Received from Investments	934,628	122,694
Net Cash Provided by Investing Activities	934,628	(3,527,346)
Net Increase (Decrease) in Cash	(2,980,994)	(1,563,926)
Cash at Beginning of Year	3,936,739	5,500,665
Cash at End of Year	$ 955,745	$ 3,936,739
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (5,127,536)	$ 2,661,614
(Increase) Decrease in Contribution and Other Receivables	17,295	(181,067)
(Increase) Decrease in Prepaid Expenses	-	17,720
Increase (Decrease) in Accounts Payable	88,708	(20,483)
Increase (Decrease) in Unearned Contributions Received	63,925	(465,286)
Increase (Decrease) in Claims Payable	735,512	351,320
Net Non-Cash Pension (Revenue) Expense	271,523	85,490
Increase (Decrease) in Claims Incurred but not Paid	34,951	(485,888)
Net Cash Provided (Used) by Operating Activities	$ (3,915,622)	$ 1,963,420

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARs ENDED SEPTEMBER 30, 2024 AND 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Idaho Independent Intergovernmental Authority for the years ended September 30, 2024 and 2023 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the Authority are described below.

1. Reporting Entity

Idaho Independent Intergovernmental Authority (the "Authority") was created on February 9, 2011 as a self-funded employee health care plan under Title 41, Chapter 41 of the Idaho Code. Membership in the Authority include 55 cities, 5 irrigation districts, 29 first responder districts, 10 highway districts, 1 library district, 2 abatement district, 2 recreation districts, 3 water/sewer districts, 3 transportation authorities, 2 cemetery districts, and 2 special districts all located in the State of Idaho. The member cities and districts signed joint powers agreements that established the Authority and gives power to create a board of trustees. The board of trustees includes representatives from the three agencies having the largest number of eligible employees, one trustee selected by the first responder districts, five board members elected by the general membership, three trustees elected by the founding agencies, and two trustees appointed by the other twelve. The board of directors has governing responsibility over all of the activities related to the Authority. The board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils, or component units for which the Authority exercises authority.

The Authority's mission is to provide the best quality and structure of health benefits to its members' employees by directly managing the cost and administration of those benefits through a cooperative pool in a manner that will be more efficient, economical, and competitive than what the market can offer through traditional insurance providers.

Entities eligible to participate in the Authority include all political subdivisions of the State of Idaho, as defined in Idaho Statute Title 41, Chapter 41-4102.

2. Basis of Accounting

The Authority has adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This accounting standard provides guidance for reporting deferred outflows of resources and deferred inflows of resources and net position in the statement of financial position. The Authority classifies its net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings, if any, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, if any, are also included in this component of net position.

Restricted: – consists of restricted assets, with constraints placed on their use by contractual agreement with other parties, revenue bonds and loan resolutions, or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Unrestricted: – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority's accounts are organized on the basis of an enterprise fund. An enterprise fund is a proprietary fund type used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through user charges; or, where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Basis of accounting refers to when revenue and expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. The Authority's basic financial statements are presented in accordance with GAAP for proprietary funds which uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time a liability is incurred, regardless of the timing of related cash flows.

3. Contributions and Participant Eligibility

Member contributions are determined based on the benefit plan the employer is enrolled in. Employers remit contributions to the Authority monthly, which include an employer and employee portion. Participant eligibility for any month is based upon the participant being an employee of a member of the Authority.

Contributions receivable are recorded at their net realized values. Contributions are billed to members on the third Monday of the month prior and are due by the first of the month for the month of coverage. The Authority has had no history of uncollectible accounts and does not accrue finance charges on past due accounts. Contributions receivable at September 30, 2024 and 2023 were $164,629 and $89,299, respectively.

4. Revenue Recognition

Contributions are generally recognized as revenue during the month coverage is afforded to the member. The portion of Contributions that are collected in advance of their effective dates are deferred and reported as unearned contributions received in the accompanying Statements of Net Position.

The Authority classifies its revenues as operating or nonoperating in the accompanying Statements of Revenues, Expenses and Changes in Net Position. Operating revenues generally result from providing services in connection with the Authority's ongoing operations. Nonoperating revenues are from investment income and from penalties assessed to members who have withdrawn early from the Authority.

5. Estimated Claims Incurred But Not Reported

Estimated claims incurred but not reported represents the estimated claims to be incurred by the Authority but have not been reported or paid and are within the Authority's claim limits as of September 30, 2024.

6. Income Taxes

The Authority was established and is operating as a local governmental organization under the laws of the State of Idaho and is exempt from taxation under Internal Revenue Code Section 115.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

7. Reinsurance

The Authority limits the maximum net loss that can arise from large claims by reinsuring (or ceding) certain levels of risk with a reinsurer under a reinsurance policy. Ceded reinsurance is treated as the risk and liability of the reinsuring company; however, the Authority remains liable to the members, should the reinsurer not meet its obligations. Amounts recoverable from the reinsurer are estimated and recognized in a manner consistent with the claim liabilities arising from reinsured policies including incurred but not reported claims. Reinsurance Recovery Receivable represents these estimated recoverable amounts to the extent they are unrecovered at year end.

8. Rebates Receivable

The Authority provides prescription drug benefit to its members through ProAct. As a result, some of the pharmaceutical claim payments are for brand-name drugs. The pharmaceutical benefit manager (PBM) receives rebates from the pharmacies when some of these drugs are purchased. Pursuant to the service agreement between the Authority and ProAct, these rebates are passed on to the Authority.

9. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority has no deposit policy for custodial credit risk. At September 30, 2024, there were $158,552 of deposits in excess of insured amounts.

Credit Risk: The Authority's policy is to comply with Idaho State statutes which authorize the Authority to invest in obligations of the United States, obligations of the State or any taxing Authority in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing Authority in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash on hand, and in checking, savings or money market accounts.

10. Inventory

The Authority has no inventory at year end.

11. Capital Assets

The Authority had no Capital Assets at year end.

12. Claims Payable

Claim batches are processed and submitted to the Authority for payment by an independent third party administrator (TPA). The Authority has three TPA's for the year ended September 30, 2024. Blue Cross of Idaho administers medical, dental, and vision claims; ProAct, Inc. administers prescription drug claims and benefits; and Delta Dental administers dental claims. Blue Cross claims are submitted weekly on Tuesday and are paid on Thursday. ProAct claims are submitted twice a month. Claims batch payable represents claims identified and submitted to the Authority by the TPA, but have not been paid as of year-end.

13. Long-Term Liabilities

The Authority has no long-term debt.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

14. Budgets and Budgetary Accounting

Formal budgetary accounting is not employed as a management control for all funds of the Authority. An annual 'totals-only' operating budget is adopted each fiscal year through passage of an annual budget and amended as required for the General Fund, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

15. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Authority because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

16. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B: CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of the year ended September 30, 2024, the Authority had deposits of $955,745. These deposits are insured by the FDIC up to $250,000 per financial institution. The Authority has accounts with Idaho Central Credit Union, First Federal Bank, SEI Credit Union, and the State of Idaho Local Government Investment Pool (LGIP). As of year end, there were $158,552 of deposits held with First Federal Bank that were exposed to custodial credit risk. The Authority's policy on credit risk is to mitigate risk by limiting investments in cash and securities to those allowed by the State of Idaho and the investment policy, using pre-qualified financial institutions, broker/dealers, intermediaries, and advisors, and diversifying the investment portfolio.

Cash includes amounts in demand deposits, interest bearing demand deposits, time deposits, and money market savings accounts.

The LGIP is an unrated external investment pool sponsored by the Idaho State Treasurer's Office. It is classified as an "Investments in an External Investment Pool" and is exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the Authority voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. The fair value of the District's position in the external investment pool is the same as the value of the pool shares.

NOTE B: CASH AND INVESTMENTS (Cont.)

Fair Value of Investments

The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

As of year-end, the Authority had investments held with Charles Schwab, Idaho Central Credit Union, and Mountain America. The investments consist of US Treasury, other US government issued securities and notes, and Certificates of Deposit. All investments held at year end were allowable investments under Idaho Code.

Investments at Fair Value as of September 30, 2024 were as follows:

	Level 1	Level 2	Level 3	Total
U.S. Government Securities	1,926,074	-	-	1,926,074
Certificates of Deposit	1,075,166	-	-	1,075,166
Total	3,001,240	-	-	3,001,240

Investments at Fair Value as of September 30, 2023 were $3,681,916.

NOTE C: STOP LOSS COVERAGE

The Authority is required to maintain specific and aggregate stop loss coverage. Blue Cross of Idaho provides specific and aggregate stop loss coverage for the Authority. Based on Idaho law and Department of Insurance approval, the Authority can waive aggregate stop loss coverage if it maintains reserves of three months of expected Medical/RX contributions.

NOTE D: CASH DESIGNATED FOR IBNP RESERVE

Per Idaho law, the Authority is required to have cash reserves sufficient to fully fund the estimated liability for claims incurred but not paid as reported in Note E to the financial statements. The cash designated for IBNP reserve at year end represents the portion of the Authority's cash reserved for that purpose.

NOTE E: CLAIMS INCURRED BUT NOT REPORTED

The Authority establishes a liability for both reported and unreported insured events, which include estimates of both future payments and losses and any related claim adjustment expenses. This liability is called claims incurred but not reported (IBNR) in the statement of net position.

For the fiscal year ending September 30, 2024, management of the Authority has elected to report the IBNR liability, as explained above, at the 75th percentile confidence margin.

NOTE F: LONG-TERM LIABILITIES

The Authority had no long-term liabilities at the balance sheet date.

NOTE G: LITIGATION AND CONTINGENT LIABILITIES

There is no current or pending litigation against the Authority.

NOTE H: COMMITMENTS AND LONG-TERM CONTRACTS

The Authority has entered into long-term services contracts with external providers for accounting, actuarial, consulting, and legal services. These services are provided monthly and on an as needed basis, as stipulated in the contract. These services include management and approval of claims, bookkeeping and bank account management, payment of claims and administrative expenses, preparation of financial reports, calculation of claims incurred but not reported liability, and legal support services.

Blue Cross of Idaho is the Authority's third-party administrator for medical, dental, and vision benefits. ProAct, Inc. is the third-party administrator for prescription drug benefits.

NOTE I: RISK MANAGEMENT/INSURANCE COVERAGE

The Authority has purchased stop loss reinsurance, which protects the pool against high dollar claims. The reinsurance coverage establishes a per individual claim limit per stop loss year. When claims per individual in a given year exceed the limit, the Authority is reimbursed for these claims. The stop loss year corresponds with Authority's fiscal year and begins on October 1 and ends on September 30. Blue Cross of Idaho is the current provider of stop loss insurance to the Authority. The contract with Blue Cross of Idaho runs through September 30, 2024 and is expected to be renewed annually.

The Authority is also exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has transferred most of its risk by the purchase of commercial insurance through ICRMP.

NOTE J: UNPAID CLAIMS LIABILITIES

The Authority established a liability for both reported and unreported insured events, which include estimates of both future payments and losses and any related claim adjustment expenses. The following table represents changes in the aggregate claim liabilities for the Authority for the fiscal years ending September 30, 2024 and 2023:

	2024	2023
Unpaid claims at the beginning of the year	$ 2,944,622	$ 3,430,510
Incurred claims:		
Provision for insured events of the current year	38,605,445	27,936,767
Stop Loss Insurance Receivable at Year End	(896,116)	-
Inc(Dec) in provision for insured events of prior years	2,461,659	1,619,933
Total incurred claims	40,170,988	29,556,700
Payments:		
Claims attributable to insured events of current year	(38,444,857)	(28,556,842)
Claims attributable to insured events of prior years	(1,691,180)	(1,485,746)
Total Payments	(40,136,037)	(30,042,588)
Total unpaid claims at the end of the year	$ 2,979,573	$ 2,944,622

The components of unpaid claims and claims adjustment expenses as of September 30, 2024 and 2023 was as follows:

	2024	2023
Claims incurred but not reported (IBNR)	$ 3,875,689	$ 2,944,622
Stop Loss Payment Receivable at Year-End	(896,116)	-
Total	$ 2,979,573	$ 2,944,622

NOTE K – PENSION PLAN

Plan Description

The Authority contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five 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.

The benefit payments for the Base Plan 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 PERSI Board has the authority to provide higher 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.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI 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.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. The Authority's contributions were $84,064 for the year ended September 30, 2024.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2024, the Authority reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the Authority's proportion was 0.01381244 percent.

NOTE K – PENSION PLAN (Cont.)

For the year ended September 30, 2024, the Authority recognized pension expense (revenue) of $355,587. At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ (9,379)	$ -
Changes in assumptions or other inputs	20,468	-
Net difference between projected and actual earnings on pension plan investments	82,259	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	52,323	-
Employer contributions subsequent to the measurement date	23,090	-
Total	$ 168,761	$ -

The Authority reported $23,090 as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, the beginning of the measurement period ended June 30, 2023, is 4.4 and 4.4 years for the measurement period ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30:	
2024	$ 37,393
2025	$ 108,227
2026	$ (4,721)
2027	$ 17
2028	$ 4,757

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. 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 Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment fees	6.35%
Cost-of-living adjustments	1%

NOTE K – PENSION PLAN (Cont.)

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%
- Disabled Members – Males Pub-2010 Disabled Tables, Increased 38%
- Disabled Members – Females Pub-2010 Disabled Tables, Increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Asset as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. 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 System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	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 pension plan administrative expense.

NOTE K – PENSION PLAN (Cont.)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 981,842	$ 516,674	$ 136,751

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

NOTE L: BOARD OF TRUSTEES

Dan Hammond, Chair	City of American Falls
Ruth Bailes, Vice-Chair	Minidoka Irrigation District
Suzanne McNeel, Secretary	City of Blackfoot
Barney Metz	Lewiston Orchard Irrigation District
Chad Shepard	Nampa Police Department
Gilbert Hofmeister	Power County Highwat District
Kirk Carpenter	Nampa Fire District
Lori Yarbrough	City of Athol
Stuart Grimes	City of Fruitland
Traci Malvich	City of McCall
Tyler Lewis	Eagle Fire Protection District
Pat Riley	Northern Lakes Fire District
Patty Parkinson	City of St. Anthony

NOTE M: SUBSEQUENT EVENTS

Management for the Authority has reviewed subsequent events as of December 19, 2024, which is the date the report was available to be issued, and was not aware of any subsequent events that needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

FOR YEAR ENDED SEPTEMBER 30, 2024 WITH JUNE 30, 2024 PERSI DATA

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 Fiscal Years *

	2024	2023	2022
Employer's Portion of the Net Pension Liability	0.0138124%	0.0117500%	0.0013068%
Employer's Proportionate Share of the Net Pension Liability	$ 516,674	$ 468,902	$ 51,471
Employer's Covered-Employee payroll	738,443	528,633	188,434
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	69.97%	88.70%	27.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.54%	83.83%	83.09%

* GASB Statement No. 68 requires ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Data reported is measured as of June 30, 2024 (measurement date)

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 Fiscal Years *

	2024	2023	2022
Statutorily Required Contribution	$ 84,064	$ 63,119	$ 22,499
Contributions in Relation to the Statutorily Required Contribution	$ 84,064	$ 63,119	$ 22,499
Contribution (Deficiency) Excess	-	-	-
Employer's Covered-Employee Payroll	$ 738,443	$ 528,633	$ 188,434
Contributions as a Percentage of Covered-Employee Payroll	11.38%	11.94%	11.94%

* GASB Statement No. 68 requires ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Data reported is measured as of September 30, 2024

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

CLAIMS DEVELOPMENT INFORMATION

SEPTEMBER 30, 2024

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(1)	Deposited Contributions	$ 10,965,174	$ 7,301,234	$ 8,821,938	$ 10,594,907	$ 13,656,688	$ 18,895,735	$ 22,742,462	$ 28,280,888	$ 31,719,093	$ 37,498,022
	Investment revenues	401	934	54,604	96,576	135,834	154,929	142,803	140,076	154,514	253,952
	Assessments (return of contributions)	-	-	(197,640)	(592,920)	-	-	-	-	-	-
	Excess insurance	-	-	-	-	-	-	-	-	-	-
	Net earned premiums	$ 10,965,575	$ 7,302,168	$ 8,678,902	$ 10,098,563	$ 13,792,522	$ 19,050,664	$ 22,885,265	$ 28,420,964	$ 31,873,607	$ 37,751,974
(2)	Unallocated expenses	$ 548,021	$ 852,782	$ 1,159,717	$ 1,315,089	$ 1,735,783	$ 2,376,352	$ 2,669,691	$ 3,201,419	$ 3,418,590	$ 3,825,102
(3)	Estimated claims and expenses end of policy year:										
	Incurred	6,246,809	6,156,008	6,199,345	7,868,882	10,146,062	15,316,428	20,378,708	27,853,992	27,936,767	37,709,329
	Ceded	(693,981)	(101,065)	-	-	-	-	-	-	-	-
	Net incurred	$ 5,552,828	$ 6,054,943	$ 6,199,345	$ 7,868,882	$ 10,146,062	$ 15,316,428	$ 20,378,708	$ 27,853,992	$ 27,936,767	$ 37,709,329
(4)	Net paid (cumulative) as of:										
	End of policy year	$ 5,274,505	$ 3,138,261	$ 6,831,842	$ 8,242,981	$ 10,824,455	$ 14,900,236	$ 19,613,551	$ 26,463,350	$ 28,556,842	$ 38,444,857
	One year later	4,748,854	6,291,231	7,061,365	8,404,821	11,212,415	15,794,598	20,848,503	27,897,841	31,007,205	
	Two years later	5,841,178	6,291,728	7,030,977	8,406,733	11,208,362	15,794,593	21,033,945	27,909,137		
	Three years later	5,841,184	6,291,713	7,030,977	8,406,733	11,208,362	15,794,593	21,033,945			
	Four years later	5,841,184	6,291,713	7,030,977	8,406,733	11,208,362	15,794,593				
	Five years later	5,841,184	6,291,713	7,030,977	8,406,733	11,208,362					
	Six years later	5,841,184	6,291,713	7,030,977	8,406,733						
	Seven years later	5,841,184	6,291,713	7,030,977							
	Eight years later	5,841,184	6,291,713								
	Nine years later	5,841,184									
(5)	Reestimated ceded claims and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(6)	Reestimated net incurred claims and expenses:										
	End of policy year	$ 5,552,828	$ 6,054,943	$ 6,199,345	$ 7,868,882	$ 10,146,062	$ 15,316,428	$ 20,378,708	$ 27,853,992	$ 27,936,767	$ 37,709,329
	One year later	4,748,854	6,291,231	7,061,365	8,404,821	11,212,415	15,794,598	20,848,503	27,897,841	31,007,205	
	Two years later	5,841,178	6,291,728	7,030,977	8,406,733	11,208,362	15,794,593	21,033,945	27,909,137		
	Three years later	5,841,184	6,291,713	7,030,977	8,406,733	11,208,362	15,794,593	21,033,945			
	Four years later	5,841,184	6,291,713	7,030,977	8,406,733	11,208,362	15,794,593				
	Five years later	5,841,184	6,291,713	7,030,977	8,406,733	11,208,362					
	Six years later	5,841,184	6,291,713	7,030,977	8,406,733						
	Seven years later	5,841,184	6,291,713	7,030,977							
	Eight years later	5,841,184	6,291,713								
	Nine years later	5,841,184									
(7)	(Decrease) increase in estimated net incurred claims and expenses from end of policy year	**$ 288,356**	**$ 236,770**	**$ 831,632**	**$ 537,851**	**$ 1,062,300**	**$ 478,165**	**$ 655,237**	**$ 55,145**	**$ 3,070,438**	**$ -**

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY

CLAIMS DEVELOPMENT INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The claims development table illustrates how Idaho Independent Intergovernmental Authority's (the "Authority") earned revenues (net of excess insurance) compare to related costs of loss and other expenses assumed by the Authority as of the end of each of the previous ten years fiscal years ending September 30. The rows of the table are defined as follows:

1. Total of each fiscal year's gross earned contributions, assessments, and reported investment revenue, amounts of excess insurance contributions paid, and net earned contributions (net of excess insurance) and reported investment revenue.

2. Each fiscal year's other operating costs of the program, including overhead and loss adjustment expenses not allocable to individual claims.

3. Program's gross incurred losses and allocated loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).

4. Cumulative net amounts paid as of the end of successive years for each policy year.

5. The latest re-estimated amount of losses assumed by excess insurers each policy year.

6. Each fiscal year's net increase or decrease in incurred losses as of the end of successive years. This annual re-estimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.

7. Compares the latest re-estimated net incurred losses amount to the originally estimated (Line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

The columns of the table show data for successive policy years.