IDAHO BEEF COUNCIL

FINANCIAL STATEMENTS

Year Ended June 30, 2024

IDAHO BEEF COUNCIL

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Idaho Beef Council
Boise, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Idaho Beef Council, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic 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 governmental activities and the major fund of the Idaho Beef Council, as of June 30, 2024, 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 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 Beef Council 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 these 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 Idaho Beef Council'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.

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Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

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 Idaho Beef Council'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 Idaho Beef Council'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 budgetary comparison information and schedule of pension funding on pages 23-24, 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 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Idaho Beef Council's basic financial statements. The schedule of assets, liabilities, and net position – by department and the schedule of revenues, expenses and changes in net position – by department on pages 26-27 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2024, on our consideration of the Idaho Beef Council'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 Idaho Beef Council'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 Idaho Beef Council's internal control over financial reporting and compliance.

Presnell Gage, PLLC

August 26, 2024
Lewiston, Idaho

IDAHO BEEF COUNCIL

STATEMENT OF NET POSITION
June 30, 2024

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,983,370
Accounts receivable	235,849
Prepaid expenses	112,483
Prepaid insurance	970
Inventory	20,394
Total current assets	2,353,066
Capital assets, at cost	89,165
Less accumulated depreciation	(23,119)
Capital assets, net	66,046
Total assets	2,419,112
DEFERRED OUTFLOWS OF RESOURCES	
Defined benefit pension	136,569
LIABILITIES	
Current liabilities	
Accounts payable	409,690
Accrued payroll liabilities	42,679
Accrued vacation	13,873
Total current liabilities	466,242
Noncurrent liabilities	
Net pension liability	242,296
Total noncurrent liabilities	242,296
Total liabilities	708,538
NET POSITION	
Net investment in capital assets	66,046
Unrestricted	1,781,097
Total net position	$ 1,847,143

See accompanying notes

IDAHO BEEF COUNCIL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

		Program Revenue			Net (Expense) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities					
Consumer	$ 582,468				$ (582,468)
Retail	123,430				(123,430)
Depreciation	1,120				(1,120)
Food service	225,052				(225,052)
Research	12,615				(12,615)
Industry outreach	288,492				(288,492)
International marketing	226,948				(226,948)
National programs	157,947				(157,947)
Brand fees	143,871				(143,871)
Administration	225,728				(225,728)
Special projects	20,724				(20,724)
Total governmental activities	$ 2,008,395	$ 0	$ 0	$ 0	(2,008,395)
General revenues					
Checkoff assessments					2,877,752
Interstate collections					17,036
State of origin collections					20,784
Less: Remittance to the Beef Board					(967,769)
Less: State checkoff refund					(1,759)
Net assessment revenue					1,946,044
Interest income					11,211
Other income					554
Total general revenues					1,957,809
Change in net position					(50,586)
Net position, beginning					1,897,729
Net position, ending					$ 1,847,143

See accompanying notes

IDAHO BEEF COUNCIL

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2024

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,983,370
Accounts receivable	235,849
Prepaid expenses	112,483
Prepaid insurance	970
Inventory	20,394
Total current assets	2,353,066
TOTAL ASSETS	$ 2,353,066
LIABILITIES	
Accounts payable	$ 409,690
Accrued payroll liabilities	42,679
Total liabilities	452,369
FUND BALANCE	
Unassigned	1,900,697
Total fund balance	1,900,697
TOTAL LIABILITIES AND FUND BALANCE	$ 2,353,066

See accompanying notes

IDAHO BEEF COUNCIL

RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE
BALANCE SHEET - GOVERNMENTAL FUND
Year Ended June 30, 2024

Total Fund Balance - Governmental Funds	$	1,900,697
Amounts reported for governmental activities in the statement of net position, are different because:		
Capital assets used in governemental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Cost of capital assets		89,165
Accumluated depreciation		(23,119)
Deferred outflows and deferred inflows for pension liabilities are not due, and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows		136,569
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued vacation		(13,873)
Net pension asset		(242,296)
Total Net Position - Governmental Activities	$	1,847,143

See accompanying notes

IDAHO BEEF COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended June 30, 2024

REVENUES	
Checkoff assessment	$ 2,877,752
Interstate collections	17,036
State of origin collections	20,784
Less: Remittance to the Beef Board	(967,769)
Less: State checkoff - refund	(1,759)
Net assessment revenue	1,946,044
Interest income	11,211
Other income	554
Total revenues	1,957,809
EXPENDITURES	
Consumer	582,468
Retail	123,430
Food service	225,052
Research	12,615
Industry outreach	288,492
International marketing	226,948
National programs	157,947
Brand fees	143,871
Administration	263,103
Special projects	20,724
Total expenditures	2,044,650
CHANGES IN FUND BALANCE	(86,841)
FUND BALANCE, beginning of year	1,987,538
FUND BALANCE, end of year	$ 1,900,697

See accompanying notes

IDAHO BEEF COUNCIL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Net change in fund balances - Governmental Funds	$	(86,841)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation:		
Current year capital outlay		67,165
Current year depreciation		(1,119)
Net pension asset, and the related deferred outflows and deferred inflows are not considered available for the governmental funds in the current year.		
Current year net pension asset, deferred outflows, and deferred inflows		(25,511)
Amounts borrowed on long-term debt are reported in the governmental funds as other financing sources. Amounts repaid on long-term debt are reported in the governmental funds as expenditures. However, for governmental activities, the borrowing and repayment of funds is reflected as outstanding long-term debt:		
Change in compensated absences		(4,280)
Change in net position - Governmental Activities	$	(50,586)

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Idaho Beef Council was created by Idaho statute for the purpose of promoting the beef industry in Idaho. Revenues are derived from an assessment of each head of cattle sold in the state. The *Beef Promotion and Research Act of 1985,* established a one dollar per head assessment. Revenue is collected by the State Brand Inspector and remitted to the Council on a monthly basis. Fifty cents of each dollar is remitted to the Cattleman's Beef Promotion and Research Board and fifty cents remains with the Council.

Effective July 1, 2009, the assessment was increased from $1 to $1.50 per head. Fifty cents is remitted to the Cattleman's Beef Promotion and Research Board, and $1 remains with the Council. In relation to this increase, the payer may request a refund of this additional fifty cents within 90 days of the assessment payment.

In addition, the Council's reporting entity does not contain any component units as defined in *Government Accounting Standards*.

Measurement Focus and Basis of Accounting. The financial statements of the Idaho Beef Council have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting board for establishing governmental accounting and financial reporting principles. The Council uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council gives (or receives) value, without directly receiving (or giving) equal value in exchange, include grants, and other revenues. On an accrual basis, revenue from grants, and other revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue available within a 30-day period after year end, is used for revenue recognition for all governmental fund revenues.

The Council reports deferred revenue in its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Council receives resources, before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet, and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued).

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting (Continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54, requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable. Includes amounts that cannot be spent because they are either (1) not in spendable form or, (2) legally or contractually required to be maintained intact.

Restricted. Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed. Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority (Board of Directors).

Assigned. Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned. Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

Council-Wide Statements. The statement of net position and the statement of activities display information about the overall Council. Eliminations have been made to minimize the double counting of internal activities. These statements reflect only governmental activities of the Council since there are no "business-type activities" within the Council. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Council-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Council-Wide Statements (Continued). The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the Council's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and, (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the Council related to the administration and support of the Council's programs, such as personnel and accounting – are not allocated to programs.

- Program revenues include (a) charges paid by the recipient of goods or services offered by the programs and, (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including assessments, are presented as general revenues. The Council has no program revenues.

Fund Statements. The fund statements provide information about the Council's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on the major governmental fund.

The Council reports the following major governmental fund:

- General Fund. This is the Council's primary operating fund. It accounts for all financial resources.

Use of Estimates. Management of the Council uses estimates and assumptions in preparing financial statements, in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Budgetary Data. The Council prepares its annual operating budget.

Cash and Investments. The Council’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less, from the date of acquisition.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable. Amounts in accounts receivable are assessments receivable. No allowance for doubtful accounts is recorded since all accounts receivable are deemed collectible.

Inventory. Inventory consists of promotional material stated at cost. Cost is determined by the first-in, first-out method. At June 30, 2024, inventory was $20,394.

Capital Assets. Capital assets are long-lived assets of the Council as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The Council records all capital assets at their original cost.

The Council capitalizes equipment with an original unit cost of $5,000 or more, and an expected life of more than one year. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of Council equipment range from 5-10 years.

Pensions. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences. Council employees are granted vacation and sick leave days in varying amounts, under the terms of Council policy. Employees are not compensated for unused sick leave.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council only has one item that qualifies for reporting as deferred outflows of resources in the current year. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Council has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

2. CASH AND CASH EQUIVALENTS

Deposits. At June 30, 2024, the carrying amount of the Council's deposits was $1,983,370. The bank balance was $1,979,689. All bank balances were insured or collateralized with pooled securities, held by the pledging institutions in the name of the Council.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the Council's investments. The Council does not have a formal policy regarding interest rate risk.

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the investment custodian, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The Council's formal policy for limiting custodial credit risk is to ensure aggregate deposits at individual institutions do not exceed 100 percent of the FDIC insurance amount at any time.

Credit Risk. Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. The Council maintains its cash in bank deposit accounts at high quality financial institutions. At times, deposit account balances may exceed federally insured limits. The Council has not experienced any losses from such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of Credit Risk. The Council's formal policy for limiting concentration of credit risk is to ensure aggregate deposits at individual institutions do not exceed 100 percent of the FDIC insurance amount at any time.

Investments. The Council follows Idaho statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Council to invest available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing district.

3. ACCOUNTS RECEIVABLE

Receivables consist of $235,849 due to the Council for Checkoff assessments, as of June 30, 2024.

4. CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2024, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated				
Vehicles	$ 22,000	67,165		$ 89,165
	22,000	$ 67,165	$ 0	89,165
Accumulated depreciation				
Vehicles	22,000	1,119		23,119
	22,000	$ 1,119	$ 0	23,119
	$ 0			$ 66,046

5. PENSION PLAN

Plan Description. The Council 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), 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 for retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based upon members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with 5 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 classifications. The annual service retirement allowance for each month of credited service is 2.0 percent (2.3 percent 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 percent minimum cost of living increase per year, provided the *Consumer Price Index* increases 1 percent 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 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

5. PENSION PLAN (CONTINUED)

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 percent of the employer rate for general employees, and 72 percent for police and firefighters. At June 30, 2024, it was 6.71 percent for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18 percent for general. The Council's contributions required and paid were $48,302, $33,423, and $27,094 for the three years ended June 30, 2024, 2023, and 2022, respectively.

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the Council reported a liability of $242,296 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on the Council'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, 2023, the Council's proportion was 0.00607156 percent.

For the year ended June 30, 2024, the Council recognized a net loss on pension expense of $25,511. At June 30, 2024, the Council 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
Employer contributions made subsequent to the measurement date	$ 48,302	
Differences between expected and actual experience	$ 41,531	
Changes in assumptions or other inputs	$ 23,992	
Net difference between projected and actual earnings on pension plan investments	$ 22,744	

The $48,302 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ending June 30, 2025.

5. PENSION PLAN (CONTINUED)

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). 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, 2023, the beginning of the measurement period ended June 30, 2023, is 4.4 and 4.6 for the measurement period June 30, 2022.

The employer contribution will be recognized in pension expense in the following fiscal year. Other deferred outflows and inflows are being amortized over 4.6 years. The projected amount to be included in pension expense (benefit), is as follows:

2025	$ 31,390
2026	14,751
2027	45,888
2028	(3,761)

Actuarial Assumptions. Valuations are based upon 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 permitted under Section 59-1322, *Idaho Code*, is 25 years.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Male	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Female	Pub-2010 General Tables, increased 21%
Teachers – Male	Pub-2010 Teacher Tables, increased 12%
Teachers – Female	Pub-2010 Teacher Tables, increased 21%
Fire & Police – Male	Pub-2010 Safety Tables, increased 21%
Fire & Police – Female	Pub-2010 Safety Tables, increased 26%
Disabled Members – Male	Pub-2010 Disabled Tables, increased 38%
Disabled Members – Female	Pub-2010 Disabled Tables,

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions, other than mortality. The total pension liability as of June 30, 2023, is based on the results of an actuarial valuation date of July 1, 2023.

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.

5. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued). 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 the System's assets.

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

CAPITAL MARKET ASSUMPTIONS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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 percent. 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 plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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.

5. PENSION PLAN (CONTINUED)

Sensitivity of the Council's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Council'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%)
Council's proportionate share of the net pension liability (asset)	$435,779	$242,296	$84,160

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.

6. RISK MANAGEMENT

The Council is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Council carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

IDAHO BEEF COUNCIL

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

	Original Budgeted	Final Budgeted	Actual	Variance With Budget
REVENUES				
Checkoff assessments	2,600,000	$ 2,600,000	$ 2,877,752	$ 277,752
Interstate collections	7,900	7,900	17,036	9,136
State of Origin collections	36,400	36,400	20,784	(15,616)
Less: remittance to the Beef Board	(866,667)	(866,667)	(967,769)	(101,102)
Less: State checkoff refund	(10,000)	(10,000)	(1,759)	8,241
	1,767,633	1,767,633	1,946,044	178,411
Interest income	3,000	3,000	11,211	8,211
State/national carryover funds	537,600	537,600		(537,600)
Other Income			554	554
Total revenues	2,308,233	2,308,233	1,957,809	(350,424)
EXPENDITURES				
Consumer	746,964	746,964	582,468	164,496
Depreciation			0	0
Retail	201,475	201,475	123,430	78,045
Food service	248,988	248,988	225,052	23,936
Research	27,637	27,637	12,615	15,022
Industry outreach	326,576	326,576	288,492	38,084
International marketing	219,696	219,696	226,948	(7,252)
National programs	164,453	164,453	157,947	6,506
Brand Fees	130,000	130,000	143,871	(13,871)
Administration	206,345	206,345	263,103	(56,758)
Special Projects	36,100	36,100	20,724	15,376
Total expenditures	2,308,234	2,308,234	2,044,650	263,584
NET CHANGE IN FUND BALANCE			(86,841)	(86,841)
FUND BALANCE AT BEGINNING OF YEAR	1,987,538	1,987,538	1,987,538	0
FUND BALANCE AT END OF YEAR	$ 1,987,538	$ 1,987,538	$ 1,900,697	$ (86,841)

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the Council in the fund financial statements.

See accompanying notes

IDAHO BEEF COUNCIL

SCHEDULE OF PENSION FUNDING

SCHEDULE OF THE COUNCIL'S SHARE OF NET PENSION ASSET AND LIABILITY - PERSI BASE PLAN
Data reported is measured as of June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's portion of the net pension (asset) liability	0.00607156%	0.00575431%	0.00701100%	0.00460190%	0.00478010%	0.00384520%	0.00682810%	0.00742490%	0.00757390%	N/A
Employer's proportionate share of the net pension (asset) liability	242,296	226,648	(5,537)	107,000	55,000	56,717	107,326	150,514	$ 99,736	N/A
Employer's covered payroll	429,576	279,927	226,917	240,324	163,871	162,350	123,713	212,073	214,627	N/A
Employer's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	56%	81%	-2%	45%	34%	35%	87%	71%	46%	N/A
Plan fiduciary net position as a percentage of the total pension liability	84%	83%	100%	88%	94%	92%	91%	87%	91%	N/A

SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS TO PENSION PLANS - PERSI BASE PLAN
Data reported is measured as of June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 48,302	$ 33,423	$ 27,094	$ 28,695	$ 19,566	$ 18,378	$ 14,004	$ 24,007	$ 24,296	N/A
Contributions in relation to the statutorily required contribution	48,302	33,423	27,094	28,695	19,566	18,378	14,004	24,007	24,296	N/A
Contribution (deficiency) excess	0	0	0	0	0	0	0	0	0	N/A
Employer's covered payroll	429,576	279,927	226,917	240,324	163,871	162,350	123,713	212,073	214,627	N/A
Contributions as a percentage of covered payroll	11.24%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%	N/A

Schedule of pension funding shows activity since the implementation of GASB Statement No. 68.
However, until a full 10-year trend is compiled, Idaho Beef Council will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

IDAHO BEEF COUNCIL

SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION - BY DEPARTMENT
June 30, 2024

	National	State	Eliminating Entries	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 631,431	$ 1,351,939		$ 1,983,370
Accounts receivable	338,320	276,052	$ (378,523)	235,849
Prepaid expenses	56,242	56,241		112,483
Prepaid insurance	485	485		970
Inventory	10,197	10,197		20,394
Total current assets	1,036,675	1,694,914	(378,523)	2,353,066
Capital assets, at cost	44,582	44,583		89,165
Less accumulated depreciation	(11,559)	(11,560)		(23,119)
Capital assets, net	33,023	33,023	0	66,046
Total assets	1,069,698	1,727,937	(378,523)	2,419,112
DEFERRED OUTFLOWS				
Defined benefit pension	68,284	68,285		136,569
LIABILITIES				
Accounts payable	412,781	375,432	(378,523)	409,690
Accrued payroll liabilities	21,340	21,339		42,679
Accrued vacation	6,937	6,936		13,873
Net pension liability	121,148	121,148		242,296
Total liabilities	562,206	524,855	(378,523)	708,538
NET POSITION				
Net investment in capital assets	33,023	33,023		66,046
Unrestricted	543,313	1,238,904		1,782,217
Total net position	$ 576,336	$ 1,271,927	$ 0	$ 1,848,263

See accompanying notes

IDAHO BEEF COUNCIL

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION -
BY DEPARTMENT
Year Ended June 30, 2024

	National	State	Total
REVENUES			
Checkoff assessment	$ 1,918,501	$ 959,251	$ 2,877,752
Interstate collections	17,036		17,036
State of origin collections		20,784	20,784
Less: Remittance to the Beef Board	(967,769)		(967,769)
Less: State checkoff refund		(1,759)	(1,759)
	967,768	978,276	1,946,044
Interest income		11,211	11,211
Other income	277	277	554
Total revenues	968,045	989,764	1,957,809
EXPENDITURES			
Brand fees	95,914	47,957	143,871
Consumer	291,234	291,234	582,468
Retail	61,715	61,715	123,430
Food service	112,526	112,526	225,052
Research	6,308	6,307	12,615
Industry outreach	144,246	144,246	288,492
International marketing	113,474	113,474	226,948
National programs	78,973	78,974	157,947
Depreciation	0	0	0
Administration	112,781	112,947	225,728
Special projects	10,362	10,362	20,724
Total expenditures	1,027,533	979,742	2,007,275
CHANGE IN NET POSITION	(59,488)	10,022	(49,466)
NET POSITION, BEGINNING	635,824	1,261,905	1,897,729
NET POSITION, ENDING	$ 576,336	$ 1,271,927	$ 1,848,263

See accompanying notes

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Idaho Beef Council
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 governmental activities and the major fund of the Idaho Beef Council, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Idaho Beef Council's basic financial statements and have issued our report thereon dated August 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Idaho Beef Council's internal control over financial reporting (internal control), to determine the 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 Idaho Beef Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Idaho Beef Council'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 over financial reporting 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.

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
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Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Idaho Beef Council'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 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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Presnell Gage, PLLC

August 26, 2024
Lewiston, Idaho

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT ON NEGATIVE ASSURANCE STATEMENTS OVER COMPLIANCE REQUIRED BY THE CATTLEMEN'S BEEF BOARD

Board of Directors
Idaho Beef Council
Boise, Idaho

We have audited Idaho Beef Council's compliance with the type of compliance requirements described in the *Beef Promotion and Research Act and Order* that could have a direct and material effect on the Beef Checkoff Program for the year ended June 30, 2024.

Statement of Negative Assurance Regarding Compliance with the *Act* and *Order*

In connection with our audit, nothing came to our attention that caused us to believe that the Idaho Beef Council was not in compliance with the provisions of the *Beef Promotion and Research Act of 1985* (the *Act*) and the *Beef Promotion and Research Order* (the *Order*) relative to the use of funds collected by the Idaho Beef Council insofar as they relate to accounting matters, or that the Idaho Beef Council failed to accurately allocate expenses that it shared with any other entity or funding source in a manner that complies with the *Act* and *Order*.

Statement of Negative Assurance Regarding Compliance with the Beef Board Investment Policy for Qualified State Beef Councils

Further, nothing came to our attention that caused us to believe the Idaho Beef Council was not in compliance with the provisions of the Beef Board Investment Policy for Qualified State Beef Councils dated March 14, 2016, which describes the type of instruments in which the Idaho Beef Council may invest. Our audit was not, however, directed primarily toward obtaining knowledge of such noncompliance.

Purpose of this Report

The purpose of this report is solely for the information and use of the directors of the Idaho Beef Council and the Cattlemen's Beef Promotion and Research Board and should not be used for any other purpose.

Presnell Gage, PLLC

August 26, 2024
Lewiston, Idaho

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