



Talking Points
2023 Legislature
February 2, 2023

- I. Overview of the Idaho Potato Commission**
 - a. Established by the Legislature in 1937
 - b. IPC's mission is to protect and promote the brand.
 - c. Why are Idaho potatoes so special?
 - d. 2022 Crop year
- II. Overview of IPC's budget**
 - a. 2021-2022 Audit Report
 - b. Update on current budget year
 - c. IPC staff updates and highlights from the year
- III. Some of the challenges facing the Idaho potato industry**
 - a. Water
 - b. Increased costs
 - c. Regulatory
 - d. Labor
- IV. Questions**

February 2, 2023
Attachment 2

**LEGISLATIVE BUDGET REPORT
IDAHO POTATO COMMISSION
FOR THE PERIOD SEPTEMBER 1, 2022 TO AUGUST 31, 2023**

REVENUES:

POTATO TAX	\$14,854,045
SEED ASSESSMENTS	\$90,000
GRANTS	\$75,000
SALE OF PROMOTIONAL ITEMS	\$50,000
PENALTIES, FEES, AND INTEREST	\$33,500
	<u>\$15,102,545</u>
 ADD: RESERVES	 \$1,500,000
	<u><u>\$16,602,545</u></u>

EXPENDITURES:

ADMINISTRATION	\$4,119,837
CONSUMER AD/PR	\$4,347,275
FOODSERVICE PROGRAMS	\$1,834,465
RETAIL PROGRAMS	\$1,955,105
RESEARCH AND EDUCATION	\$1,558,294
EXPORT ACTIVITIES	\$535,000
OTHER PR	\$427,509
	<u><u>\$14,777,485</u></u>

February 2, 2023
Attachment 2_f

IDAHO POTATO COMMISSION

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended August 31, 2022

February 2, 2023
Attachment 2

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	i
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Positions	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Fund	6
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Positions	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities	9
Notes to Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	32
Notes to Required Supplementary Information	33
Schedule of the Commission's Proportionate Share of the Net Pension Liability	34
Schedule of Commission Contributions	34
Schedule of Changes in OPEB Liability – Healthcare and Employer Contributions	35
Schedule of Changes in OPEB Asset – Sick Leave	36
Schedule of Employer OPEB Contributions – Sick Leave	37

Table of Contents
(continued)

OTHER SUPPLEMENTARY INFORMATION

Schedule of Expenditures Expressed in Percentages	38
Comparative Schedule of Revenues and Expenditures	39
Schedule of Administrative Expenditures	40

FEDERAL REPORT

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 <i>Government Auditing Standards</i>	41
---	----



ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

Phone: 208-459-4649 ♦ FAX: 208-229-0404

Independent Auditor's Report

Board of Commissioners
Idaho Potato Commission
Eagle, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the fund information of Idaho Potato Commission (the Commission) as of and for the year ended August 31, 2022 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of Idaho Potato Commission, as of August 31, 2022, and the respective changes in financial position 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 (GAAS) 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 Commission 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; this includes 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 Commission's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, 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 Commission'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 Commission'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 and budgetary comparison information, schedule of the Commission's proportionate share of the net pension liability, and schedule of Commission contributions on pages i through v and 32 through 37 be presented to supplement the basic financial statements. Such 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. 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Idaho Potato Commission's basic financial statements. The schedule of expenditures expressed in percentages, comparative schedule of revenues and expenditures and schedule of administrative expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures expressed in percentages, comparative schedule of revenues and expenditures, and schedule of administrative expenditures are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the expenditures expressed in percentages, comparative schedule of revenues and expenditures, and schedule of administrative expenditures are fairly stated, in all material respects, in relation to the basic 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 December 12, 2022, on our consideration of the Idaho Potato Commission'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 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 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 Potato Commission's internal control over financial reporting and compliance.

Zwysart John & Associates, CPAs, PLLC

Nampa, Idaho
December 12, 2022

Idaho Potato Commission Management's Discussion and Analysis

The Management's Discussion and Analysis for the Idaho Potato Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended August 31, 2022.

Overview of the Commission

The Idaho Legislature created the Idaho Potato Commission (the "IPC") in 1937 to provide market development, production research, and the promotion of potatoes grown in Idaho (*Idaho Code* Title 22, Chapter 12). The IPC's office is located in Eagle, Idaho. The IPC is governed by nine governor-appointed commissioners (from the industry nominations). The IPC commissioners are made up of five growers, two processors, and two shippers. The IPC also has 20 staff (including 6 field directors).

The IPC is a self-governing state agency that receives the majority of its revenue through a potato tax split 60% from the growers and 40% from the first handlers (shipper or processor). The tax is currently set at 12.5 cents per hundred-weight. The *Idaho Code* gives the IPC's board the right to set the tax rate up to 15 cents per hundred-weight.

The IPC uses funds and account groups to report on its financial position and the results of its operations. The IPC's financial statements consist of a governmental fund and a general fund. The governmental fund follows the accrual basis of accounting while the general fund follows the modified accrual basis of accounting.

Financial Highlights

During the fiscal year ended August 31, 2022, the IPC had total revenue of \$14,280,135. (\$13,605,085 was from potato tax), which is \$1,151,974 less than 2021.

Total expenses for the IPC during the fiscal year ended August 31, 2022, totaled \$15,589,057. The IPC's expenses are divided into the following major areas: Consumer Advertising, Retail Promotion, Foodservice Promotion, Research & Education, and Administration. IPC's expenses increased \$1,013,095 or 6% compared to 2021.

Using the Basic Financial Statements

The annual report consists of two distinct series of financial statements: The government-wide financial statements (Statement of Net Position and Statement of Activities) and the fund financial statements (General Fund and Statement of Revenues, Expenditures, and Changes in Fund Balance). The government-wide statements are designed to show the IPC's overall economic activity. The Statement of Net Position and Statement of Activities provide information about the governmental-type activities of the whole IPC organization presenting both an aggregate view of IPC finances and a longer-term view of those finances.

Idaho Potato Commission
Management's Discussion and Analysis

The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

Reporting the IPC as a Whole

The Statement of Net Position and the Statement of Activities on pages 4 and 5 reflect the overall financial health of the IPC and report what the IPC owns and how much it owes. They also assess the IPC's present financial status and future outlook. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies.

Financial Analysis of the IPC as a Whole

Table 1 provides a summary of the Commission's net position as of August 31, 2022 compared to August 31, 2021.

Summary of IPC's Net Position

	2022	2021	Percent Change
Current Assets	\$ 6,035,419	\$ 7,148,657	-15.6%
Net Investment in Capital Assets	468,584	420,587	11.4%
Total Assets	<u>6,504,003</u>	<u>7,569,244</u>	-14.1%
Deferred Outflows	<u>1,331,199</u>	<u>635,342</u>	109.5%
Liabilities	<u>3,025,797</u>	<u>1,799,908</u>	68.1%
Deferred Inflows	<u>184,862</u>	<u>198,776</u>	-7.0%
Net Position:			
Net Investment in Capital Assets	468,584	420,587	11.4%
Restricted	-	-	0.0%
Unrestricted	<u>4,229,028</u>	<u>5,785,315</u>	-26.9%
Total Net Position	<u><u>\$ 4,697,612</u></u>	<u><u>\$ 6,205,902</u></u>	-24.3%

Idaho Potato Commission
Management's Discussion and Analysis

Financial Analysis of the IPC as a Whole (continued)

Table 2 shows the IPC's activities for the year ended August 31, 2022 compared to the year ended August 31, 2021 along with the change in net position.

Summary of IPC's Activities and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Percent Change</u>
Revenues:			
Potato Tax	\$ 13,605,085	\$ 15,168,772	-10.3%
Other Revenue	675,050	263,337	156.3%
Total Revenue	<u>14,280,135</u>	<u>15,432,109</u>	-7.5%
Expenses:			
Personnel	3,421,670	3,499,585	-2.2%
Advertising/PR/Retail	7,371,761	6,757,138	9.1%
Foodservice	1,257,600	1,208,827	4.0%
Research and Education	1,754,594	1,555,510	12.8%
Other	1,783,432	1,554,902	14.7%
Total Expenses	<u>15,589,057</u>	<u>14,575,962</u>	7.0%
Change in Net Position	(1,308,922)	856,147	
Net Position, Beginning	<u>6,006,534</u>	<u>5,349,755</u>	
Net Position, End of Year	<u>\$ 4,697,612</u>	<u>\$ 6,205,902</u>	

Governmental Funds

Most of the IPC's activities are reported in a governmental fund, which focuses on how money flows into and out of the fund and the balances left at year-end available for spending in future periods. This fund is reported on the "modified accrual" basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the IPC's general government operations and the basic services it provides.

Idaho Potato Commission
Management's Discussion and Analysis

Budget Analysis

The IPC approves an income and expenditure budget every July, prior to the beginning of the fiscal year, based on the U.S.D.A. Idaho potato acreage report, yield estimates, and potato tax rate. The IPC develops an expenditure budget based on the projected revenue.

During the course of the fiscal year, the IPC can increase or decrease its budget based on more current revenue forecasts and can utilize its reserve if necessary. During the fiscal year ended August 31, 2022, reserve funds were approved to cover an anticipated shortfall in revenue. However, revenue was under budget by \$823,651 . Expenditures were under budget by \$1,122,952 . As a result, the IPC's reserve decreased by (\$1,246,913).

Table 3 shows the original fiscal year 2022 budget compared to actual revenues and expenditures of the general fund.

Original Fiscal Year Budget Compared to Actual Revenue and Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>Percent Variance</u>
Revenues	\$ 15,103,786	\$ 14,280,135	-5.5%
Expenditures	<u>16,650,000</u>	<u>15,527,048</u>	-6.7%
Net Change in Fund Balance	<u>\$ (1,546,214)</u>	<u>\$ (1,246,913)</u>	

Idaho Potato Commission
Management's Discussion and Analysis

Capital Assets

At the end of the fiscal year 2022, the IPC had \$126,929 of net capital assets in governmental activities. Table 4 reflects fiscal year 2022 balances compared to fiscal year 2021.

	<u>2022</u>	<u>2021</u>	<u>Dollar Increase (Decrease)</u>
Capital Assets	\$ 302,165	\$ 333,310	\$ (31,145)
Less - Accumulated Depreciaton	<u>(175,236)</u>	<u>(177,765)</u>	<u>2,529</u>
Investment in Capital Assets	<u>\$ 126,929</u>	<u>\$ 155,545</u>	<u>\$ (28,616)</u>

This financial report is designed to provide industry members and management with a general overview of IPC's finances and to reflect the IPC's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to: Jamey Higham, President/CEO, Idaho Potato Commission, 661 S. Rivershore Lane, #230, Eagle, ID 83616, 208-334-2350.

Idaho Potato Commission
Statement of Net Position
August 31, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 1,149,563
Short-term Investments	2,895,215
Potato Tax Receivable	1,226,989
Prepaid Expenses	260,945
Inventory	502,707
Capital Assets:	
Equipment, Net	126,929
Right-to-Use Asset	73,069
Net OPEB Asset - Sick Leave	341,655
Total Assets	<u>6,577,072</u>
Deferred Outflows	
Pension Related Items	1,285,401
OPEB-Healthcare & Long-term Disability	16,883
OPEB-Sick Leave	28,915
Total Deferred Outflows	<u>1,331,199</u>
Liabilities	
Accounts Payable	204,838
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	216,479
Lease Payable	136,868
Due in More Than One Year:	
Net Pension Liability	2,446,277
Net OPEB Liability - Healthcare & Long-term Disability	21,335
Total Liabilities	<u>3,025,797</u>
Deferred Inflows	
Pension Related Items	44,919
OPEB -Healthcare & Long-term Disability	53,972
OPEB - Sick Leave	85,971
Total Deferred Inflows	<u>184,862</u>
Net Position	
Net investment in Capital Assets	126,929
Unrestricted Surplus	4,570,683
Total Net Position	<u>\$ 4,697,612</u>

The accompanying notes are an integral
part of the financial statements

Idaho Potato Commission
Statement of Activities
For the Year Ended August 31, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Marketing and Promotion	\$ 9,636,285	\$ 49,850	\$ -	\$ -	\$ (9,586,435)
Research	1,754,594	-	412,979	-	(1,341,615)
Administration	4,198,178	79,620	-	-	(4,118,558)
Total Governmental Activities	\$ 15,589,057	\$ 129,470	\$ 412,979	\$ -	(15,046,608)

General Revenues:	
Potato Tax	13,604,936
Seed Assessment	92,820
Interest Income	10,080
License Fees	29,850
Total General Revenues and Special Items	13,737,686
Change in Net Positions	(1,308,922)
Net Positions, Beginning Previously Stated	6,205,902
Prior Period Adjustment	(199,368)
Net Positions, Beginning of Year	6,006,534
Net Positions End of Year	\$ 4,697,612

The accompanying notes are an integral
part of the financial statements

Idaho Potato Commission
Balance Sheet -
Governmental Fund
August 31, 2022

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 1,149,563
Short-term Investments	2,895,215
Potato Taxes Receivable	1,226,989
Prepaid Expenses	260,945
Inventory	502,707
Total Assets	<u>\$ 6,035,419</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	<u>\$ 204,838</u>
Total Liabilities	<u>204,838</u>
Fund Balance:	
Nonspendable:	
Prepaid Items	260,945
Inventory	502,707
Unassigned	5,066,929
Total Fund Balance	<u>5,830,581</u>
Total Liabilities and Fund Balance	<u>\$ 6,035,419</u>

The accompanying notes are an integral
part of the financial statements

Idaho Potato Commission
Reconciliation of the Balance Sheet of the Governmental
Fund to the Statement of Net Positions
August 31, 2022

Total Fund Balances - Governmental Funds \$ 5,830,581

Amounts reported for governmental activities in the Statement of Net Positions are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:

Equipment, Net of \$175,236 Accumulated Depreciation	126,929
Right-to-Use Asset, Net of \$109,603 Accumulated Depreciation	73,069

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Long-term liabilities at year end consist of:

Compensated Absences	\$ (216,479)	
Net Lease Liability	(136,868)	
		(353,347)

The Commission participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (2,446,277)	
Pension Related Deferred Inflows	(44,919)	
Pension Related Deferred Outflows	1,285,401	
		(1,205,795)

The Commission provides post-employment benefits to eligible employees through the Sick Leave fund of the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net OPEB asset and the related deferred inflows and outflows on their Statement of Net Position.

Net OPEB Liability	\$ (21,335)	
Net OPEB Asset	341,655	
OPEB Related Deferred Inflows	(139,943)	
OPEB Related Deferred Outflows	45,798	
		226,175

Total Net Positions-Governmental Activities	\$ <u>4,697,612</u>
---	---------------------

The accompanying notes are an integral
part of the financial statements

Idaho Potato Commission
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Governmental Fund
For the Years Ended August 31, 2022

	General Fund
Revenues	
Potato Tax	\$ 13,605,085
Seed Assessment	92,820
License Fees	29,850
Sale of Merchandise	49,850
Sale of License Plates	79,620
Grant Income	412,979
Penalties	(149)
Interest Income	10,080
Total Revenues	<u>14,280,135</u>
Expenditures	
Current:	
Marketing and Promotion	9,636,285
Research	1,754,594
Administration	4,097,851
Capital Outlay	38,318
Total Expenditures	<u>15,527,048</u>
Net Change in Fund Balance	(1,246,913)
Fund Balance, Beginning	7,077,494
Fund Balance, Ending	<u>\$ 5,830,581</u>

The accompanying notes are an integral
part of the financial statements

Idaho Potato Commission
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Fund
to the Statement of Activities
For the Years Ended August 31, 2022

Total Net Change in Fund Balance - Governmental Funds \$ (1,246,913)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Capital Outlays	\$ -	
Depreciation Expense	<u>(34,705)</u>	(34,705)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated Absences	42,129
----------------------	--------

Lease payments are recorded as expenditures in the governmental funds but are reductions of liability in the statement of activities.

Lease Payments	141,658
----------------	---------

The Commission participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.

	<u>(211,091)</u>
Change in Net Positions of Governmental Activities	<u><u>\$ (1,308,922)</u></u>

The accompanying notes are an integral
part of the financial statements

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Idaho Potato Commission, State of Idaho. The Commission receives funding from tax assessments on potatoes. For financial reporting purposes, the State of Idaho's primary government includes commissions, among others that are an integral part of the State. The Idaho Potato Commission is considered such an entity and is included in the State's financial statements in the nonmajor governmental funds. Commissioners are appointed by the Governor of Idaho upon recommendation of participants of the grower, shipper, and processor segments of the industry in Idaho, and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Commission's reporting entity does not contain any component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Positions and the Statement of Activities display information about the financial activities of the Commission. Governmental activities are financed primarily through the potato tax assessed on all potatoes as they enter the channels of trade in Idaho.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission.

- 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 general government related to the administration and support of the Commission's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) 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, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Commission's funds. The emphasis of fund financial statements is on major governmental funds.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Commission reports the following major governmental funds:

- *General fund.* This is the Commission's primary operating fund. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available if they are collectible in the current period, or within a reasonable time thereafter to pay for the current period liabilities. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, 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 liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Positions and in the governmental fund Balance Sheet.

The Commission uses the following fund balance categories in the governmental fund Balance Sheet:

- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (non-spendable, restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the Commission's highest level of decision-making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the Commission's intent to use restricted resources first, then unrestricted resources as they are needed. There is no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Commission's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Commission considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The Commission'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. See Note 2.

Receivables

All trade and assessment receivables are shown net of an allowance for uncollectable.

Inventory

Inventory is stated at cost. Expenditure in the fund statements is recognized as the inventory is used, using the consumption method.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Computer Equipment	\$ 5,000	Straight-line	5 years
Office and Other Equipment	\$ 5,000	Straight line	5 – 7 years

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The Commission does not own any infrastructure assets.

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 Base 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.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability medical, deferred outflows of resources and deferred inflows of resources related to OPEB medical, and OPEB medical expense, information about the fiduciary net position of the Commission and additions to/deductions from the Commission's fiduciary net position have been determined on the same basis as they are reported by the Commission. For this purpose, the Commission recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB asset sick leave, deferred outflows of resources and deferred inflows of resources related to OPEB sick leave, and OPEB sick leave expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or system) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Principal

The Commission adopted GASB 87, *Leases*, during the year. This has caused a long-term lease payable and the corresponding right-to-use asset to be reported on the government funds. See footnote 10 for the changes to Net Position this caused.

2. CASH AND INVESTMENTS

Deposits

As of August 31, 2022, the Commission's deposits were \$623,584. The respective bank balances totaled \$1,333,867. \$750,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging institutions in the name of the Commission.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of August 31, 2022, \$583,867 the Commission's deposits were not covered by the federal depository insurance or by collateral held by the Commission's agent or pledging financial institution's trust department or agent in the name of the Commission, and thus were exposed to custodial credit risk. The Commission does not have a deposit policy for custodial credit risk. Custodial credit risk for investments is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the Commission's policy to preserve the principal value and the interest income on an investment against credit risk. The Commission's policy is to invest in only debt instruments allowed by Idaho Statue. Investments of reserves will be approved by a majority vote of the commissioners. Commissioners will annually review each investment to determine annual income and current value as well as evaluate safety of the investment.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk

The Commission has a formal policy limiting investment maturities to help manage its exposure to fair value losses from increasing interest rates. Investment of Commission funds during periods of low interest rates will be held to short term maturities, not to exceed six months. When market interest rates are above historical averages, Commission funds can be invested for longer maturities upon approval by a majority of the Commission.

Investments

The Commission follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Commission to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The Commission's investments at August 31, 2022 are summarized below:

Investment	Rating	Fair Value	Investment Maturities (in Years)	
			Less than 1	1 - 5
US Treasury Bill	AAA+	\$ 2,895,215	\$ 2,895,215	\$ -

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

	<u>Governmental</u>
	Activities
Cash and cash equivalents	\$ 1,149,563
Short Term Investments	2,895,215
	<u>\$ 4,044,778</u>

3. RISK MANAGEMENT

The Commission is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker's compensation, i.e. employee injuries. The Commission participates in various self-insurance programs established by the State for property and casualty losses and employee health insurance.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular Commission employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in vacation leave during the year are as follows:

	<u>8/31/2021</u>	<u>Earned</u>	<u>Used</u>	<u>8/31/2022</u>	<u>Current Portion</u>
Governmental Activities	<u>\$ 258,608</u>	<u>\$ 137,691</u>	<u>\$ (179,820)</u>	<u>\$ 216,479</u>	<u>\$ 216,479</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended August 31, 2022, was as follows:

	<u>Balance 8/31/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 8/31/2022</u>
Capital Assets Being Depreciated:				
Equipment	\$ 333,310	\$ -	\$ (31,145)	\$ 302,165
Right-to-Use Asset	<u>182,672</u>	<u>-</u>	<u>-</u>	<u>182,672</u>
Total Historical Cost	<u>515,982</u>	<u>-</u>	<u>(31,145)</u>	<u>484,837</u>
Less: Accumulated Depreciation				
Equipment	177,765	28,616	(31,145)	175,236
Right-to-Use Asset	<u>103,514</u>	<u>6,089</u>	<u>-</u>	<u>109,603</u>
Total Acc. Depr.	<u>281,279</u>	<u>34,705</u>	<u>(31,145)</u>	<u>284,839</u>
Capital Assets - Net	<u>\$ 234,703</u>	<u>\$ (34,705)</u>	<u>\$ -</u>	<u>\$ 199,998</u>

Depreciation expense was charged to the functions of the Commission as follows:

Governmental Activities:	
Administration	<u>\$ 34,705</u>

6. FUNDING

The Commission is financed by a 12.5¢ per-hundred weight (cwt) tax collected by the Commission on potatoes as it enters the channels of trade in Idaho. The amount of funds received by the Commission is subject to various conditions, including market price, storage of potatoes, weather, and number of acres planted.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

7. LEASE COMMITMENTS

The Commission leases office space in Eagle, Idaho and Idaho Falls, Idaho. The Idaho Falls lease is a month-to-month lease and the Eagle lease expires in 2023.

Lease expenditures were in fiscal year 2022. Future minimum lease payments are shown below:

Year Ending		
August 31,	Principal	Interest
2024	<u>\$ 136,868</u>	<u>\$ 4,790</u>

8. PENSION PLAN

Plan Description

Idaho Potato Commission contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by 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 (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

8. PENSION PLAN (continued)

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, 2022 it was 7.16% for general employees and 9.13% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. Idaho Potato Commission's contributions were \$292,611 the year ended August 31, 2022.

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

At August 31, 2022, Idaho Potato Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Idaho Potato Commission's proportion of the net pension liability was based on Idaho Potato Commission'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, 2022, Idaho Potato Commission's proportion was 0.0621078 percent.

For the year ended August 31, 2022, Idaho Potato Commission recognized pension expense/(revenue) of \$617,192. At August 31, 2022, Idaho Potato Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

8. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269,001	\$ 10,919
Changes in assumptions or other inputs	398,817	-
Net difference between projected and actual earnings on pension plan investments	562,859	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	2,377	34,000
Idaho Potato Commission's contributions subsequent to the measurement date	52,347	-
Total	\$ 1,285,401	\$ 44,919

\$52,347 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2022.

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, 2022 the beginning of the measurement period ended June 30, 2021, is 4.6 and 4.6 for the measurement period June 30, 2022.

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:

For the Year Ended August 31:	PERSI
2022	\$ 331,259
2023	303,330
2024	141,541
2025	464,352

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

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

8. PENSION PLAN (continued)

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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 Liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

8. PENSION PLAN (continued)

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 2022.

<u>Asset Class</u>	
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

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.

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)	\$ 4,317,440	\$ 2,446,277	\$ 914,779

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

8. PENSION PLAN (continued)

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.

9. OPEB PLAN – HEALTHCARE & LONG-TERM DISABILITY

Plan Descriptions and Funding Policy

Retiree Healthcare Plan: A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Additionally, the employee must be receiving monthly PERSI pension benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must retire directly from state service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The benefit is at least \$1,860 per retiree per year. The retired plan members contribution percentage of the total premium cost decreased from 70.5 percent in 2020 to 69.4 percent in 2021. In 2021, employers were charged \$11.04 per active employee per month towards the retiree premium cost, or 30.6 percent of the total cost of the retiree plan, compared to \$11.04 per active employee per month or 29.5 percent of the total cost of the retiree plan in 2022.

Long-Term Disability Plan: Disabled employees are defined as persons unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary, the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 continuous weeks of total disability or exhaustion of accrued sick leave must be met.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

9. OPEB PLAN – HEALTHCARE & LONG-TERM DISABILITY (continued)

For up to 6 months following the date of disability an employee may continue healthcare coverage under this plan. The employer's share of the premium is paid from the Office of Group Insurance reserve. The employee is required to pay the normal active employee contribution to the plan and rate category for which the employee is enrolled. In fiscal years 2020 and 2021, employers were not charged, as the medical continuation premiums were paid from the excess reserve.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or \$4,000, whichever is less. The benefit does not increase with inflation and may be offset by benefits from Social Security, Workers' Compensation, or PERSI. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for fiscal years 2019 and 2020 was 0.29 percent of payroll.

The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than \$20,000. The amount of life insurance will be reduced to 75% after the date the employee turns age 70, and will be reduced to 50% after the date the employee turns age 75. In addition, the plan provides a \$2,000 life insurance benefit for spouses and a \$1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012; the employer pays 100 percent of the cost.

Principal Life Insurance Company insures employees disabled on or after July 1, 2012, and the obligation for the payment of basic life and dependent life coverage benefits has been effectively transferred. The employer pays 100 percent of the premiums, which are included in the current-year expense/expenditure amount for long-term disability income insured benefits provided in the previous paragraph.

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

9. OPEB PLAN – HEALTHCARE & LONG-TERM DISABILITY (continued)

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2021. Actuarial valuations are performed biennially as of July 1 for accounting purposes only.

The total OPEB liability as of June 30, 2020 was based on the 2018 PERSI Experience study for demographic assumptions. The economic and OPEB specific assumptions were based on the July 1, 2018 OPEB Valuation and the June 30, 2021 Milliman GASB 75 disclosure report.

The entry age normal cost method and the following actuarial assumptions and other inputs applied to all periods included in the measurement:

	Retiree Healthcare Plan	Long-Term Disability Plan		
		Healthcare	Life Insurance	Income
Inflation	2.20%	2.20%	2.20%	2.20%
Salary Increases	2.95% general wage growth plus increases due to promotions and longevity	2.95% general wage growth plus increases due to promotions and longevity	2.95% general wage growth plus increases due to promotions and longevity	2.95% general wage growth plus increases due to promotions and longevity
Discount Rate	2.16%	2.16%	2.16%	2.16%
Healthcare Cost Trend Rates	7.9% claims and 3.9% premiums from year ending June 30, 2021 to year ending June 30, 2022, grading to an ultimate rate of 3.7% for 2075 and later years	7.9% claims and 3.9% premiums from year ending June 30, 2021 to year ending June 30, 2022, grading to an ultimate rate of 3.7% for 2075 and later years	N/A	N/A
Retirees' Share of Benefit-Related Costs	69.4% of projected health insurance premiums for retirees	N/A	N/A	N/A

Mortality Rates

Mortality rates for the Retiree Healthcare, the Long-Term Disability Healthcare, and the Retiree Life Insurance plans were based on the RP 2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA with adjustments. Mortality rates for the Long-term Disability Life Insurance plan was based on the 2005 Group Term Life Waiver Reserve table developed by the Society of Actuaries.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

9. OPEB PLAN – HEALTHCARE & LONG-TERM DISABILITY (continued)

Mortality rates for the Long-term Disability Income plan was based on the 2012 Group Long-Term Disability Valuation Table.

Discount Rate

The actuary used a discount rate of 2.16 percent to measure the total OPEB liability. The discount rate was based on 20-year Bond Buyer Go Index.

Total OPEB Liability, OPEB Expense, and Deferrals

Total OPEB Liability: The ending balance in the following table represents the State's total OPEB liability as of the measurement date of June 30, 2021 and recorded in fiscal year 2021. Employer proportionate shares were determined utilizing a single-period measure of benefit payments as of August 31, 2022.

The table illustrates the changes in total OPEB liability for the fiscal year ended August 31, 2022:

	Increase (Decrease)		
		Long-Term Disability Plan	
	Retiree Healthcare Plan	Healthcare	Total
Beginning Balances	\$ 17,166	\$ 1,052	\$ 18,218
Service Cost	671	192	863
Interest on Total OPEB Liability	377	26	403
Plan Changes	-	-	-
Economic/Demographic Gains (Losses)	3,467	3	3,470
Assumptions Changes	146	3	149
Expected Benefit Payments	(1,634)	(134)	(1,768)
Net Changes	3,027	90	3,117
Ending Balances	\$ 20,193	\$ 1,142	\$ 21,335

OPEB Expense and Deferrals: The Commission recognized the following OPEB expense and deferrals for the year ended August 31, 2022:

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

9. OPEB PLAN – HEALTHCARE & LONG-TERM DISABILITY (continued)

	Increase (Decrease)				
	Long-Term Disability Plan				
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Total
OPEB Expense/(Benefit)	\$ (717)	\$ 262	\$ (1,771)	\$ (1,348)	\$ (3,574)
Deferred Outflows					
Difference between Expected & Actual Experience	\$ 2,869	\$ 398	\$ -	\$ -	\$ 3,267
Changes of Assumptions	8,333	63	-	-	8,396
Change in Proportion	3,218	307			3,525
Benefit Payments Subsequent to the Measurement Date	1,663	32	-	-	1,695
Total Deferred Outflows	\$ 16,083	\$ 800	\$ -	\$ -	\$ 16,883
Deferred Inflows					
Difference between Expected & Actual Experience	\$ (11,388)	\$ (113)	\$ -	\$ -	\$ (11,501)
Changes of Assumptions	(3,827)	(201)	-	-	(4,028)
Change in Proportion	(36,448)	(1,995)	-	-	(38,443)
Total Deferred Inflows	\$ (51,663)	\$ (2,309)	\$ -	\$ -	\$ (53,972)

The total of \$1,695 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended August 30, 2023. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Fiscal Year	Expense (Revenue)		
	Long-Term Disability Plan		
	Healthcare Plan	Healthcare	Total
2022	\$ (11,644)	\$ (302)	\$ (11,946)
2023	(11,644)	(301)	(11,945)
2024	(11,356)	(271)	(11,627)
2025	(2,680)	(284)	(2,964)
2026	82	(363)	(281)
thereafter	-	(21)	(21)
	\$ (37,242)	\$ (1,542)	\$ (38,784)

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

9. OPEB PLAN – HEALTHCARE & LONG-TERM DISABILITY (continued)

Discount Rate Sensitivity

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the State calculated using the discount rate of 2.16 percent, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (1.16%) or 1 percent higher (3.16%) than the current rate:

	Retiree Healthcare Plan	Long-Term Disability Plan	Total
1% Decrease 1.16%	\$ 21,221	\$ 1,180	\$ 22,401
Discount Rate 2.16%	\$ 20,194	\$ 1,141	\$ 21,335
1% Increase 3.16%	\$ 19,176	\$ 1,100	\$ 20,276

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the State calculated using the current healthcare cost trend rates as well as what the State's total OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates:

	Retiree Healthcare Plan	Long-Term Disability Plan	Total
1% Decrease	\$ 18,440	\$ 983	\$ 19,423
Current Trend Rate	\$ 20,194	\$ 1,141	\$ 21,335
1% Increase	\$ 22,189	\$ 1,318	\$ 23,507

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

10. OPEB – PERSI SICK LEAVE

The Commission contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by 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 the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Sick Leave 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.

OPEB Benefits:

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

Employer Contributions:

The contribution rate for employers is set by statute at .065% of covered compensation for members. The Commission's contributions were \$8,435 for the year ended August 31, 2022.

OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At August 31, 2022, the Commission reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The Commission's proportion of the net OPEB asset was based on the Commission's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2021, the Commission's share was 0.1877697 percent.

For the year ended August 31, 2022, the Commission recognized OPEB expense (expense offset) of (\$29,003). reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending August 31, 2022.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

10. OPEB – PERSI SICK LEAVE (continued)

Actuarial Assumptions:

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability on the June 30, 2021 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	5.45%

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement, thus would have no impact.

Even though history provides a valuable perspective for setting the investment return assumption, PERSI relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, PERSI uses consultants, investment managers, and trustees to develop capital market assumptions in analyzing PERSI's asset allocation. The assumptions and PERSI's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets.

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

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

10. OPEB – PERSI SICK LEAVE (continued)

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	50.00%	2.80%	-0.20%
Broad US Equities	39.30%	8.00%	6.00%
Developed Foreign Equities	10.70%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
Investment Policy Assumptions from PERSI November 2019			
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Economic/Demographic Assumptions from Milliman 2018			
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			3.15%
Assumed Inflation			2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			5.45%

Discount Rate:

The discount rate used to measure the total OPEB liability was 5.45%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

Idaho Potato Commission
Notes to Financial Statements
For the Year Ended August 31, 2022

10. OPEB – PERSI SICK LEAVE (continued)

Sensitivity of the net OPEB asset to changes in the discount rate:

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 5.45 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.45 percent) or 1-percentage-point higher (6.45 percent) than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (327,588)	\$ (341,655)	\$ (354,548)

OPEB plan fiduciary net position: Detailed information about the OPEB 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.

Payables to the OPEB plan: At August 31, 2022, the Commission did not have any payables for the defined benefit OPEB plan or any employer contributions withheld from employee wages but not yet remitted to PERSI.

11. PRIOR PERIOD ADJUSTMENT

The Commission adopted GASB 87 during the year. This caused Net Position to be restated as follows:

	Governmental Activities
Net Position, Beginning - As Previously Stated	\$ 6,205,902
Increase in Net Position due to addition of Right-to-Use Asset	79,158
Decrease in Net Position due to addition of Lease Payable	(278,526)
Net Position, Beginning - Restated	<u>\$ 6,006,534</u>

REQUIRED SUPPLEMENTARY INFORMATION

Idaho Potato Commission
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Years Ended August 31, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Potato Tax	\$ 14,820,286	\$ 14,820,286	\$ 13,605,085	\$ (1,215,201)
Seed Assessments	90,000	90,000	92,820	2,820
License Fees	30,000	30,000	29,850	(150)
Sale of Merchandise	-	-	49,850	49,850
Sale of License Plats	35,000	35,000	79,620	44,620
Grants Revenues	125,000	125,000	412,979	287,979
Penalties	2,500	2,500	(149)	(2,649)
Interest Income	1,000	1,000	10,080	9,080
	<u>15,103,786</u>	<u>15,103,786</u>	<u>14,280,135</u>	<u>(823,651)</u>
Expenditures:				
Personnel Costs	3,445,271	3,445,271	3,252,708	192,563
Travel and Subsistence	957,890	957,890	772,109	185,781
Advertising / Consumer	5,875,003	5,875,003	5,954,191	(79,188)
Retail Promotion	1,766,000	1,766,000	1,417,570	348,430
Food Service Promotion	1,576,000	1,576,000	1,257,600	318,400
International Promotion	585,000	585,000	470,229	114,771
Research and Education	1,724,786	1,724,786	1,754,594	(29,808)
Legal and Audit	94,500	94,500	93,584	916
Other Services	191,800	191,800	198,374	(6,574)
Insurance	5,350	5,350	5,422	(72)
Communications	122,100	122,100	55,509	66,591
Rent	161,000	161,000	156,380	4,620
Repairs and Maintenance	67,300	67,300	60,797	6,503
Office Supplies	37,000	37,000	39,663	(2,663)
Capital Outlay	41,000	41,000	38,318	2,682
	<u>16,650,000</u>	<u>16,650,000</u>	<u>15,527,048</u>	<u>1,122,952</u>
Net Change in Fund Balance	(1,546,214)	(1,546,214)	(1,246,913)	299,301
Fund Balance, Beginning	1,546,214	1,546,214	7,077,494	5,531,280
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,830,581</u>	<u>\$ 5,830,581</u>

Idaho Potato Commission
Notes to Required Supplementary Information
For the Year Ended August 31, 2022

1. BUDGETS AND BUDGETARY ACCOUNTING

The Commission's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended August 31. The Commission's primary funding sources is the potato tax. Because the tax is based on potatoes placed in the normal channels of trade, revenue estimates are based upon the best available information as to the potential crop available to be entered into the normal trade channels. The Commission's annual budget is subject to change within the fiscal year due to actual crop production within both the State and the industry. Although the budget is formally approved by the members of the Commission, they retain the authority to modify the budget during the year.

The Commission follows these procedures in establishing the General Fund budgetary data reflected in the general-purpose financial statements:

1. In July, the Commission's President and staff prepares a budget proposal, based on estimates provided by the Idaho Department of Agriculture on the size of the new crop.
2. In August, the budget proposal is submitted to the Commission for discussion and approval.
3. The approved annual budget is used as a control device for the General Fund.
4. The budget is adopted on a GAAP Basis. Budgetary comparisons presented for the General Fund in this report are on a GAAP Basis.
5. The Commission may approve revisions to the annual budget based on the actual crop size and the funds needed to promote the crop.

Idaho Potato Commission
Schedule of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the District's Proportionate Share of Net Pension Liability

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0621078%	\$ 2,446,277	\$ 2,450,676	99.82%	83.09%
2021	0.0623461%	\$ 1,449,849	\$ 2,379,494	60.93%	88.22%
2020	0.0640421%	\$ 731,023	\$ 2,236,354	32.69%	93.79%
2019	0.0669791%	\$ 987,953	\$ 2,188,081	45.15%	91.69%
2018	0.0660653%	\$ 1,038,433	\$ 2,187,925	47.46%	90.68%
2017	0.0676313%	\$ 1,370,990	\$ 2,033,356	67.42%	87.26%
2016	0.0684221%	\$ 901,008	\$ 1,984,683	45.40%	91.38%
2015	0.0629471%	\$ 463,389	\$ 1,925,921	24.06%	94.95%

Data reported is measured as of June 30, 2022

Schedule of District Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 292,611	\$ 292,611	-	\$ 2,450,676	11.94%
2021	\$ 282,741	\$ 282,741	-	\$ 2,379,494	11.88%
2020	\$ 267,021	\$ 267,021	-	\$ 2,236,354	11.94%
2019	\$ 250,247	\$ 250,247	-	\$ 2,188,081	11.44%
2018	\$ 247,673	\$ 247,673	-	\$ 2,187,925	11.32%
2017	\$ 230,176	\$ 230,176	-	\$ 2,033,356	11.32%
2016	\$ 224,666	\$ 224,666	-	\$ 1,984,683	11.32%
2015	\$ 218,014	\$ 218,014	-	\$ 1,925,921	11.32%

Data reported is measured as of August 31, 2022

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

Idaho Potato Commission
Schedule of Changes in OPEB Liability - Healthcare and Employer Contributions

Last 10 - Fiscal Years*

	Reported as of measurement date June 30, 2022			
	2022	2021	2020	2019
Net OPEB obligation - Prior end of year	\$ 20,288	\$ 40,324	\$ 89,162	\$ 131,576
Change in Proportionate share	(2,070)	(1,786)	(57,510)	-
Net OPEB obligation - beginning of year	18,218	38,538	31,652	131,576
Service Cost	863	1,567	1,108	5,068
Interest on net OPEB obligation	403	1,328	1,179	4,598
Plan changes	-	(3,240)	-	2,298
Economic/Demographic Gains (Losses)	3,470	(19,436)	-	-
Differences in experience/changes of assumptions or other inputs	149	5,941	11,006	(37,838)
Benefit payments	(1,768)	(4,410)	(4,621)	(16,540)
Net change in net OPEB obligation	3,117	(18,250)	8,672	(42,414)
Net OPEB obligation - end of year	\$ 21,335	\$ 20,288	\$ 40,324	\$ 89,162
Employer's covered-employee payroll	\$ 2,450,676	\$ 2,379,494	\$ 2,236,354	\$ 2,188,081
Employer's net OPEB liability as a percentage of covered-employee payroll	0.87%	0.85%	1.80%	4.07%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Potato Commission will present information for those years for which information is available.

Data reported is measured as of June 30, 2022

Idaho Potato Commission
Schedule of Changes in OPEB Asset - Sick Leave

PERSI - Sick Leave
Last 10 - Fiscal Years*

	Reported as of measurement date June 30, 2022			
	2022	2021	2020	2019
Employer's portion of net OPEB asset	0.1877697%	0.1877697%	0.2001216%	0.2042610%
Employer's proportionate share of net OPEB asset	\$ 341,655	\$ 265,042	\$ 252,097	\$ 234,430
Employer's covered-employee payroll	\$ 2,450,676	\$ 2,379,494	\$ 2,236,354	\$ 2,188,081
Employer's proportional share of the net OPEB asset as a percentage of its covered-employee payroll	13.94%	11.14%	11.27%	10.71%
Plan Fiduciary net position as a percentage of the total OPEB asset	274.55%	251.29%	226.97%	225.45%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Potato Commission will present information for those years for which information is available.

Data reported is measured as of June 30, 2022

Idaho Potato Commission
Schedule of Employer OPEB Contributions - Sick Leave

PERSI - Sick Leave
Last 10 - Fiscal Years*

Reported as of measurement date August 31, 2022

	2022	2021	2020	2019
Statutorily required contribution	\$ 8,435	\$ 8,435	\$ 14,536	\$ 14,223
Contributions in relation to the statutorily required contribution	8,435	8,435	14,536	14,223
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 2,450,676	\$ 2,379,494	\$ 2,236,354	\$ 2,188,081
Contributions as a percentage of covered-employee payroll	0.34%	0.35%	0.65%	0.65%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Potato Commission will present information for those years for which information is available.

Data reported is measured as of August 31, 2022

OTHER SUPPLEMENTARY INFORMATION

February 2, 2023
Attachment 2

Idaho Potato Commission
Schedule of Expenditures Expressed in Percentages
For the Years Ended August 31, 2022, 2021, 2020, 2019, 2018, and 2017

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenditures:			
Personnel Costs	20.9%	22.9%	22.5%
Travel and Subsistence	5.0%	2.4%	3.1%
Advertising / Consumer	38.3%	34.6%	32.4%
Retail Promotion	9.1%	12.4%	14.1%
Food Service Promotion	8.1%	8.4%	7.2%
International Promotion	3.0%	4.5%	3.5%
Research and Education	11.3%	10.8%	14.0%
Legal and Audit and Other	4.2%	4.0%	3.4%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenditures:			
Personnel Costs	20.4%	22.0%	22.0%
Travel and Subsistence	4.9%	5.6%	5.6%
Advertising / Consumer	36.3%	33.1%	33.1%
Retail Promotion	11.1%	12.0%	12.0%
Food Service Promotion	8.3%	9.4%	9.4%
International Promotion	4.0%	3.5%	3.5%
Research and Education	11.2%	9.2%	9.2%
Legal and Audit and Other	3.8%	5.3%	5.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Idaho Potato Commission
Comparative Schedule of Revenues and Expenditures
For the Years Ended August 31, 2022 and 2021

	2022		2021		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues:						
Potato Tax	\$ 13,605,085	95.3%	\$ 15,168,772	98.3%	\$ (1,563,687)	-11.0%
Seed Assessments	92,820	0.6%	90,206	0.6%	2,614	0.0%
License Fees	29,850	0.2%	31,540	0.2%	(1,690)	0.0%
Sale of Merchandise	49,850	0.3%	31,201	0.2%	18,649	0.1%
Sale of License Plates	79,620	0.6%	58,764	0.4%	20,856	0.1%
Grants Revenues	412,979	2.9%	31,528	0.2%	381,451	2.7%
Penalties	(149)	0.0%	-	0.0%	(149)	0.0%
Interest Income	10,080	0.1%	20,098	0.1%	(10,018)	-0.1%
	<u>14,280,135</u>	<u>100.0%</u>	<u>15,432,109</u>	<u>100.0%</u>	<u>(1,151,974)</u>	<u>-8.1%</u>
Expenditures:						
Personnel Costs	3,252,708	22.8%	3,296,053	21.4%	(43,345)	-0.3%
Travel and Subsistence	772,109	5.4%	347,377	2.3%	424,732	3.0%
Advertising / Consumer	5,954,191	41.7%	4,971,667	32.2%	982,524	6.9%
Retail Promotion	1,417,570	9.9%	1,785,471	11.6%	(367,901)	-2.6%
Food Service Promotion	1,257,600	8.8%	1,208,827	7.8%	48,773	0.3%
International Promotion	470,229	3.3%	643,176	4.2%	(172,947)	-1.2%
Research and Education	1,754,594	12.3%	1,555,510	10.1%	199,084	1.4%
Legal and Audit	93,584	0.7%	76,955	0.5%	16,629	0.1%
Other Services	198,374	1.4%	115,452	0.7%	82,922	0.6%
Insurance	5,422	0.0%	4,881	0.0%	541	0.0%
Communications	55,509	0.4%	61,964	0.4%	(6,455)	0.0%
Rent	156,380	1.1%	147,729	1.0%	8,651	0.1%
Repairs and Maintenance	60,797	0.4%	72,273	0.5%	(11,476)	-0.1%
Office Supplies	39,663	0.3%	48,968	0.3%	(9,305)	-0.1%
Capital Outlay	38,318	0.3%	43,634	0.3%	(5,316)	0.0%
	<u>15,527,048</u>	<u>108.7%</u>	<u>14,379,937</u>	<u>93.2%</u>	<u>1,147,111</u>	<u>8.0%</u>
Excess Revenues (Expenditures)	<u>\$ (1,246,913)</u>	<u>-8.7%</u>	<u>\$ 1,052,172</u>	<u>6.8%</u>	<u>\$ (2,299,085)</u>	<u>-16.1%</u>

Idaho Potato Commission
Schedule of Administrative Expenditures
For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Personnel costs	\$ 3,252,708	\$ 3,296,053
Travel and Subsistence	263,073	86,398
Legal and Audit	93,584	76,955
Other Services	198,374	115,452
Insurance	5,422	4,881
Communications	27,850	40,656
Rent	156,380	147,729
Repairs and Maintenance	60,797	72,273
Office and Other Supplies	39,663	48,968
Capital Outlay	<u>38,318</u>	<u>43,634</u>
Total Administrative Expenditures	<u><u>\$ 4,136,169</u></u>	<u><u>\$ 3,932,999</u></u>
Percentage of Total Expenditures	<u><u>26.64%</u></u>	<u><u>27.35%</u></u>

FEDERAL REPORT

February 2, 2023
Attachment



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

Phone: 208-459-4649 ♦ FAX: 208-229-0404

**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**

Board of Commissioners
Idaho Potato Commission
Eagle, Idaho

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Potato Commission, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Idaho Potato Commission's basic financial statements, and have issued our report thereon dated December 12, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Potato Commission'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 Idaho Potato Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Potato Commission'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Idaho Potato Commission'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 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.

Zwysart John & Associates, CPAs, PLLC

Nampa, Idaho

December 12, 2022

