

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND  
(A COMPONENT UNIT OF THE REPUBLIC OF PALAU)

SCHEDULE OF EMPLOYER ALLOCATION,  
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER, OTHER  
PENSION SCHEDULES AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Republic of Palau Civil Service Pension Trust Fund

We have audited the accompanying schedule of employer allocations of the Republic of Palau Civil Service Pension Trust Fund (the Fund), a component unit of the Republic of Palau, as of and for the years ended September 30, 2020 and 2019, and the related notes. We have also audited the totals of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the years ended September 30, 2020 and 2019, included in the accompanying schedules of pension amounts by employer, the totals for all employers in the schedule of net pension liability sensitivity by employer (September 30, 2020), the schedule of allocable pension amortization by employer (September 30, 2020), and the schedule of employers' contributions by employer (September 30, 2020 and 2019) (other pension schedules), and the related notes.

### ***Management's Responsibility for the Schedules***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on the schedule of employer allocations, the specified column totals included in the schedule of pension amounts by employer, and the specified column totals included in the other pension schedules based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer and other pension schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations, the specified column totals included in the schedule of pension amounts by employer and in the other pension schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations, specified column totals included in the schedule of pension amounts by employer and other pension schedules, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations, specified column totals included in the schedule of pension amounts by employer and other pension schedules 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations, specified column totals included in the schedule of pension amounts by employer and other pension schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations of net pension liability, deferred outflows of resources, deferred inflows of resources, and employer pension expense for all participating entities for the Fund as of and for the years ended September 30, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

#### ***Net Pension Liability***

The Fund's actuarial valuation indicates that the Fund has a net pension liability of \$344,384,167 as of September 30, 2020, which, assuming current contribution rates, would cause the Fund's fiduciary net position to become negative in 2025.

#### ***COVID-19***

Economic uncertainties as a result of the COVID-19 coronavirus pandemic may negatively impact the Fund's net pension liability as described in note 8 to Schedule of Employer Allocation, Schedule of Pension Amounts by Employer, and Other Pension Schedules.

Our opinion is not modified with respect to these matters.

### ***Other Matter***

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*, the financial statements of the Republic of Palau Civil Service Trust Fund as of and for the years ended September 30, 2020 and 2019, and our report thereon, dated July 25, 2022, expressed an unmodified opinion on those financial statements.

### ***Restriction on Use***

Our report is intended solely for the information and use of the management of Republic of Palau Civil Service Pension Trust Fund, the Board of Trustees, the participating employers of the Republic of Palau Civil Service Pension Trust Fund and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLC*

September 13, 2022

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employer Allocations  
September 30, 2020 and 2019

Employer	2020		2019	
	Total Employer Contributions	Employer Allocation Percentage	Total Employer Contributions	Employer Allocation Percentage
Aimeliik State Agency	\$ 2,089	0.0567%	\$ 1,874	0.0523%
Aimeliik State Government	9,686	0.2632%	10,757	0.3000%
Aimeliik State Legislature	3,848	0.1045%	2,106	0.0587%
Airai State Agency	11,940	0.3244%	11,395	0.3178%
Airai State Government	5,868	0.1594%	6,150	0.1715%
Airai State Legislature	5,610	0.1524%	6,036	0.1683%
Airai State - Pan Fund	3,719	0.1010%	3,503	0.0977%
Angaur State Agency	-	0.0000%	-	0.0000%
Angaur State Government	18,142	0.4930%	16,639	0.4640%
Angaur State Legislature	956	0.0259%	1,959	0.0546%
Belau Submarine Cable Corp	2,055	0.0558%	-	0.0000%
Civil Service Pension Trust Fund	10,981	0.2984%	12,533	0.3495%
Dongosaro Municipality - Sonsorol	2,715	0.0737%	1,493	0.0416%
Fanna Municipality-Sonsorol State	-	0.0000%	-	0.0000%
Hatohobe State Agency	4,084	0.1109%	4,273	0.1192%
Hatohobei State Government	4,936	0.1341%	5,072	0.1416%
Hatohobei State Legislature	2,001	0.0543%	1,704	0.0475%
Helen Reef Resource Management - Hatohobei State	5,138	0.1396%	5,325	0.1485%
Kayangel State Government	12,334	0.3351%	12,896	0.3597%
Kayangel State Legislature	1,320	0.0358%	1,518	0.0423%
Koror State Government	294,712	8.0090%	296,982	8.2826%
Koror State Legislature	10,170	0.2763%	10,080	0.2811%
Melekeok State - PAN	5,674	0.1541%	5,648	0.1575%
Melekeok State Agency	-	0.0000%	177	0.0049%
Melekeok State Government	10,632	0.2889%	10,079	0.2811%
Melekeok State Legislature	1,872	0.0508%	1,872	0.0522%
Melekeok Legislature Staff	1,629	0.0442%	1,576	0.0440%
Merir Municipality-Sonsorol State	-	0.0000%	713	0.0199%
National Development Bank of Palau	27,717	0.7532%	28,233	0.7874%
National Development Bank of Palau - SBDC	3,038	0.0825%	2,592	0.0723%
Ngaraard State Government	15,727	0.4273%	16,583	0.4625%
Ngaraard State Legislature	1,584	0.0430%	1,628	0.0454%
Ngaraard State Pan Fund	-	0.0000%	-	0.0000%
Ngardmau Free Trade Zone Authority	-	0.0000%	453	0.0126%
Ngardmau State Agency	-	0.0000%	-	0.0000%
Ngardmau State Government	25,223	0.6854%	25,167	0.7019%
Ngardmau State Legislature	1,770	0.0481%	2,160	0.0602%
Ngatpang State Government	7,613	0.2068%	6,866	0.1915%
Ngatpang State Legislature	1,724	0.0468%	1,721	0.0480%
Ngatpang Pan	2,290	0.0622%	2,353	0.0656%
Ngchesar State Agency	4,278	0.1162%	4,288	0.1196%
Ngchesar State Government	6,220	0.1690%	6,330	0.1765%
Ngchesar State Legislature	1,248	0.0339%	1,248	0.0348%
Ngerchelongs State PAN Agency	4,500	0.1222%	4,989	0.1391%
Ngerchelongs State Government	7,677	0.2086%	8,461	0.2360%
Ngerchelongs State Legislature	2,819	0.0766%	2,897	0.0808%
Ngerchelongs State Operation	-	0.0000%	553	0.0154%
Ngeremlengui State Government	15,263	0.4147%	16,186	0.4514%
Ngeremlengui State Legislature	2,465	0.0669%	2,161	0.0603%
Ngiwal State - Pan Fund	3,285	0.0892%	2,845	0.0793%
Ngiwal State Agency	5,812	0.1579%	5,463	0.1524%
Ngiwal State Government	6,627	0.1800%	6,924	0.1931%
Ngiwal State Legislature	2,918	0.0792%	2,957	0.0825%
Palau Community Action Agency	80,698	2.1930%	85,136	2.3744%
Palau Community College	150,667	4.0944%	149,457	4.1682%
Palau Housing Authority	5,488	0.1491%	5,137	0.1433%
Palau International Coral Reef Center	34,932	0.9493%	29,624	0.8262%
Palau National Communications Corporation	145,962	3.9666%	137,597	3.8375%
Palau Public Utilities Corporation	173,647	4.7189%	166,853	4.6534%
Palau Public Utilities Corporation - Waste & Water Operation	122,291	3.3233%	121,134	3.3783%
Palau Water & Sewer Corporation	2,439	0.0662%	1,943	0.0542%
Palau Visitors Authority	14,775	0.4015%	14,767	0.4118%
Peleliu Marine Transportation Authority	4,062	0.1103%	3,608	0.1007%
Peleliu State Government	28,551	0.7758%	27,239	0.7597%
Peleliu State Legislature	2,526	0.0686%	2,399	0.0669%
Pulo Anna Municipality-Sonsorol State	1,363	0.0370%	1,045	0.0291%
Republic of Palau Government	2,286,280	62.1348%	2,210,952	61.6616%
Social Security Retirement Fund	39,380	1.0701%	38,723	1.0800%
Sonsorol Legislature Staff	447	0.0121%	437	0.0122%
Sonsorol State Government	2,814	0.0764%	2,822	0.0787%
Sonsorol State Legislature	1,527	0.0414%	1,332	0.0371%
	<u>\$ 3,679,758</u>	<u>100.0000%</u>	<u>\$ 3,585,623</u>	<u>100.0000%</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer  
September 30, 2020

Employer	Deferred Outflows of Resources					
	Net Pension Liability as of 09/30/20	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Aimeliik State Agency	\$ 195,507	\$ 6,580	\$ 365	\$ 41,953	\$ 46,179	\$ 95,077
Aimeliik State Government	906,502	30,512	1,694	194,521	57,796	284,523
Aimeliik State Legislature	360,129	12,121	673	77,278	111,027	201,099
Airai State Agency	1,117,451	37,612	2,088	239,788	93,484	372,972
Airai State Government	549,179	18,485	1,026	117,845	-	137,356
Airai State Legislature	525,034	17,672	981	112,664	60,176	191,493
Airai State - Pan Fund	348,055	11,715	650	74,687	51,992	139,044
Angaur State Agency	-	-	-	-	-	-
Angaur State Government	1,697,890	57,148	3,172	364,341	241,029	665,690
Angaur State Legislature	89,471	3,011	167	19,199	89,211	111,588
Belau Submarine Cable Corp	192,325	6,473	359	41,270	128,101	176,203
Civil Service Pension Trust Fund	1,027,697	34,591	1,920	220,528	29,736	286,775
Dongosaro Municipality - Sonsorol	254,094	8,552	475	54,525	110,541	174,093
Fanna Municipality-Sonsorol State	-	-	-	-	9,941	9,941
Hatohobei State Agency	382,218	12,865	714	82,018	67,731	163,328
Hatohobei State Government	461,953	15,549	863	99,128	19,290	134,830
Hatohobei State Legislature	187,273	6,303	350	40,186	45,641	92,480
Helen Reef Resource Management - Hatohobei State	480,860	16,185	898	103,185	-	120,268
Kayangel State Government	1,154,324	38,853	2,157	247,700	11,918	300,628
Kayangel State Legislature	123,537	4,158	231	26,509	22,097	52,995
Koror State Government	27,581,745	928,361	51,533	5,918,617	746,448	7,644,959
Koror State Legislature	951,799	32,036	1,778	204,241	96,642	334,697
Melekeok State - PAN	531,023	17,873	992	113,949	75,478	208,292
Melekeok State Agency	-	-	-	-	8,738	8,738
Melekeok State Government	995,036	33,491	1,859	213,519	28,040	276,909
Melekeok State Legislature	175,199	5,897	327	37,595	5,129	48,948
Melekeok Legislature Staff	152,455	5,131	285	32,715	35,519	73,650
Merir Municipality-Sonsorol State	-	-	-	-	22,750	22,750
National Development Bank of Palau	2,594,001	87,310	4,847	556,633	113,127	761,917
National Development Bank of Palau - SBDC	284,324	9,570	531	61,011	35,301	106,413
Ngaraard State Government	1,471,870	49,541	2,750	315,841	69,360	437,492
Ngaraard State Legislature	148,244	4,990	277	31,811	530	37,608
Ngaraard State Pan Fund	-	-	-	-	4,392	4,392
Ngardmau Free Trade Zone Authority	-	-	-	-	1,562	1,562
Ngardmau State Agency	-	-	-	-	-	-
Ngardmau State Government	2,360,592	79,454	4,410	506,547	62,083	652,494
Ngardmau State Legislature	165,652	5,576	310	35,546	22,068	63,500
Ngatpang State Government	712,493	23,981	1,331	152,890	83,134	261,336
Ngatpang State Legislature	161,347	5,431	301	34,623	4,939	45,294
Ngatpang Pan	214,317	7,214	400	45,989	99,383	152,986
Ngchesar State Agency	400,374	13,476	748	85,914	19,960	120,098
Ngchesar State Government	582,123	19,593	1,088	124,915	2,551	148,147
Ngchesar State Legislature	116,798	3,931	218	25,063	23,719	52,931
Ngerchelongs State PAN Agency	421,151	14,175	787	90,372	68,588	173,922
Ngerchelongs State Government	718,482	24,183	1,342	154,175	3,558	183,258
Ngerchelongs State Legislature	263,826	8,880	493	56,613	35,232	101,218
Ngerchelongs State Operation	-	-	-	-	66,143	66,143
Ngeremlengui State Government	1,428,447	48,079	2,669	306,523	29,628	386,899
Ngeremlengui State Legislature	230,696	7,765	431	49,504	15,414	73,114
Ngiwal State - Pan Fund	307,439	10,348	574	65,972	84,538	161,432
Ngiwal State Agency	543,938	18,308	1,016	116,721	56,065	192,110
Ngiwal State Government	620,212	20,875	1,159	133,088	44,652	199,774
Ngiwal State Legislature	273,093	9,192	510	58,602	39,231	107,535
Palau Community Action Agency	7,552,431	254,204	14,111	1,620,635	370,014	2,258,964
Palau Community College	14,100,744	474,610	26,346	3,025,802	-	3,526,758
Palau Housing Authority	513,615	17,288	960	110,214	45,621	174,083
Palau International Coral Reef Center	3,269,246	110,038	6,108	701,530	465,737	1,283,413
Palau National Communications Corporation	13,660,411	459,789	25,523	2,931,314	1,270,243	4,686,869
Palau Public Utilities Corporation	16,251,417	546,999	30,364	3,487,303	1,465,740	5,530,406
Palau Public Utilities Corporation - Waste & Water Operation	11,445,071	385,224	21,384	2,455,936	911,129	3,773,673
Palau Water & Sewer Corporation	228,265	7,683	426	48,982	74,559	131,650
Palau Visitors Authority	1,382,775	46,542	2,584	296,722	182,198	528,046
Peleliu Marine Transportation Authority	380,159	12,796	710	81,576	200,522	295,604
Peleliu State Government	2,672,053	89,937	4,992	573,381	126,073	794,383
Peleliu State Legislature	236,406	7,957	442	50,729	29,987	89,115
Pulo Anna Municipality-Sonsorol State	127,560	4,293	238	27,372	42,705	74,608
Republic of Palau Government	213,970,210	7,201,931	399,780	45,914,711	8,541,077	62,057,499
Social Security Administration	3,685,527	124,049	6,886	790,857	15,567	937,359
Sonsorol Legislature Staff	41,836	1,408	78	8,977	834	11,297
Sonsorol State Government	263,357	8,864	492	56,512	-	65,868
Sonsorol State Legislature	142,909	4,810	267	30,666	18,044	53,787
	<u>\$ 344,384,167</u>	<u>\$ 11,591,468</u>	<u>\$ 643,440</u>	<u>\$ 73,899,533</u>	<u>\$ 16,959,842</u>	<u>\$ 103,094,283</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer, Continued  
September 30, 2020

Deferred Inflows of Resources					Pension Expense			
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Plan Expense Proportion	Net Amortization of Deferred Amounts Due to Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense	
\$ (5,172)	\$ (250)	\$ (12,289)	\$ (64,061)	\$ (81,772)	\$ 13,813	\$ 6,168	\$ 19,981	
(23,979)	(1,160)	(56,981)	(190,571)	(272,691)	64,045	(14,477)	49,568	
(9,526)	(461)	(22,637)	(27,464)	(60,088)	25,443	11,827	37,270	
(29,560)	(1,430)	(70,241)	-	(101,231)	78,949	43,581	122,530	
(14,527)	(703)	(34,521)	(119,434)	(169,185)	38,800	(53,891)	(15,091)	
(13,889)	(672)	(33,003)	(65,701)	(113,265)	37,094	345	37,439	
(9,207)	(446)	(21,878)	(34,799)	(66,330)	24,590	29,851	54,441	
-	-	-	-	-	-	(253)	(253)	
(44,914)	(2,173)	(106,727)	(15,439)	(169,253)	119,957	67,080	187,037	
(2,367)	(115)	(5,624)	(137,211)	(145,317)	6,321	(2,394)	3,927	
(5,088)	(246)	(12,089)	-	(17,423)	13,588	22,011	35,599	
(27,185)	(1,315)	(64,599)	(140,101)	(233,200)	72,607	(33,180)	39,427	
(6,721)	(325)	(15,972)	(31,970)	(54,988)	17,952	24,978	42,930	
-	-	-	(29,495)	(29,495)	-	(689)	(689)	
(10,111)	(489)	(24,026)	(18,772)	(53,398)	27,004	26,790	53,794	
(12,220)	(591)	(29,038)	(31,320)	(73,169)	32,637	(3,451)	29,186	
(4,954)	(240)	(11,772)	(16,492)	(33,458)	13,231	5,889	19,120	
(12,720)	(616)	(30,226)	(46,211)	(89,773)	33,973	(14,603)	19,370	
(30,535)	(1,478)	(72,559)	(135,232)	(239,804)	81,554	(19,701)	61,853	
(3,268)	(158)	(7,765)	(28,210)	(39,401)	8,728	1,427	10,155	
(729,612)	(35,306)	(1,733,744)	(1,055,566)	(3,554,228)	1,948,665	224,042	2,172,707	
(25,178)	(1,218)	(59,829)	(51,517)	(137,742)	67,245	664	67,909	
(14,047)	(680)	(33,379)	(94,208)	(142,314)	37,517	43,392	80,909	
-	-	-	(92,990)	(92,990)	-	(77,361)	(77,361)	
(26,321)	(1,274)	(62,546)	(110,865)	(201,006)	70,300	(34,474)	35,826	
(4,634)	(224)	(11,013)	(11,224)	(27,095)	12,378	(1,382)	10,996	
(4,033)	(195)	(9,583)	(22,411)	(36,222)	10,771	13,184	23,955	
-	-	-	(69,295)	(69,295)	-	(2,022)	(2,022)	
(68,618)	(3,320)	(163,055)	(120,198)	(355,191)	183,268	(9,742)	173,526	
(7,521)	(364)	(17,872)	(16,305)	(42,062)	20,088	(798)	19,290	
(38,935)	(1,884)	(92,519)	(143,549)	(276,887)	103,988	7,570	111,558	
(3,921)	(190)	(9,318)	(31,348)	(44,777)	10,473	(7,841)	2,632	
-	-	-	(6,960)	(6,960)	-	(66)	(66)	
-	-	-	(62,269)	(62,269)	-	(11,399)	(11,399)	
-	-	-	-	-	-	(861)	(861)	
(62,444)	(3,022)	(148,383)	(66,405)	(280,254)	166,777	22,685	189,462	
(4,382)	(212)	(10,413)	(40,950)	(55,957)	11,703	3,661	15,364	
(18,847)	(912)	(44,786)	(133,595)	(198,140)	50,338	(15,854)	34,484	
(4,268)	(207)	(10,142)	(13,190)	(27,807)	11,399	1,315	12,714	
(5,669)	(274)	(13,472)	(7,778)	(27,193)	15,142	21,043	36,185	
(10,591)	(512)	(25,167)	(14,460)	(50,730)	28,287	933	29,220	
(15,399)	(745)	(36,591)	(97,954)	(150,689)	41,127	(28,637)	12,490	
(3,090)	(150)	(7,342)	(4,161)	(14,743)	8,252	4,695	12,947	
(11,141)	(539)	(26,473)	(94,124)	(132,277)	29,755	12,956	42,711	
(19,006)	(920)	(45,163)	(225,485)	(290,574)	50,761	(57,960)	(7,199)	
(6,979)	(338)	(16,584)	(11,725)	(35,626)	18,639	9,646	28,285	
-	-	-	(128,491)	(128,491)	-	(2,305)	(2,305)	
(37,786)	(1,828)	(89,790)	(235,793)	(365,197)	100,921	(46,172)	54,749	
(6,103)	(295)	(14,501)	(17,317)	(38,216)	16,299	(7,334)	8,965	
(8,133)	(394)	(19,325)	(48,982)	(76,834)	21,721	7,331	29,052	
(14,389)	(696)	(34,191)	(47,465)	(96,741)	38,429	16,571	55,000	
(16,406)	(794)	(38,986)	(72,729)	(128,915)	43,818	(174)	43,644	
(7,224)	(350)	(17,166)	(11,161)	(35,901)	19,294	1,785	21,079	
(199,782)	(9,667)	(474,734)	(601,243)	(1,285,426)	533,583	70,712	604,295	
(373,003)	(18,049)	(886,350)	(1,145,742)	(2,423,144)	996,225	(387,118)	609,107	
(13,586)	(657)	(32,285)	(29,539)	(76,067)	36,287	(2,513)	33,774	
(86,480)	(4,185)	(205,500)	(128,496)	(424,661)	230,974	37,454	268,428	
(361,355)	(17,486)	(858,672)	(93,892)	(1,331,405)	965,116	156,538	1,121,654	
(429,894)	(20,802)	(1,021,538)	(227,111)	(1,699,345)	1,148,171	306,906	1,455,077	
(302,753)	(14,650)	(719,419)	(126,117)	(1,162,939)	808,601	187,689	996,290	
(6,038)	(292)	(14,348)	(7,042)	(27,720)	16,127	21,989	38,116	
(36,578)	(1,770)	(86,919)	(126,101)	(251,368)	97,694	3,559	101,253	
(10,056)	(487)	(23,896)	-	(34,349)	26,858	39,261	66,119	
(70,683)	(3,420)	(167,961)	(4,447)	(246,511)	188,782	45,736	234,518	
(6,254)	(303)	(14,860)	(33,390)	(54,807)	16,702	(933)	15,769	
(3,374)	(163)	(8,018)	(8,528)	(20,083)	9,012	12,114	21,126	
(5,660,088)	(273,889)	(13,449,826)	(9,896,696)	(29,280,499)	15,117,113	(605,408)	14,511,705	
(97,492)	(4,718)	(231,666)	(162,382)	(496,258)	260,385	(44,074)	216,311	
(1,107)	(54)	(2,630)	(2,727)	(6,518)	2,956	(1,061)	1,895	
(6,967)	(337)	(16,554)	(62,341)	(86,199)	18,606	(24,707)	(6,101)	
(3,780)	(183)	(8,983)	(11,095)	(24,041)	10,097	(543)	9,554	
\$ (9,109,890)	\$ (440,823)	\$ (21,647,439)	\$ (16,959,842)	\$ (48,157,994)	\$ 24,330,930	\$ -	\$ 24,330,930	

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer  
September 30, 2019

Employer	Deferred Outflows of Resources					
	Net Pension Liability as of 09/30/19	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Aimeliik State Agency	\$ 161,224	\$ 8,199	\$ 448	\$ 33,459	\$ 53,619	\$ 95,725
Aimeliik State Government	925,454	47,063	2,574	192,062	86,763	328,462
Aimeliik State Legislature	181,186	9,214	504	37,602	8,700	56,020
Airai State Agency	980,342	49,854	2,726	203,453	119,107	375,140
Airai State Government	529,100	26,907	1,471	109,805	-	138,183
Airai State Legislature	519,293	26,408	1,444	107,770	80,364	215,986
Airai State - Pan Fund	301,373	15,326	838	62,545	87,342	166,051
Angaur State Agency	-	-	-	-	-	-
Angaur State Government	1,431,497	72,797	3,981	297,082	235,683	609,543
Angaur State Legislature	168,538	8,571	469	34,977	113,041	157,058
Civil Service Pension Trust Fund	1,078,247	54,833	2,999	223,771	35,648	317,251
Dongosaro Municipality - Sonsorol	128,448	6,532	357	26,657	55,952	89,498
Fanna Municipality-Sonsorol State	-	-	-	-	16,775	16,775
Hatohobe State Agency	367,616	18,695	1,022	76,292	97,747	193,756
Hatohobei State Government	436,358	22,190	1,214	90,558	24,955	138,917
Hatohobei State Legislature	146,599	7,455	408	30,424	38,764	77,051
Helen Reef Resource Management - Hatohobei State	458,124	23,297	1,274	95,076	-	119,647
Kayangel State Government	1,109,478	56,421	3,086	230,253	23,873	313,633
Kayangel State Legislature	130,598	6,641	363	27,103	31,023	65,130
Koror State Government	25,550,132	1,299,320	71,058	5,302,479	1,184,525	7,857,382
Koror State Legislature	867,210	44,101	2,412	179,974	120,623	347,110
Melekeok State - PAN	485,912	24,710	1,351	100,843	144,686	271,590
Melekeok State Agency	15,227	774	42	3,160	12,283	16,259
Melekeok State Government	867,123	44,096	2,412	179,956	13,618	240,082
Melekeok State Legislature	161,055	8,190	448	33,424	7,372	49,434
Melekeok Legislature Staff	135,586	6,895	377	28,139	55,771	91,182
Merir Municipality-Sonsorol State	61,341	3,119	171	12,730	34,241	50,261
National Development Bank of Palau	2,428,960	123,522	6,755	504,088	140,458	774,823
National Development Bank of Palau - SBDC	222,997	11,340	620	46,279	14,859	73,098
Ngaraard State Government	1,426,679	72,552	3,968	296,082	110,371	482,973
Ngaraard State Legislature	140,062	7,123	390	29,067	4,269	40,849
Ngaraard State Pan Fund	-	-	-	-	5,943	5,943
Ngardmau Free Trade Zone Authority	38,973	1,982	108	8,088	2,363	12,541
Ngardmau State Agency	-	-	-	-	-	-
Ngardmau State Government	2,165,181	110,108	6,022	449,345	98,637	664,112
Ngardmau State Legislature	185,832	9,450	517	38,566	33,654	82,187
Ngatpang State Government	590,700	30,039	1,643	122,589	69,959	224,230
Ngatpang State Legislature	148,061	7,529	412	30,728	9,470	48,139
Ngatpang Pan	202,434	10,295	563	42,012	121,762	174,632
Ngchesar State Agency	368,909	18,760	1,026	76,560	26,137	122,483
Ngchesar State Government	544,585	27,694	1,515	113,019	7,421	149,649
Ngchesar State Legislature	107,370	5,460	299	22,283	29,698	57,740
Ngerchelong State PAN Agency	429,217	21,827	1,194	89,076	99,213	211,310
Ngerchelong State Government	727,921	37,018	2,024	151,067	8,093	198,202
Ngerchelong State Legislature	249,237	12,675	693	51,725	47,409	112,502
Ngerchelong State Operation	47,577	2,419	132	9,874	89,514	101,939
Ngeremlengui State Government	1,392,524	70,815	3,873	288,994	55,210	418,892
Ngeremlengui State Legislature	185,915	9,454	517	38,583	-	48,554
Ngiwal State - Pan Fund	244,764	12,447	681	50,796	80,571	144,495
Ngiwal State Agency	469,995	23,901	1,307	97,539	73,287	196,034
Ngiwal State Government	595,691	30,293	1,657	123,625	63,761	219,336
Ngiwal State Legislature	254,398	12,937	708	52,796	48,754	115,195
Palau Community Action Agency	7,324,471	372,477	20,370	1,520,065	558,171	2,471,083
Palau Community College	12,858,175	653,887	35,760	2,668,487	-	3,358,134
Palau Housing Authority	441,951	22,475	1,229	91,719	38,542	153,965
Palau International Coral Reef Center	2,548,629	129,607	7,088	528,923	241,139	906,757
Palau National Communications Corporation	11,837,827	601,998	32,922	2,456,732	1,192,813	4,284,465
Palau Public Utilities Corporation	14,354,796	729,995	39,922	2,979,085	1,689,965	5,438,967
Palau Public Utilities Corporation - Waste & Water Operation	10,421,473	529,971	28,983	2,162,793	1,151,758	3,873,505
Palau Water & Sewer Corporation	167,162	8,501	465	34,692	65,789	109,447
Palau Visitors Authority	1,270,443	64,607	3,533	263,658	227,409	559,207
Peleliu Marine Transportation Authority	310,405	15,785	863	64,419	213,538	294,605
Peleliu State Government	2,343,443	119,173	6,517	486,340	129,314	741,344
Peleliu State Legislature	206,392	10,496	574	42,833	35,181	89,084
Pulo Anna Municipality-Sonsorol State	89,904	4,572	250	18,658	36,609	60,089
Republic of Palau Government	190,213,933	9,673,099	529,007	39,475,547	7,761,485	57,439,138
Social Security Administration	3,331,441	169,416	9,265	691,382	25,463	895,526
Sonsorol Legislature Staff	37,598	1,912	105	7,803	1,285	11,105
Sonsorol State Government	242,783	12,346	675	50,385	7,223	70,629
Sonsorol State Legislature	114,594	5,828	319	23,782	10,094	40,023
	<u>\$ 308,480,463</u>	<u>\$ 15,687,393</u>	<u>\$ 857,920</u>	<u>\$ 64,019,678</u>	<u>\$ 17,309,066</u>	<u>\$ 97,874,057</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer, Continued  
September 30, 2019

Deferred Inflows of Resources				Pension Expense			
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Plan Expense Proportion	Net Amortization of Deferred Amounts Due to Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
\$ (6,285)	\$ (383)	\$ (14,698)	\$ (77,445)	\$ (98,811)	\$ 13,053	\$ 10,148	\$ 23,201
(36,079)	(2,197)	(84,369)	(135,152)	(257,797)	74,925	(16,527)	58,398
(7,064)	(430)	(16,518)	(36,518)	(60,530)	14,669	(8,128)	6,541
(38,219)	(2,327)	(89,373)	-	(129,919)	79,369	61,727	141,096
(20,627)	(1,256)	(48,235)	(140,932)	(211,050)	42,836	(61,885)	(19,049)
(20,245)	(1,233)	(47,341)	(42,851)	(111,670)	42,042	320	42,362
(11,749)	(715)	(27,475)	(49,357)	(89,296)	24,399	28,523	52,922
-	-	-	(253)	(253)	-	(1,263)	(1,263)
(55,808)	(3,398)	(130,503)	(20,895)	(210,604)	115,895	68,529	184,424
(6,571)	(400)	(15,365)	(86,411)	(108,747)	13,645	8,574	22,219
(42,036)	(2,560)	(98,299)	(41,787)	(184,682)	87,295	(28,881)	58,414
(5,008)	(305)	(11,710)	(38,802)	(55,825)	10,399	12,310	22,709
-	-	-	(37,018)	(37,018)	-	(689)	(689)
(14,332)	(873)	(33,514)	-	(48,719)	29,762	31,241	61,003
(17,012)	(1,036)	(39,781)	(20,774)	(78,603)	35,328	(2,684)	32,644
(5,715)	(348)	(13,365)	(22,155)	(41,583)	11,869	1,383	13,252
(17,860)	(1,087)	(41,765)	(36,942)	(97,654)	37,090	(18,158)	18,932
(43,254)	(2,634)	(101,146)	(101,102)	(248,136)	89,824	21,089	110,913
(5,091)	(310)	(11,906)	(18,334)	(35,641)	10,573	3,763	14,336
(996,087)	(60,650)	(2,329,282)	(534,249)	(3,920,268)	2,068,550	559,420	2,627,970
(33,809)	(2,059)	(79,059)	(62,076)	(177,003)	70,210	(10,828)	59,382
(18,944)	(1,153)	(44,298)	(111,092)	(175,487)	39,340	45,296	84,636
(594)	(36)	(1,388)	(160,628)	(162,646)	1,233	(67,617)	(66,384)
(33,805)	(2,058)	(79,051)	(151,983)	(266,897)	70,203	(41,850)	28,353
(6,279)	(382)	(14,683)	(11,257)	(32,601)	13,039	869	13,908
(5,286)	(322)	(12,361)	(30,329)	(48,298)	10,977	13,059	24,036
(2,391)	(146)	(5,592)	(29,358)	(37,487)	4,966	5,815	10,781
(94,694)	(5,766)	(221,437)	(65,433)	(387,330)	196,650	(13,930)	182,720
(8,694)	(529)	(20,330)	(24,269)	(53,822)	18,054	(1,755)	16,299
(55,620)	(3,387)	(130,063)	(82,659)	(271,729)	115,505	40,801	156,306
(5,460)	(332)	(12,769)	(36,591)	(55,152)	11,340	5,511	16,851
-	-	-	(8,577)	(8,577)	-	(66)	(66)
(1,519)	(93)	(3,553)	(40,510)	(45,675)	3,155	(5,360)	(2,205)
-	-	-	(861)	(861)	-	(4,402)	(4,402)
(84,411)	(5,140)	(197,389)	(36,103)	(323,043)	175,294	51,174	226,468
(7,245)	(441)	(16,941)	(16,243)	(40,870)	15,045	8,765	23,810
(23,029)	(1,402)	(53,851)	(177,674)	(255,956)	47,823	(779)	47,044
(5,772)	(351)	(13,498)	(13,326)	(32,947)	11,987	3,143	15,130
(7,892)	(481)	(18,455)	-	(26,828)	16,389	22,379	38,768
(14,382)	(876)	(33,632)	(10,750)	(59,640)	29,867	6,670	36,537
(21,231)	(1,293)	(49,647)	(111,288)	(183,459)	44,090	(18,374)	25,716
(4,186)	(255)	(9,788)	(3,050)	(17,279)	8,693	5,458	14,151
(16,733)	(1,019)	(39,130)	(66,506)	(123,388)	34,750	30,196	64,946
(28,378)	(1,728)	(66,361)	(214,486)	(310,953)	58,933	(46,061)	12,872
(9,717)	(592)	(22,722)	(3,002)	(36,033)	20,178	10,453	30,631
(1,855)	(113)	(4,337)	(112,710)	(119,015)	3,852	3,774	7,626
(54,288)	(3,306)	(126,950)	(209,085)	(393,629)	112,739	6,050	118,789
(7,248)	(441)	(16,949)	(27,300)	(51,938)	15,052	(12,914)	2,138
(9,542)	(581)	(22,314)	(64,368)	(96,805)	19,816	25,902	45,718
(18,323)	(1,116)	(42,847)	(63,133)	(125,419)	38,051	47,532	85,583
(23,223)	(1,414)	(54,306)	(57,037)	(135,980)	48,227	11,838	60,065
(9,918)	(604)	(23,192)	(10,381)	(44,095)	20,596	(4,012)	16,584
(285,549)	(17,387)	(667,737)	(231,236)	(1,201,909)	592,992	274,189	867,181
(501,284)	(30,522)	(1,172,218)	(1,334,625)	(3,038,649)	1,041,004	(424,282)	616,722
(17,230)	(1,049)	(40,291)	(40,759)	(99,329)	35,781	(7,321)	28,460
(99,360)	(6,050)	(232,346)	(197,370)	(535,126)	206,338	(9,729)	196,609
(461,505)	(28,100)	(1,079,198)	(207,091)	(1,775,894)	958,396	21,732	980,128
(559,630)	(34,075)	(1,308,658)	(320,733)	(2,223,096)	1,162,171	236,693	1,398,864
(406,287)	(24,738)	(950,075)	(31,270)	(1,412,370)	843,727	85,837	929,564
(6,517)	(397)	(15,239)	(8,789)	(30,942)	13,534	17,223	30,757
(49,529)	(3,016)	(115,820)	(140,019)	(308,384)	102,856	(9,004)	93,852
(12,101)	(737)	(28,298)	-	(41,136)	25,131	35,413	60,544
(91,361)	(5,563)	(213,640)	(5,550)	(316,114)	189,726	59,015	248,741
(8,046)	(490)	(18,816)	(44,194)	(71,546)	16,710	(3,334)	13,376
(3,505)	(213)	(8,196)	(11,542)	(23,456)	7,279	9,002	16,281
(7,415,604)	(451,521)	(17,340,889)	(10,984,981)	(36,192,995)	15,399,800	(1,018,829)	14,380,971
(129,878)	(7,908)	(303,711)	(190,082)	(631,579)	269,715	(54,945)	214,770
(1,466)	(89)	(3,428)	(4,131)	(9,114)	3,044	(817)	2,227
(9,465)	(576)	(22,133)	(88,274)	(120,448)	19,656	5,064	24,720
(4,468)	(272)	(10,447)	(15,378)	(30,565)	9,278	(1,456)	7,822
\$ (12,026,295)	\$ (732,261)	\$ (28,122,678)	\$ (17,309,066)	\$ (58,190,300)	\$ 24,974,715	\$ -	\$ 24,974,715

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Net Pension Liability Sensitivity by Employer  
September 30, 2020

Employer	1% Decrease	Current	1% Increase
	1.28%	Discount Rate 2.28%	3.28%
Aimeliik State Agency	\$ 228,160	\$ 195,507	\$ 168,575
Aimeliik State Government	1,057,902	906,502	781,625
Aimeliik State Legislature	420,277	360,129	310,519
Airai State Agency	1,304,083	1,117,451	963,515
Airai State Government	640,901	549,179	473,526
Airai State Legislature	612,723	525,034	452,707
Airai State - Pan Fund	406,186	348,055	300,108
Angaur State Government	1,981,464	1,697,890	1,463,994
Angaur State Legislature	104,414	89,471	77,146
Belau Submarine Cable Corp	224,446	192,325	165,831
Civil Service Pension Trust Fund	1,199,339	1,027,697	886,125
Dongosaro Municipality - Sonsorol	296,531	254,094	219,090
Hatohebe State Agency	446,055	382,218	329,565
Hatohebe State Government	539,107	461,953	398,316
Hatohebe State Legislature	218,550	187,273	161,475
Helen Reef Resource Management - Hatohebe State	561,171	480,860	414,618
Kayangel State Government	1,347,114	1,154,324	995,308
Kayangel State Legislature	144,170	123,537	106,519
Koror State Government	32,188,333	27,581,745	23,782,175
Koror State Legislature	1,110,764	951,799	820,682
Melekeok State - PAN	619,712	531,023	457,871
Melekeok State Government	1,161,223	995,036	857,963
Melekeok State Legislature	204,459	175,199	151,064
Melekeok Legislature Staff	177,918	152,455	131,454
National Development Bank of Palau	3,027,241	2,594,001	2,236,660
National Development Bank of Palau - SBDC	331,810	284,324	245,156
Ngaraard State Government	1,717,696	1,471,870	1,269,110
Ngaraard State Legislature	173,003	148,244	127,822
Ngardmau State Government	2,754,848	2,360,592	2,035,404
Ngardmau State Legislature	193,319	165,652	142,833
Ngatpang State Government	831,491	712,493	614,342
Ngatpang State Legislature	188,295	161,347	139,121
Ngatpang Pan	250,112	214,317	184,794
Ngchesar State Agency	467,243	400,374	345,220
Ngchesar State Government	679,347	582,123	501,932
Ngchesar State Legislature	136,305	116,798	100,708
Ngerchelong State PAN Agency	491,490	421,151	363,134
Ngerchelong State Government	838,480	718,482	619,506
Ngerchelong State Legislature	307,889	263,826	227,482
Ngeremlengui State Government	1,667,020	1,428,447	1,231,669
Ngeremlengui State Legislature	269,226	230,696	198,916
Ngiwal State - Pan Fund	358,786	307,439	265,087
Ngiwal State Agency	634,784	543,938	469,007
Ngiwal State Government	723,797	620,212	534,773
Ngiwal State Legislature	318,704	273,093	235,473
Palau Community Action Agency	8,813,806	7,552,431	6,512,033
Palau Community College	16,455,792	14,100,744	12,158,272
Palau Housing Authority	599,396	513,615	442,861
Palau International Coral Reef Center	3,815,262	3,269,246	2,818,885
Palau National Communications Corporation	15,941,916	13,660,411	11,778,598
Palau Public Utilities Corporation	18,965,660	16,251,417	14,012,675
Palau Public Utilities Corporation - Waste & Water Operation	13,356,578	11,445,071	9,868,436
Palau Water & Sewer Corporation	266,389	228,265	196,820
Palau Visitors Authority	1,613,720	1,382,775	1,192,288
Peleliu Marine Transportation Authority	443,651	380,159	327,789
Peleliu State Government	3,118,328	2,672,053	2,303,960
Peleliu State Legislature	275,889	236,406	203,839
Pulo Anna Municipality-Sonsorol State	148,864	127,560	109,988
Republic of Palau Government	249,706,623	213,970,210	184,494,386
Social Security Retirement Fund	4,301,068	3,685,527	3,177,821
Sonsorol Legislature Staff	48,823	41,836	36,073
Sonsorol State Government	307,342	263,357	227,078
Sonsorol State Legislature	166,777	142,909	123,222
	<u>\$ 401,901,772</u>	<u>\$ 344,384,167</u>	<u>\$ 296,942,944</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Allocable Pension Amortization by Employer  
September 30, 2020

Employer	Net Deferred Outflows (Inflows) of Resources					
	2021	2022	2023	2024	2025	Thereafter
Aimeliik State Agency	\$ 11,579	\$ 9,117	\$ (1,078)	\$ (7,096)	\$ (2,401)	\$ 3,184
Aimeliik State Government	22,314	18,229	(11,766)	(17,152)	2,984	(2,777)
Aimeliik State Legislature	25,788	27,910	22,443	21,271	25,166	18,433
Airai State Agency	76,170	62,903	43,961	34,467	40,383	13,857
Airai State Government	(27,393)	(8,060)	(2,927)	(627)	5,565	1,613
Airai State Legislature	19,331	12,925	12,840	18,046	14,632	454
Airai State - Pan Fund	35,333	2,157	5,965	10,406	14,086	4,767
Angaur State Government	122,604	107,950	77,944	79,819	80,636	27,484
Angaur State Legislature	942	1,208	(171)	(5,029)	(21,925)	(8,754)
Belau Submarine Cable Corp	28,895	28,682	26,751	26,450	27,959	20,043
Civil Service Pension Trust Fund	8,913	14,825	8,797	9,167	17,540	(5,667)
Dongosaro Municipality - Sonsorol	34,073	30,839	13,575	11,700	16,015	12,903
Fanna Municipality-Sonsorol State	(1,124)	(3,981)	(7,029)	(4,631)	(2,707)	(82)
Hatohobe State Agency	38,644	29,101	16,765	14,692	9,383	1,345
Hatohobei State Government	14,057	15,857	11,576	8,400	9,399	2,372
Hatohobei State Legislature	13,161	13,718	11,557	5,754	10,606	4,226
Helen Reef Resource Management - Hatohobei State	4,950	7,384	3,873	3,438	8,804	2,046
Kayangel State Government	14,344	15,721	5,238	(58)	21,623	3,956
Kayangel State Legislature	6,293	7,560	2,711	(2,264)	131	(837)
Koror State Government	1,127,241	937,632	542,041	482,229	801,741	199,847
Koror State Legislature	38,291	40,316	41,192	42,323	26,531	8,302
Melekeok State - PAN	52,127	935	(8,298)	(704)	17,393	4,525
Melekeok State Agency	(67,484)	(9,507)	(4,301)	(1,178)	(237)	(1,545)
Melekeok State Government	5,220	19,749	12,703	8,196	17,655	12,380
Melekeok State Legislature	4,581	5,168	4,032	2,253	4,437	1,382
Melekeok Legislature Staff	15,882	2,218	1,945	8,282	7,347	1,754
Merir Municipality-Sonsorol State	(2,223)	(4,466)	(11,100)	(13,513)	(8,789)	(6,454)
National Development Bank of Palau	88,080	88,859	69,583	73,735	70,480	15,989
National Development Bank of Palau - SBDC	8,686	9,637	11,618	12,962	15,110	6,338
Ngaraard State Government	50,854	27,241	15,498	21,947	40,832	4,233
Ngaraard State Legislature	(5,744)	(5,407)	(1,270)	1,328	3,162	762
Ngaraard State Pan Fund	(66)	(66)	(327)	(1,617)	(478)	(14)
Ngardmau Free Trade Zone Authority	(11,584)	(11,189)	(10,959)	(11,419)	(11,279)	(4,277)
Ngardmau State Government	99,017	81,659	51,072	48,133	72,955	19,404
Ngardmau State Legislature	8,498	3,521	1,807	(2,088)	(1,925)	(2,270)
Ngatpang State Government	5,081	10,520	14,422	(710)	21,683	12,200
Ngatpang State Legislature	6,304	3,575	958	1,668	3,698	1,284
Ngatpang Pan	28,714	28,477	26,324	25,990	14,882	1,406
Ngchesar State Agency	14,293	14,765	13,474	11,771	11,960	3,105
Ngchesar State Government	(10,119)	(11,011)	(3,452)	6,158	12,336	3,546
Ngchesar State Legislature	8,705	8,321	7,655	7,811	4,736	960
Ngerchelongs State PAN Agency	24,471	17,903	5,350	(258)	(4,415)	(1,406)
Ngerchelongs State Government	(33,218)	(35,904)	(31,088)	(13,315)	7,684	(1,475)
Ngerchelongs State Legislature	18,449	14,014	11,201	8,961	11,435	1,532
Ngerchelongs State Operation	(2,305)	(2,305)	(6,275)	(25,676)	(20,382)	(5,405)
Ngeremlengui State Government	(718)	13,066	(12,264)	(2,505)	21,363	2,760
Ngeremlengui State Legislature	2,410	6,139	5,743	6,786	9,268	4,552
Ngiwal State - Pan Fund	12,955	13,546	10,487	15,879	24,979	6,752
Ngiwal State Agency	26,185	16,481	6,113	16,112	22,904	7,574
Ngiwal State Government	21,402	24,902	10,799	5,006	6,736	2,014
Ngiwal State Legislature	14,157	17,739	14,568	12,296	10,953	1,921
Palau Community Action Agency	301,321	256,460	148,693	71,462	175,331	20,271
Palau Community College	138,795	164,051	124,197	184,684	370,301	121,586
Palau Housing Authority	16,811	18,164	15,256	15,910	24,452	7,423
Palau International Coral Reef Center	161,586	188,554	129,594	131,010	173,529	74,479
Palau National Communications Corporation	679,190	729,216	601,222	554,833	603,529	187,474
Palau Public Utilities Corporation	904,861	915,496	740,093	580,073	501,550	188,988
Palau Public Utilities Corporation - Waste & Water Operation	627,788	605,295	458,959	422,285	393,572	102,835
Palau Water & Sewer Corporation	30,160	28,562	17,910	8,759	12,243	6,296
Palau Visitors Authority	57,938	61,313	55,526	62,101	29,098	10,702
Peleliu Marine Transportation Authority	52,869	52,447	48,628	48,035	51,019	8,167
Peleliu State Government	135,724	128,239	93,035	67,905	89,946	33,023
Peleliu State Legislature	8,119	9,216	8,337	342	5,355	2,939
Pulo Anna Municipality-Sonsorol State	16,555	14,081	4,860	7,160	7,969	3,900
Republic of Palau Government	7,124,705	6,978,880	4,947,067	4,764,227	6,594,083	2,368,038
Social Security Retirement Fund	90,161	80,882	55,290	68,147	111,447	35,174
Sonsorol Legislature Staff	578	1,440	736	671	947	407
Sonsorol State Government	(21,487)	(13,243)	2,006	3,261	7,123	2,009
Sonsorol State Legislature	4,698	6,118	4,530	4,029	7,440	2,931
	<u>\$ 12,327,388</u>	<u>\$ 11,945,744</u>	<u>\$ 8,486,215</u>	<u>\$ 7,948,490</u>	<u>\$ 10,651,568</u>	<u>\$ 3,576,884</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employers' Contributions by Employer  
September 30, 2020

Employer	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Aimeliik State Agency	\$ 8,933	\$ 2,089	\$ 6,844	\$ 34,817	6.00%
Aimeliik State Government	41,467	9,686	31,781	161,433	6.00%
Aimeliik State Legislature	16,464	3,848	12,616	64,133	6.00%
Airai State Agency	51,109	11,940	39,169	199,000	6.00%
Airai State Government	25,113	5,868	19,245	97,800	6.00%
Airai State Legislature	24,010	5,610	18,400	93,500	6.00%
Airai State - Pan Fund	15,912	3,719	12,193	61,983	6.00%
Angaur State Government	77,672	18,142	59,530	302,367	6.00%
Angaur State Legislature	4,081	956	3,125	15,933	6.00%
Belau Submarine Cable Corp	8,791	2,055	6,736	34,250	6.00%
Civil Service Pension Trust Fund	47,013	10,981	36,032	183,017	6.00%
Dongosaro Municipality - Sonsorol	11,611	2,715	8,896	45,250	6.00%
Hatohobe State Agency	17,472	4,084	13,388	68,067	6.00%
Hatohobei State Government	21,127	4,936	16,191	82,267	6.00%
Hatohobei State Legislature	8,555	2,001	6,554	33,350	6.00%
Helen Reef Resource Management - Hatohobei State	21,994	5,138	16,856	85,633	6.00%
Kayangel State Government	52,795	12,334	40,461	205,567	6.00%
Kayangel State Legislature	5,640	1,320	4,320	22,000	6.00%
Koror State Government	1,261,808	294,712	967,096	4,911,867	6.00%
Koror State Legislature	43,531	10,170	33,361	169,500	6.00%
Melekeok State - PAN	24,278	5,674	18,604	94,567	6.00%
Melekeok State Government	45,516	10,632	34,884	177,200	6.00%
Melekeok State Legislature	8,003	1,872	6,131	31,200	6.00%
Melekeok Legislature Staff	6,964	1,629	5,335	27,150	6.00%
National Development Bank of Palau	118,666	27,717	90,949	461,950	6.00%
National Development Bank of Palau - SBDC	12,998	3,038	9,960	50,633	6.00%
Ngaraard State Government	67,321	15,727	51,594	262,117	6.00%
Ngaraard State Legislature	6,775	1,584	5,191	26,400	6.00%
Ngardmau State Government	107,984	25,223	82,761	420,383	6.00%
Ngardmau State Legislature	7,578	1,770	5,808	29,500	6.00%
Ngatpang State Government	32,581	7,613	24,968	126,883	6.00%
Ngatpang State Legislature	7,373	1,724	5,649	28,733	6.00%
Ngatpang Pan	9,800	2,290	7,510	38,167	6.00%
Ngchesar State Agency	18,307	4,278	14,029	71,300	6.00%
Ngchesar State Government	26,626	6,220	20,406	103,667	6.00%
Ngchesar State Legislature	5,341	1,248	4,093	20,800	6.00%
Ngerchelong State PAN Agency	19,252	4,500	14,752	75,000	6.00%
Ngerchelong State Government	32,865	7,677	25,188	127,950	6.00%
Ngerchelong State Legislature	12,068	2,819	9,249	46,983	6.00%
Ngeremlengui State Government	65,335	15,263	50,072	254,383	6.00%
Ngeremlengui State Legislature	10,540	2,465	8,075	41,083	6.00%
Ngiwal State - Pan Fund	14,053	3,285	10,768	54,750	6.00%
Ngiwal State Agency	24,877	5,812	19,065	96,867	6.00%
Ngiwal State Government	28,359	6,627	21,732	110,450	6.00%
Ngiwal State Legislature	12,478	2,918	9,560	48,633	6.00%
Palau Community Action Agency	345,504	80,698	264,806	1,344,967	6.00%
Palau Community College	645,068	150,667	494,401	2,511,117	6.00%
Palau Housing Authority	23,491	5,488	18,003	91,467	6.00%
Palau International Coral Reef Center	149,561	34,932	114,629	582,200	6.00%
Palau National Communications Corporation	624,933	145,962	478,971	2,432,700	6.00%
Palau Public Utilities Corporation	743,457	173,647	569,810	2,894,117	6.00%
Palau Public Utilities Corporation - Waste & Water Operation	523,582	122,291	401,291	2,038,183	6.00%
Palau Water & Sewer Corporation	10,430	2,439	7,991	40,650	6.00%
Palau Visitors Authority	63,256	14,775	48,481	246,250	6.00%
Peleliu Marine Transportation Authority	17,378	4,062	13,316	67,700	6.00%
Peleliu State Government	122,226	28,551	93,675	475,850	6.00%
Peleliu State Legislature	10,808	2,526	8,282	42,100	6.00%
Pulo Anna Municipality-Sonsorol State	5,829	1,363	4,466	22,717	6.00%
Republic of Palau Government	9,789,257	2,286,280	7,502,977	38,104,666	6.00%
Social Security Retirement Fund	168,593	39,380	129,213	656,333	6.00%
Sonsorol Legislature Staff	1,906	447	1,459	7,450	6.00%
Sonsorol State Government	12,037	2,814	9,223	46,900	6.00%
Sonsorol State Legislature	6,523	1,527	4,996	25,450	6.00%
	<u>\$ 15,754,875</u>	<u>\$ 3,679,758</u>	<u>\$ 12,075,117</u>	<u>\$ 61,329,300</u>	

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employers' Contributions by Employer  
September 30, 2019

Employer	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Aimeliik State Agency	\$ 7,364	\$ 1,874	\$ 5,490	\$ 31,233	6.00%
Aimeliik State Government	42,273	10,757	31,516	179,283	6.00%
Aimeliik State Legislature	8,276	2,106	6,170	35,100	6.00%
Airai State Agency	44,780	11,395	33,385	189,917	6.00%
Airai State Government	24,168	6,150	18,018	102,500	6.00%
Airai State Legislature	23,720	6,036	17,684	100,600	6.00%
Airai State - Pan Fund	13,766	3,503	10,263	58,383	6.00%
Angaur State Government	65,388	16,639	48,749	277,317	6.00%
Angaur State Legislature	7,699	1,959	5,740	32,650	6.00%
Civil Service Pension Trust Fund	49,252	12,533	36,719	208,883	6.00%
Dongosaro Municipality - Sonsorol	5,867	1,493	4,374	24,883	6.00%
Hatohobe State Agency	16,792	4,273	12,519	71,217	6.00%
Hatohobei State Government	19,932	5,072	14,860	84,533	6.00%
Hatohobei State Legislature	6,696	1,704	4,992	28,400	6.00%
Helen Reef Resource Management - Hatohobei State	20,926	5,325	15,601	88,750	6.00%
Kayangel State Government	50,679	12,896	37,783	214,933	6.00%
Kayangel State Legislature	5,965	1,518	4,447	25,300	6.00%
Koror State Government	1,167,082	296,982	870,100	4,949,700	6.00%
Koror State Legislature	39,613	10,080	29,533	168,000	6.00%
Melekeok State - PAN 1077	22,196	5,648	16,548	94,133	6.00%
Melekeok State Agency	696	177	519	2,950	6.00%
Melekeok State Government	39,609	10,079	29,530	167,983	6.00%
Melekeok State Legislature	7,357	1,872	5,485	31,200	6.00%
Melekeok Legislature Staff	6,193	1,576	4,617	26,267	6.00%
Merir Municipality-Sonsorol State	2,802	713	2,089	11,883	6.00%
National Development Bank of Palau	110,950	28,233	82,717	470,550	6.00%
National Development Bank of Palau - SBDC	10,186	2,592	7,594	43,200	6.00%
Ngaraard State Government	65,168	16,583	48,585	276,383	6.00%
Ngaraard State Legislature	6,398	1,628	4,770	27,133	6.00%
Ngardmau Free Trade Zone Authority	1,780	453	1,327	7,550	6.00%
Ngardmau State Government	98,901	25,167	73,734	419,450	6.00%
Ngardmau State Legislature	8,488	2,160	6,328	36,000	6.00%
Ngatpang State Government	26,982	6,866	20,116	114,433	6.00%
Ngatpang State Legislature	6,763	1,721	5,042	28,683	6.00%
Ngatpang Pan	9,247	2,353	6,894	39,217	6.00%
Ngchesar State Agency	16,851	4,288	12,563	71,467	6.00%
Ngchesar State Government	24,876	6,330	18,546	105,500	6.00%
Ngchesar State Legislature	4,904	1,248	3,656	20,800	6.00%
Ngerchelong State Agency	19,606	4,989	14,617	83,150	6.00%
Ngerchelong State Government	33,250	8,461	24,789	141,017	6.00%
Ngerchelong State Legislature	11,385	2,897	8,488	48,283	6.00%
Ngerchelong State Operation	2,173	553	1,620	9,217	6.00%
Ngeremlengui State Government	63,608	16,186	47,422	269,767	6.00%
Ngeremlengui State Legislature	8,492	2,161	6,331	36,017	6.00%
Ngiwal State - Pan Fund	11,180	2,845	8,335	47,417	6.00%
Ngiwal State Agency	21,468	5,463	16,005	91,050	6.00%
Ngiwal State Government	27,210	6,924	20,286	115,400	6.00%
Ngiwal State Legislature	11,620	2,957	8,663	49,283	6.00%
Palau Community Action Agency	334,568	85,136	249,432	1,418,933	6.00%
Palau Community College	587,337	149,457	437,880	2,490,950	6.00%
Palau Housing Authority	20,187	5,137	15,050	85,617	6.00%
Palau International Coral Reef Center	116,417	29,624	86,793	493,733	6.00%
Palau National Communications Corporation	540,730	137,597	403,133	2,293,283	6.00%
Palau Public Utilities Corporation	655,700	166,853	488,847	2,780,883	6.00%
Palau Public Utilities Corporation - Waste & Water Operation	476,033	121,134	354,899	2,018,900	6.00%
Palau Water & Sewer Corporation	7,636	1,943	5,693	32,383	6.00%
Palau Visitors Authority	58,031	14,767	43,264	246,117	6.00%
Peleliu Marine Transportation Authority	14,179	3,608	10,571	60,133	6.00%
Peleliu State Government	107,044	27,239	79,805	453,983	6.00%
Peleliu State Legislature	9,428	2,399	7,029	39,983	6.00%
Pulo Anna Municipality-Sonsorol State	4,107	1,045	3,062	17,417	6.00%
Republic of Palau Government	8,688,624	2,210,952	6,477,672	36,849,200	6.00%
Social Security Retirement Fund	152,174	38,723	113,451	645,383	6.00%
Sonsorol State Agency	1,717	437	1,280	7,283	6.00%
Sonsorol State Government	11,090	2,822	8,268	47,033	6.00%
Sonsorol State Legislature	5,234	1,332	3,902	22,200	6.00%
	<u>\$ 14,090,813</u>	<u>\$ 3,585,623</u>	<u>\$ 10,505,190</u>	<u>\$ 59,760,383</u>	

See accompanying notes to schedules.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules  
September 30, 2020 and 2019

(1) Plan Description

The following brief description of the Republic of Palau Civil Service Pension Trust Fund (the Fund) is provided for general information purposes only.

General

The Fund is a defined benefit, cost sharing multiple employer plan, which is a component unit of the Republic of Palau (ROP) National Government, providing retirement, security and other benefits to employees, their spouses and dependents, of the ROP, ROP State Governments and ROP agencies, funds and public corporations. The Fund was established pursuant to Republic of Palau Public Law (RPPL) No. 2-26 passed into law on April 3, 1987, and began operations on October 1, 1987. Portions of RPPL No. 2-26 were revised by RPPL 3-21, RPPL 4-40, RPPL 4-49, RPPL 5-30, RPPL 6-37, RPPL 7-56, RPPL 8-10 and RPPL 9-2.

Membership

The ROP National Government, ROP State Governments and ROP public corporations, quasi-governmental organizations and other public entities of the National and State Governments of ROP, are participating in the Fund. Membership consisted of the following as of October 1, 2019 (the valuation date):

Inactive members or beneficiaries currently receiving benefits	1,629
Inactive members entitled to but not yet receiving benefits	270
Inactive nonvested members	982
Active members	<u>3,480</u>
Total members	<u>6,361</u>

Summary of the Principal Provisions of the Plan

Effective date:	October 1, 1987
Plan year:	October 1 through September 30

Eligibility to Participate

All persons becoming full-time employees of a participating agency before attaining the age of sixty shall become members as a condition of employment.

Service

Vesting Service: Includes membership service and prior service credit.

Membership Service: A year of membership service is earned for a year of service rendered a participating agency. Years of membership service shall be rounded to the nearest one year. Membership service includes accumulated sick leave and vacation leave.

Prior Service Credit: Persons becoming members of the Plan on October 1, 1987 are entitled to Prior Service Credit for services rendered as an employee of participating agencies, the Trust Territory of the Pacific Islands (TTPI), and the United States Naval Government after World War II and before the establishment of the TTPI.

REPUBLIC OF PALAU  
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules  
September 30, 2020 and 2019

(1) Plan Description, Continued

Pension Benefits

Retirement benefits are paid to members who are required, with certain exceptions, to retire no later than their sixtieth birthday or after thirty years of service. A member may retire after his or her fifty-fifth birthday at a reduced pension amount if the member has completed at least twenty years of government employment. A married member of a former member receiving a distribution of benefits under the Pension Fund receives reduced benefit amounts to provide survivors' benefits to his or her spouse. An unmarried member or former member may elect to receive a reduced benefit amount during his or her lifetime with an annuity payable to his or her designated beneficiary. Disability benefits are paid to qualified members for the duration of the disability. Effective May 17, 1996, through RPPL 4-49, members, who have twenty-five years or more of total service, are eligible for retirement regardless of their age and, upon such retirement, are eligible to receive pension benefits at a level established by the Board. Effective July 1, 1999, pursuant to RPPL 4-49 and RPPL 5-30, retirement is mandatory for all members who have thirty years or more of total service and all employees who are sixty years of age or older with certain exceptions. Beginning October 1, 2003, pursuant to RPPL 6-37, mandatory retirement may be delayed for up to five years, by specific exemption by the Board. In December 2008, RPPL 7-56 eliminated early retirement and thirty-year mandatory service provisions. These provisions were restored through RPPL 8-10 in October 2009. On April 30, 2013, RPPL 9-2 eliminated the mandatory service retirement after thirty years of service. After December 31, 2013, no employee shall be entitled to pension benefits until reaching the age of sixty.

In accordance with the directives of RPPL 5-7, the Board adopted a resolution which provides that "no person who retires after October 1, 1997, may receive benefits under the Plan unless he or she has contributed to the Plan for at least five years or has made an actuarially equivalent lump sum contribution". In accordance with RPPL 9-2, members who retire after April 30, 2013 must not receive benefits greater than thirty thousand dollars per year. Further, the amount of benefits that a member receives should not be recalculated if the member is re-employed after the member begins receiving benefits under the Fund. Additionally, a member should not receive benefits during the time the member is re-employed subsequent to retirement.

Currently, normal benefits are paid monthly and are two percent of each member's average monthly salary for each year of credited total service up to a maximum of thirty years total service. The average annual salary is the average of the highest three consecutive fiscal years of compensation received by a member during his or her most recent ten full fiscal years of service. For members who have not completed three consecutive fiscal years of employment during his or her most recent ten full fiscal years of service, the average annual salary is the average monthly salary during the term of the member's service multiplied by twelve.

The benefit amount that married members or unmarried members receive, who have elected to designate a beneficiary, is based on the normal benefit amount reduced by the following factors:

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(1) Plan Description, Continued

Pension Benefits, Continued

<u>Factor</u>	<u>If the Spouse or Beneficiary is:</u>
1.00	21 or more years older than the member
0.95	16 to 20 years older than the member
0.90	11 to 15 years older than the member
0.85	6 to 10 years older than the member
0.80	0 to 5 years younger than the member or 0 to 5 years older than the member
0.75	6 to 10 years younger than the member
0.70	11 to 15 years younger than the member
0.65	16 or more years younger than the member

Surviving beneficiaries of an employee may only receive benefits up to the total present value of the employee's accrued benefit pursuant to RPPL 9-2.

A member that meets the requirements for early retirement and elects to retire on an early retirement date is entitled to receive payment of an early retirement benefit equal to the member's normal retirement benefit reduced according to the following schedule based on the age at which early retirement benefit payments begin:

- 1/12<sup>th</sup> per year for the first 3 years before age 60;
- plus an additional 1/18<sup>th</sup> per year for the next 3 years;
- plus an additional 1/24<sup>th</sup> per year for the next 5 years; and
- plus an additional 1/50<sup>th</sup> per year for each year in excess of 11 years.

Upon the death of a member or former member with eligible survivors before commencement of the members' normal, early, or late retirement benefits or disability retirement benefits the following shall be payable:

- If the former member is not an employee at his date of death and a spouse or beneficiary survives, the total death benefits payable shall be the actuarial equivalent of the member's present value of accrued benefit.
- If the member is an employee at his date of death and a spouse or beneficiary survives, the total death benefit payable shall be the actuarial equivalent of the greater of 3 times the member's average annual salary or the member's present value of accrued benefits.

Upon the death of a member or former member before commencement of his normal, early, or late retirement benefit or disability retirement benefit leaving no persons eligible for survivor benefits, the following shall be payable:

- If the former member is not an employee at the date of death, a refund of the total amount of contributions made by the member.
- If the member was an employee at the date of death and had completed one year or more of total service, the estate of the member shall be entitled to a death benefit equal to the greater of three times the member's annual salary or the present value of the member's accrued benefit payable in the form of a single lump sum payment.

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Notes to Schedules  
September 30, 2020 and 2019

(1) Plan Description, Continued

Pension Benefits, Continued

Any member who is not otherwise eligible to receive normal, early or late retirement benefits, who shall become totally and permanently disabled for service regardless of how or where the disability occurred, shall be entitled to a disability retirement annuity, provided that he or she is not receiving disability payments from the United States Government or its agencies for substantially the same ailment, and further provided that to be eligible for a disability retirement annuity from a cause unrelated to service, the member shall have had at least ten (10) years of total service credited. The amount of disability retirement annuity shall be an amount equal to the actuarial equivalent at the attained age of the member's present value of accrued benefit and shall be paid in the same form as a normal retirement benefit. Any special compensation allowance received or payable to any member because of disability resulting from accidental causes while in the performance of a specific act or acts of duty shall be deducted from the disability annuity payable by the Plan on account of the same disability.

Member Contributions

Member contribution rates are established by RPPL No. 2-26 at six percent of total payroll and are deducted from the member's salary and remitted by participating employers. Upon complete separation from service, a member with less than fifteen years membership service may elect to receive a refund of all of his or her contributions. Subsequent changes in the percentage contributed by members may be made through an amendment of the Trust Fund Operation Plan subject to the requirements of Title 6 of the Palau National Code. RPPL 9-2 requires each employee of the National Government and all State Governments, without regard to whether the employee is employed part-time or on a temporary basis, seasonal or an impermanent basis, to contribute to the Fund through payroll deduction.

Employer and Other Contributions

Employers are required to contribute an amount equal to that contributed by employees. Pursuant to RPPL No. 2-26 and RPPL No. 3-21, the Government of the Republic of Palau must from time to time contribute additional sums to the Fund in order to keep the Fund on a sound actuarial basis. RPPL 9-2 requires the Government of ROP to make regular contributions to the Fund equal to the amount contributed by each and every employee of ROP. Additionally, an excise tax of four percent (4%) is levied against each non-citizen person transferring money out of ROP. The money transfer tax must be remitted to the Fund.

(2) Summary of Significant Accounting Policies

Basis of Accounting and Disclosure

The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the generally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, the schedules are reported using the economic resources measurement focus and the accrual basis of accounting.

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(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting and Disclosure, Continued

Employer and employee contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory and contractual requirements that coincide with the period in which employee services are performed. Deductions from the Fund's assets are recorded when corresponding liabilities are incurred, regardless of when paid. Benefits and refunds are recognized when due and are payable in accordance with Fund policy. The cost of administering the Fund is paid out of the assets of the Fund.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Fund and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. 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.

*Recognition of Deferred Outflows and Inflows of Resources*

Changes from differences between expected and actual experience and assumption changes are recognized over the average expected remaining service life of all employees provided with benefits through the pension plan as of the beginning of the measurement period, while differences in investment gains/losses from actuarial expectations are recognized equally over five years. As of September 30, 2020, the average remaining service life was 6.82 years, 7.03 years as of September 30, 2019 and 2018, 6.83 years as of September 30, 2017, 2016 and 2015, and 6.20 years as of September 30, 2014.

Estimates

The preparation of the schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

(3) Net Pension Liability

The components of the employers' net pension liability as of September 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Total pension liability	\$ 376,050,811	\$ 336,239,210
Plan fiduciary net position	<u>(31,666,644)</u>	<u>(27,758,747)</u>
Employers' net pension liability	<u>\$ 344,384,167</u>	<u>\$ 308,480,463</u>
Plan fiduciary net position as a percentage of the total pension liability	8.42%	8.26%

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Notes to Schedules  
September 30, 2020 and 2019

(4) Actuarial Assumptions and Other Inputs

The total pension liability was determined by an actuarial valuation as of October 1, 2019, rolled forward one year to September 30, 2020, using the following actuarial assumptions and other inputs:

Actuarial Cost Method:	Normal costs are calculated under the entry age normal method	
Amortization Method:	Level dollar, open with remaining amortization period of 30 years	
Asset Valuation Method:	Market Value of Assets	
Long-term Expected Rate of Return:	6.74% per year, net of investment expenses, including price inflation	
Municipal Bond Index Rate:	2.22%	
Year fiduciary net position is projected to be depleted:	2025	
Price Inflation:	2.5% per year	
Interest on Member Contributions:	5.0% per year	
Salary Increase:	3.0% per year	
Expenses:	\$300,000 annually added to normal cost	
Mortality:	RP 2000 Combined Mortality Table, set forward four years for all members except disability recipients, where the table is set forward ten years	
Termination of Employment:	5% for ages 20 to 39; none for all other ages	
Disability:	<u>Age</u>	<u>Disability</u>
	25	0.21%
	30	0.18%
	35	0.25%
	40	0.35%
	45	0.50%
	50	0.76%
	55	1.43%
	60	2.12%
Retirement Age:	100% at age 60	
Form of Payment:	Single: Straight life annuity; Married: 100% joint and survivor	

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Notes to Schedules  
September 30, 2020 and 2019

(4) Actuarial Assumptions and Other Inputs, Continued

Marriage Assumption:	80% of the workers are assumed to be married and males are assumed to be 3 years older than their spouses. Beneficiaries are assumed to be the opposite gender of the member.
Duty vs Non-duty related disability:	100% Duty related
Refund of Contributions:	80% of terminated vested members elect a refund of contributions

*Investment Rate of Return*

The long-term expected rate of return on the Fund's investments of 6.74% was determined using log-normal distribution analysis, creating a best-estimate range for each asset class. As of September 30, 2020, the arithmetic real rates of return for each major investment class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
US Large Cap Value Equity	10%	8.70%
US Large Cap Growth Equity	10%	9.13%
Mature Markets Non-US Equity	15%	9.19%
Emerging Markets Non-US Equity	10%	12.52%
US Core Fixed Income	35%	3.82%
Global Fixed Income	10%	3.40%
Global REIT	<u>10%</u>	8.33%
	<u>100%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 2.28% at the current measurement date and 2.85% at the prior measurement date. The discount rate was determined using the current assumed rate of return of 6.74% until the point where the plan fiduciary net position is negative. Using the current contribution rates, a negative position happens in 2025. For years on or after 2025, the Municipal Bond Index Rate of 2.22% was used. The Municipal Bond Index Rate from the prior measurement date was 2.81%.

*Sensitivity of Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Fund as of September 30, 2020, calculated using the discount rate of 2.28%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (1.28%) or 1.00% higher (3.28%) from the current rate.

<u>1% Decrease 1.28%</u>	Current Single Discount Rate <u>Assumption 2.28%</u>	<u>1% Increase 3.28%</u>
\$ 401,901,772	\$ 344,384,167	\$ 296,942,944

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Notes to Schedules  
September 30, 2020 and 2019

**(4) Actuarial Assumptions and Other Inputs, Continued**

*Schedule of Changes in Net Pension Liability and Related Ratios*

The changes in net pension liability for the years ended September 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
<b>Total Pension Liability</b>		
Service cost	\$ 12,226,835	\$ 8,418,805
Interest cost	9,785,545	11,772,145
Difference between expected and actual experience	-	(11,196,567)
Assumption changes	28,098,779	57,697,033
Benefit payments	<u>(10,299,558)</u>	<u>(9,934,096)</u>
Net change in total pension liability	39,811,601	56,757,320
Total pension liability - beginning	<u>336,239,210</u>	<u>279,481,890</u>
Total pension liability - ending	<u>\$ 376,050,811</u>	<u>\$ 336,239,210</u>
<b>Fund Fiduciary Net Position</b>		
Employer contributions	\$ 3,721,624	\$ 3,596,124
Employee contributions	3,705,241	3,598,146
Pension plan net investment income	2,020,402	1,005,113
Benefit payments	(10,299,558)	(9,934,096)
Pension plan administrative expense	(412,892)	(504,391)
Other	<u>5,173,080</u>	<u>1,384,745</u>
Net change in plan fiduciary net position	3,907,897	(854,359)
Plan fiduciary net position - beginning	<u>27,758,747</u>	<u>28,613,106</u>
Plan fiduciary net position - ending	<u>\$ 31,666,644</u>	<u>\$ 27,758,747</u>
Net pension liability - ending	<u>\$ 344,384,167</u>	<u>\$ 308,480,463</u>
Plan fiduciary net position as a percentage of total pension liability	8.42%	8.26%
Covered employee payroll	\$ 61,329,300	\$ 59,760,383
Net pension liability as a percentage of covered employee payroll	561.53%	516.20%

Total employer contributions presented at the Schedule of Employer Contributions does not agree to the employer contributions presented above by \$41,866 and \$10,501 for the years ended September 30, 2020 and 2019, respectively, due to unallocated employer contributions.

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(5) Average Remaining Service Life

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires that changes arising from differences between expected and actual experience and from changes in actual assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). These differences are considered on a pooled basis, rather than an individual basis, in order to reflect the expected remaining service life of the entire pool of employees, with the understanding that inactive employees have no remaining service period. As of September 30, 2020 and 2019, the average of the expected remaining service lives of all employees as calculated by the Fund's independent actuaries was 6.82 and 7.03 years, respectively.

(6) Pension Expense

The components of pension expense for the years ended September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 12,226,835	\$ 8,418,805
Interest on the total pension liability	9,785,545	11,772,145
Difference between expected and actual experience in the total pension liability	-	(1,592,684)
Current-period assumption changes	4,120,056	8,207,259
Employee contributions	(3,705,241)	(3,598,146)
Projected earnings on plan investments	(1,933,511)	(2,077,513)
Difference between actual and projected earnings on plan investments	(17,378)	214,480
Pension plan administrative expense	412,892	504,391
Other changes	(5,214,946)	(1,395,246)
Recognition of outflow of resources due to liabilities	18,409,273	12,710,483
Recognition of inflow of resources due to assets	<u>(9,752,595)</u>	<u>(8,189,259)</u>
 Total pension expense	 <u>\$ 24,330,930</u>	 <u>\$ 24,974,715</u>

Other changes of \$41,866 and \$10,501 for the years ended September 30, 2020 and 2019 consist of the difference between employer contributions at the Statement of Fiduciary Net Position and the Schedule of Employer Contributions and \$5,173,080 and \$1,384,745 for the years ended September 30, 2020 and 2019, respectively, from other income.

(7) Deferred Outflows and Inflows of Resources

A summary of deferred outflows and inflows of resources as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,591,468	\$ 9,109,890	\$ 15,687,393	\$ 12,026,295
Change of assumptions	73,899,533	21,647,439	64,019,678	28,122,678
Net difference between projected and actual earnings on pension plan investments	643,440	440,823	857,920	732,261
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>16,959,842</u>	<u>16,959,842</u>	<u>17,309,066</u>	<u>17,309,066</u>
	<u>\$ 103,094,283</u>	<u>\$ 48,157,994</u>	<u>\$ 97,874,057</u>	<u>\$ 58,190,300</u>

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(7) Deferred Outflows and Inflows of Resources, Continued

Amounts reported as deferred outflows and inflows of resources as of September 30, 2020, to be recognized in pension expense in future years is presented below:

<u>Year Ending</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ 12,327,388
2022	11,945,744
2023	8,486,215
2024	7,948,490
2025	10,651,568
Thereafter	<u>3,576,884</u>
	\$ <u>54,936,289</u>

(8) COVID-19 Pandemic

Economic uncertainties have arisen as a result of the COVID-19 pandemic and this matter has negatively impacted the ROP, ROP State Governments and ROP agencies, and ROP public corporations. The Fund expects this matter to negatively impact its future financial results particularly the net pension liability; however, the related financial impact cannot be reasonably estimated at this time. Other financial impacts could occur though such potential impact is unknown.

(9) Subsequent Event

Effective October 1, 2021, in accordance with the Fund's Resolution 004-2021, the Civil Service Pension Plan Operation Plan will exclude future participants that are Non-Palauan citizens.

(10) Additional Financial and Actuarial Information

Additional financial information supporting the preparation of the schedule of employer allocations, schedule of pension amounts by employer and other pension schedules (including the disclosure of the net pension liability and the unmodified audit opinion of the financial statements) is located in the Fund's financial statements for the years ended September 30, 2020 and 2019. If you have questions about this report or need additional information, please contact the Administrator at the Republic of Palau Civil Service Pension Trust Fund, P.O. Box 1767, Koror, Republic of Palau 96940, or e-mail [cspp@palaunet.com](mailto:cspp@palaunet.com) or call (680) 488-2523.