

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, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019), the schedule of allocable pension amortization by employer (September 30, 2019), and the schedule of employers' contributions by employer (September 30, 2019 and 2018) (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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2019 and 2018, 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 \$308,480,463 as of September 30, 2019, which, assuming current contribution rates, would cause the Fund's fiduciary net position to become negative in 2024.

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, 2019 and 2018, and our report thereon, dated January 29, 2020, 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

July 6, 2021

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employer Allocations
September 30, 2019 and 2018

Employer	2019		2018	
	Total Employer Contributions	Employer Allocation Percentage	Total Employer Contributions	Employer Allocation Percentage
Aimeliik State Agency	\$ 1,874	0.0523%	\$ 2,840	0.0810%
Aimeliik State Government	10,757	0.3000%	11,524	0.3289%
Aimeliik State Legislature	2,106	0.0587%	2,457	0.0701%
Airai State Agency	11,395	0.3178%	10,828	0.3090%
Airai State Government	6,150	0.1715%	6,669	0.1903%
Airai State Legislature	6,036	0.1683%	5,459	0.1558%
Airai State - Pan Fund	3,503	0.0977%	3,222	0.0919%
Angaur State Agency	-	0.0000%	-	0.0000%
Angaur State Government	16,639	0.4640%	14,637	0.4177%
Angaur State Legislature	1,959	0.0546%	3,303	0.0943%
Civil Service Pension Trust Fund	12,533	0.3495%	11,660	0.3327%
Dongosaro Municipality - Sonsorol	1,493	0.0416%	1,901	0.0542%
Fanna Municipality-Sonsorol State	-	0.0000%	264	0.0075%
Hatohobe State Agency	4,273	0.1192%	4,123	0.1177%
Hatohobei State Government	5,072	0.1416%	5,165	0.1474%
Hatohobei State Legislature	1,704	0.0475%	1,445	0.0412%
Helen Reef Resource Management - Hatohobei State	5,325	0.1485%	5,455	0.1557%
Kayangel State Government	12,896	0.3597%	13,006	0.3711%
Kayangel State Legislature	1,518	0.0423%	1,593	0.0455%
Koror State Government	296,982	8.2826%	284,302	8.1130%
Koror State Legislature	10,080	0.2811%	10,026	0.2861%
Melekeok State - PAN 1077	5,648	0.1575%	5,250	0.1498%
Melekeok State Agency	177	0.0049%	-	0.0000%
Melekeok State Government	10,079	0.2811%	11,459	0.3270%
Melekeok State Legislature	1,872	0.0522%	1,872	0.0534%
Melekeok Legislature Staff	1,576	0.0440%	1,297	0.0370%
Merir Municipality-Sonsorol State	713	0.0199%	777	0.0222%
National Development Bank of Palau	28,233	0.7874%	27,295	0.7789%
National Development Bank of Palau - SBDC	2,592	0.0723%	2,308	0.0659%
Ngaraard State Government	16,583	0.4625%	15,274	0.4359%
Ngaraard State Legislature	1,628	0.0454%	1,638	0.0467%
Ngaraard State Pan Fund	-	0.0000%	44	0.0013%
Ngardmau Free Trade Zone Authority	453	0.0126%	1,070	0.0305%
Ngardmau State Agency	-	0.0000%	-	0.0000%
Ngardmau State Government	25,167	0.7019%	23,937	0.6831%
Ngardmau State Legislature	2,160	0.0602%	2,340	0.0668%
Ngatpang State Government	6,866	0.1915%	7,298	0.2083%
Ngatpang State Legislature	1,721	0.0480%	1,763	0.0503%
Ngatpang Pan	2,353	0.0656%	1,384	0.0395%
Ngchesar State Agency	4,288	0.1196%	4,111	0.1173%
Ngchesar State Government	6,330	0.1765%	6,451	0.1841%
Ngchesar State Legislature	1,248	0.0348%	1,085	0.0310%
Ngerchelong State Agency	4,989	0.1391%	5,974	0.1705%
Ngerchelong State Government	8,461	0.2360%	8,596	0.2453%
Ngerchelong State Legislature	2,897	0.0808%	2,340	0.0668%
Ngerchelong State Operation	553	0.0154%	1,948	0.0556%
Ngeremlengui State Government	16,186	0.4514%	16,614	0.4741%
Ngeremlengui State Legislature	2,161	0.0603%	2,161	0.0617%
Ngiwal State - Pan Fund	2,845	0.0793%	1,609	0.0459%
Ngiwal State Agency	5,463	0.1524%	4,945	0.1411%
Ngiwal State Government	6,924	0.1931%	7,505	0.2142%
Ngiwal State Legislature	2,957	0.0825%	2,527	0.0721%
Palau Community Action Agency	85,136	2.3744%	81,751	2.3329%
Palau Community College	149,457	4.1682%	149,495	4.2661%
Palau Housing Authority	5,137	0.1433%	4,384	0.1251%
Palau International Coral Reef Center	29,624	0.8262%	26,521	0.7568%
Palau National Communications Corporation	137,597	3.8375%	121,699	3.4729%
Palau Public Utilities Corporation	166,853	4.6534%	166,385	4.7481%
Palau Public Utilities Corporation - Waste & Water Operation	121,134	3.3783%	112,651	3.2147%
Palau Water & Sewer Corporation	1,943	0.0542%	1,852	0.0528%
Palau Visitors Authority	14,767	0.4118%	15,523	0.4430%
Peleliu Marine Transportation Authority	3,608	0.1007%	-	0.0000%
Peleliu State Government	27,239	0.7597%	26,527	0.7570%
Peleliu State Legislature	2,399	0.0669%	2,598	0.0741%
Pulo Anna Municipality-Sonsorol State	1,045	0.0291%	931	0.0266%
Republic of Palau Government	2,210,952	61.6616%	2,181,134	62.2422%
Social Security Retirement Fund	38,723	1.0800%	37,670	1.0750%
Sonsorol State Agency	437	0.0122%	460	0.0131%
Sonsorol State Government	2,822	0.0787%	2,767	0.0790%
Sonsorol State Legislature	1,332	0.0371%	1,165	0.0332%
	<u>\$ 3,585,623</u>	<u>100.0000%</u>	<u>\$ 3,504,264</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, 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 1077	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 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 State Agency	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)	(108,747)	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 Pension Amounts by Employer
September 30, 2018

Employer	Deferred Outflows of Resources					
	Net Pension Liability as of 09/30/18	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	\$ 203,314	\$ 16,033	\$ 579	\$ 18,178	\$ 77,151	\$ 111,941
Aimeliik State Government	825,000	65,059	2,348	73,764	115,735	256,906
Aimeliik State Legislature	175,897	13,871	501	15,727	11,564	41,663
Airai State Agency	775,172	61,129	2,206	69,309	159,090	291,734
Airai State Government	477,431	37,650	1,359	42,688	-	81,697
Airai State Legislature	390,808	30,819	1,112	34,943	69,485	136,359
Airai State - Pan Fund	230,661	18,190	657	20,624	116,194	155,665
Angaur State Agency	-	-	-	-	9	9
Angaur State Government	1,047,856	82,633	2,983	93,690	194,983	374,289
Angaur State Legislature	236,461	18,647	673	21,142	136,878	177,340
Civil Service Pension Trust Fund	834,733	65,826	2,376	74,634	238	143,074
Dongosaro Municipality - Sonsorol	136,091	10,732	387	12,168	75,094	98,381
Fanna Municipality-Sonsorol State	18,900	1,490	54	1,690	23,609	26,843
Hatohobe State Agency	295,165	23,276	840	26,391	125,245	175,752
Hatohobei State Government	369,761	29,159	1,052	33,061	30,643	93,915
Hatohobei State Legislature	103,446	8,158	294	9,249	32,058	49,759
Helen Reef Resource Management - Hatohobei State	390,520	30,796	1,112	34,917	82	66,907
Kayangel State Government	931,094	73,425	2,650	83,250	66,972	226,297
Kayangel State Legislature	114,042	8,993	325	10,197	39,949	59,464
Koror State Government	20,353,060	1,605,027	57,931	1,819,786	1,430,685	4,913,429
Koror State Legislature	717,758	56,602	2,043	64,175	144,604	267,424
Melekeok State - PAN 1077	375,844	29,639	1,070	33,605	195,436	259,750
Melekeok State Agency	-	-	-	-	11,415	11,415
Melekeok State Government	820,346	64,692	2,335	73,348	17,173	157,548
Melekeok State Legislature	134,017	10,568	381	11,983	11,339	34,271
Melekeok Legislature Staff	92,852	7,322	264	8,302	59,576	75,464
Merir Municipality-Sonsorol State	55,625	4,387	158	4,973	45,732	55,250
National Development Bank of Palau	1,954,037	154,094	5,562	174,712	146,871	481,239
National Development Bank of Palau - SBDC	165,230	13,030	470	14,773	5,169	33,442
Ngaraard State Government	1,093,459	86,229	3,112	97,767	104,928	292,036
Ngaraard State Legislature	117,264	9,247	334	10,485	20,431	40,497
Ngaraard State Pan Fund	3,151	248	9	282	7,494	8,033
Ngardmau Free Trade Zone Authority	76,600	6,041	218	6,849	4,224	17,332
Ngardmau State Agency	-	-	-	-	-	-
Ngardmau State Government	1,713,640	135,136	4,878	153,218	110,681	403,913
Ngardmau State Legislature	167,520	13,211	477	14,978	45,568	74,234
Ngatpang State Government	522,462	41,201	1,487	46,714	113,259	202,661
Ngatpang State Legislature	126,212	9,953	359	11,285	15,377	36,974
Ngatpang Pan	99,081	7,813	282	8,859	79,498	96,452
Ngchesar State Agency	294,304	23,209	838	26,314	31,110	81,471
Ngchesar State Government	461,824	36,419	1,315	41,292	19,596	98,622
Ngchesar State Legislature	77,674	6,125	221	6,945	26,579	39,870
Ngerchelong State Agency	427,676	33,726	1,217	38,239	140,438	213,620
Ngerchelong State Government	615,384	48,529	1,752	55,022	13,751	119,054
Ngerchelong State Legislature	167,520	13,211	477	14,978	24,937	53,603
Ngerchelong State Operation	139,455	10,997	397	12,469	112,885	136,748
Ngeremlengui State Government	1,189,389	93,794	3,385	106,344	118,577	322,100
Ngeremlengui State Legislature	154,706	12,200	440	13,832	8	26,480
Ngiwal State - Pan Fund	115,186	9,084	328	10,299	39,150	58,861
Ngiwal State Agency	354,011	27,917	1,008	31,652	108,668	169,245
Ngiwal State Government	537,281	42,370	1,529	48,039	89,963	181,901
Ngiwal State Legislature	180,906	14,266	515	16,175	32,801	63,757
Palau Community Action Agency	5,852,520	461,525	16,658	523,279	775,901	1,777,363
Palau Community College	10,702,283	843,974	30,462	956,901	-	1,831,337
Palau Housing Authority	313,849	24,750	893	28,062	11	53,716
Palau International Coral Reef Center	1,898,628	149,724	5,404	169,758	128,665	453,551
Palau National Communications Corporation	8,712,379	687,051	24,798	778,982	509,645	2,000,476
Palau Public Utilities Corporation	11,911,433	939,326	33,904	1,065,012	2,064,642	4,102,884
Palau Public Utilities Corporation - Waste & Water Operation	8,064,639	635,971	22,955	721,067	989,078	2,369,071
Palau Water & Sewer Corporation	132,584	10,455	377	11,854	81,446	104,132
Palau Visitors Authority	1,111,286	87,635	3,163	99,361	272,620	462,779
Peleliu State Government	1,899,057	149,758	5,405	169,796	182,800	507,759
Peleliu State Legislature	185,989	14,667	529	16,629	44,417	76,242
Pulo Anna Municipality-Sonsorol State	66,651	5,256	190	5,959	42,252	53,657
Republic of Palau Government	156,146,459	12,313,592	444,446	13,961,198	8,158,726	34,877,962
Social Security Administration	2,696,779	212,666	7,676	241,121	23,116	484,579
Sonsorol State Agency	32,932	2,597	94	2,944	1,964	7,599
Sonsorol State Government	198,089	15,621	564	17,711	43,338	77,234
Sonsorol State Legislature	83,401	6,577	237	7,457	3,264	17,535
	<u>\$ 250,868,784</u>	<u>\$ 19,783,318</u>	<u>\$ 714,055</u>	<u>\$ 22,430,407</u>	<u>\$ 17,924,787</u>	<u>\$ 60,852,567</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer, Continued
September 30, 2018

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
\$ (3,036)	\$ (886)	\$ (28,063)	\$ (19,625)	\$ (51,610)	\$ 13,165	\$ 25,646	\$ 38,811
(12,319)	(3,595)	(113,874)	(109,266)	(239,054)	53,422	(5,929)	47,493
(2,627)	(767)	(24,279)	(19,355)	(47,028)	11,390	522	11,912
(11,575)	(3,378)	(106,997)	(32)	(121,982)	50,195	55,306	105,501
(7,129)	(2,080)	(65,899)	(156,321)	(231,429)	30,915	(58,077)	(27,162)
(5,836)	(1,703)	(53,943)	(62,719)	(124,201)	25,306	(10,046)	15,260
(3,444)	(1,005)	(31,838)	(63,915)	(100,202)	14,936	26,499	41,435
-	-	-	(1,525)	(1,525)	-	(311)	(311)
(15,647)	(4,566)	(144,635)	(26,358)	(191,206)	67,852	51,410	119,262
(3,531)	(1,030)	(32,639)	(3,646)	(40,846)	15,312	23,137	38,449
(12,465)	(3,638)	(115,218)	(76,818)	(208,139)	54,052	(11,007)	43,045
(2,032)	(593)	(18,785)	(14,438)	(35,848)	8,812	16,748	25,560
(282)	(82)	(2,609)	(25,902)	(28,875)	1,224	1,962	3,186
(4,408)	(1,286)	(40,741)	-	(46,435)	19,113	31,213	50,326
(5,522)	(1,611)	(51,038)	(14,455)	(72,626)	23,943	1,543	25,486
(1,545)	(451)	(14,279)	(29,622)	(45,897)	6,698	(2,982)	3,716
(5,831)	(1,702)	(53,903)	(37,475)	(98,911)	25,287	(7,514)	17,773
(13,904)	(4,057)	(128,518)	(94,688)	(241,167)	60,292	43,130	103,422
(1,703)	(497)	(15,741)	(15,771)	(33,712)	7,385	3,804	11,189
(303,925)	(88,692)	(2,809,321)	(640,461)	(3,842,399)	1,317,929	710,178	2,028,107
(10,718)	(3,128)	(99,072)	(84,550)	(197,468)	46,477	(9,746)	36,731
(5,612)	(1,638)	(51,878)	(135,598)	(194,726)	24,337	42,940	67,277
-	-	-	(239,589)	(239,589)	-	(14,738)	(14,738)
(12,250)	(3,575)	(113,232)	(83,811)	(212,868)	53,120	(43,677)	9,443
(2,001)	(584)	(18,498)	(11,356)	(32,439)	8,678	2,658	11,336
(1,387)	(405)	(12,816)	(38,247)	(52,855)	6,012	10,616	16,628
(831)	(242)	(7,678)	(29,373)	(38,124)	3,602	6,620	10,222
(29,179)	(8,515)	(269,715)	(106,773)	(414,182)	126,530	(9,126)	117,404
(2,467)	(720)	(22,807)	(32,233)	(58,227)	10,699	(2,638)	8,061
(16,328)	(4,765)	(150,930)	(102,268)	(274,291)	70,805	32,960	103,765
(1,751)	(511)	(16,186)	(43,928)	(62,376)	7,593	5,984	13,577
(47)	(14)	(435)	(7,086)	(7,582)	204	376	580
(1,144)	(334)	(10,573)	(3,446)	(15,497)	4,960	5,398	10,358
-	-	-	(5,263)	(5,263)	-	(13,609)	(13,609)
(25,589)	(7,468)	(236,533)	(43,495)	(313,085)	110,964	67,070	178,034
(2,502)	(730)	(23,123)	(3,224)	(29,579)	10,847	10,163	21,010
(7,802)	(2,277)	(72,115)	(180,253)	(262,447)	33,831	14,480	48,311
(1,885)	(550)	(17,421)	(10,367)	(30,223)	8,173	16,099	24,272
(1,480)	(432)	(13,676)	-	(15,588)	6,416	13,184	19,600
(4,395)	(1,282)	(40,623)	(14,681)	(60,981)	19,057	34,296	53,353
(6,896)	(2,012)	(63,745)	(123,153)	(195,806)	29,905	(3,671)	26,234
(1,160)	(338)	(10,721)	(3,983)	(16,202)	5,030	4,113	9,143
(6,386)	(1,864)	(59,032)	-	(67,282)	27,693	54,512	82,205
(9,189)	(2,682)	(84,941)	(243,119)	(339,931)	39,848	(30,210)	9,638
(2,502)	(730)	(23,123)	(4,761)	(31,116)	10,847	8,928	19,775
(2,082)	(608)	(19,249)	(32,933)	(54,872)	9,030	17,910	26,940
(17,761)	(5,183)	(164,171)	(210,255)	(397,370)	77,017	34,560	111,577
(2,310)	(674)	(21,354)	(36,758)	(61,096)	10,018	(11,821)	(1,803)
(1,720)	(502)	(15,899)	(79,754)	(97,875)	7,459	14,137	21,596
(5,286)	(1,543)	(48,864)	(78,801)	(134,494)	22,923	43,575	66,498
(8,023)	(2,341)	(74,161)	(19,289)	(103,814)	34,791	(1,558)	33,233
(2,701)	(788)	(24,970)	(24,062)	(52,521)	11,714	6,907	18,621
(87,394)	(25,504)	(807,820)	(277,378)	(1,198,096)	378,970	242,672	621,642
(159,813)	(46,637)	(1,477,230)	(1,516,799)	(3,200,479)	693,009	(470,305)	222,704
(4,687)	(1,368)	(43,320)	(54,483)	(103,858)	20,323	(12,438)	7,885
(28,352)	(8,274)	(262,066)	(266,244)	(564,936)	122,943	(25,416)	97,527
(130,099)	(37,966)	(1,202,564)	(404,192)	(1,774,821)	564,156	(124,798)	439,358
(177,869)	(51,906)	(1,644,128)	(224,461)	(2,098,364)	771,305	238,957	1,010,262
(120,426)	(35,143)	(1,113,157)	(187,613)	(1,456,339)	522,213	181,659	703,872
(1,980)	(578)	(18,301)	(10,536)	(31,395)	8,585	16,752	25,337
(16,594)	(4,843)	(153,390)	(117,201)	(292,028)	71,960	(3,766)	68,194
(28,358)	(8,276)	(262,126)	(6,653)	(305,413)	122,970	62,400	185,370
(2,777)	(810)	(25,672)	(38,871)	(68,130)	12,043	4,249	16,292
(995)	(290)	(9,200)	(14,556)	(25,041)	4,316	8,095	12,411
(2,331,679)	(680,439)	(21,552,797)	(10,964,357)	(35,529,272)	10,111,013	(1,273,269)	8,837,744
(40,270)	(11,752)	(372,235)	(254,991)	(679,248)	174,626	(49,829)	124,797
(492)	(144)	(4,546)	(3,304)	(8,486)	2,132	(758)	1,374
(2,958)	(863)	(27,342)	(118,686)	(149,849)	12,827	5,879	18,706
(1,245)	(363)	(11,512)	(19,661)	(32,781)	5,401	(2,008)	3,393
<u>\$ (3,746,133)</u>	<u>\$ (1,093,210)</u>	<u>\$ (34,627,267)</u>	<u>\$ (17,924,787)</u>	<u>\$ (57,391,397)</u>	<u>\$ 16,244,600</u>	<u>\$ -</u>	<u>\$ 16,244,600</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Net Pension Liability Sensitivity by Employer
September 30, 2019

Employer	1% Decrease	Current	1% Increase
	1.85%	Discount Rate 2.85%	3.85%
Aimeliik State Agency	\$ 187,565	\$ 161,224	\$ 139,436
Aimeliik State Government	1,076,652	925,454	800,383
Aimeliik State Legislature	210,788	181,186	156,700
Airai State Agency	1,140,508	980,342	847,853
Airai State Government	615,543	529,100	457,594
Airai State Legislature	604,134	519,293	449,113
Airai State - Pan Fund	350,611	301,373	260,644
Angaur State Agency	-	-	-
Angaur State Government	1,665,372	1,431,497	1,238,037
Angaur State Legislature	196,074	168,538	145,761
Civil Service Pension Trust Fund	1,254,409	1,078,247	932,527
Dongosaro Municipality - Sonsorol	149,434	128,448	111,089
Fanna Municipality-Sonsorol State	-	-	-
Hatohobe State Agency	427,676	367,616	317,935
Hatohobei State Government	507,649	436,358	377,386
Hatohobei State Legislature	170,550	146,599	126,787
Helen Reef Resource Management - Hatohobei State	532,972	458,124	396,211
Kayangel State Government	1,290,742	1,109,478	959,537
Kayangel State Legislature	151,935	130,598	112,949
Koror State Government	29,724,452	25,550,132	22,097,149
Koror State Legislature	1,008,892	867,210	750,010
Melekeok State - PAN 1077	565,299	485,912	420,243
Melekeok State Agency	17,714	15,227	13,169
Melekeok State Government	1,008,792	867,123	749,935
Melekeok State Legislature	187,367	161,055	139,289
Melekeok Legislature Staff	157,738	135,586	117,263
Merir Municipality-Sonsorol State	71,363	61,341	53,051
National Development Bank of Palau	2,825,797	2,428,960	2,100,697
National Development Bank of Palau - SBDC	259,430	222,997	192,860
Ngaraard State Government	1,659,766	1,426,679	1,233,870
Ngaraard State Legislature	162,946	140,062	121,134
Ngaraard State Pan Fund	-	-	-
Ngardmau Free Trade Zone Authority	45,341	38,973	33,706
Ngardmau State Agency	-	-	-
Ngardmau State Government	2,518,923	2,165,181	1,872,567
Ngardmau State Legislature	216,192	185,832	160,717
Ngatpang State Government	687,207	590,700	510,870
Ngatpang State Legislature	172,251	148,061	128,052
Ngatpang Pan	235,507	202,434	175,076
Ngchesar State Agency	429,180	368,909	319,052
Ngchesar State Government	633,558	544,585	470,987
Ngchesar State Legislature	124,912	107,370	92,859
Ngerchelong State Agency	499,341	429,217	371,210
Ngerchelong State Government	846,847	727,921	629,546
Ngerchelong State Legislature	289,957	249,237	215,554
Ngerchelong State Operation	55,350	47,577	41,147
Ngeremlengui State Government	1,620,031	1,392,524	1,204,331
Ngeremlengui State Legislature	216,289	185,915	160,789
Ngiwal State - Pan Fund	284,753	244,764	211,685
Ngiwal State Agency	546,781	469,995	406,477
Ngiwal State Government	693,014	595,691	515,186
Ngiwal State Legislature	295,961	254,398	220,017
Palau Community Action Agency	8,521,125	7,324,471	6,334,602
Palau Community College	14,958,914	12,858,175	11,120,452
Palau Housing Authority	514,156	441,951	382,223
Palau International Coral Reef Center	2,965,018	2,548,629	2,204,193
Palau National Communications Corporation	13,771,863	11,837,827	10,237,999
Palau Public Utilities Corporation	16,700,049	14,354,796	12,414,812
Palau Public Utilities Corporation - Waste & Water Operation	12,124,108	10,421,473	9,013,059
Palau Water & Sewer Corporation	194,473	167,162	144,571
Palau Visitors Authority	1,478,005	1,270,443	1,098,748
Peleliu Marine Transportation Authority	361,119	310,405	268,456
Peleliu State Government	2,726,309	2,343,443	2,026,737
Peleliu State Legislature	240,112	206,392	178,499
Pulo Anna Municipality-Sonsorol State	104,592	89,904	77,753
Republic of Palau Government	221,290,640	190,213,933	164,507,401
Social Security Retirement Fund	3,875,724	3,331,441	2,881,212
Sonsorol State Agency	43,740	37,598	32,516
Sonsorol State Government	282,449	242,783	209,972
Sonsorol State Legislature	133,316	114,594	99,107
	<u>\$ 358,879,277</u>	<u>\$ 308,480,463</u>	<u>\$ 266,790,752</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Allocable Pension Amortization by Employer
September 30, 2019

Employer	Net Deferred Outflows (Inflows) of Resources					
	2020	2021	2022	2023	2024	Thereafter
Aimeliik State Agency	\$ 8,916	\$ 7,102	\$ 4,658	\$ (5,381)	\$ (11,374)	\$ (7,007)
Aimeliik State Government	25,990	29,035	24,811	(6,457)	(12,041)	9,327
Aimeliik State Legislature	(1,154)	(339)	1,960	(1,923)	(2,848)	(206)
Airai State Agency	68,459	59,675	46,434	27,723	18,264	24,666
Airai State Government	(34,293)	(28,194)	(8,908)	(4,190)	(1,956)	4,674
Airai State Legislature	21,178	20,643	14,176	13,541	18,662	16,116
Airai State - Pan Fund	36,980	29,581	(3,581)	344	4,802	8,629
Angaur State Agency	(253)	-	-	-	-	-
Angaur State Government	95,831	88,575	74,029	45,027	47,059	48,418
Angaur State Legislature	13,630	13,527	13,683	11,313	6,301	(10,143)
Civil Service Pension Trust Fund	17,226	21,022	26,739	18,943	19,037	29,602
Dongosaro Municipality - Sonsorol	15,914	15,735	12,624	(3,529)	(5,231)	(1,840)
Fanna Municipality-Sonsorol State	(689)	(1,124)	(3,981)	(7,029)	(4,631)	(2,789)
Hatohobe State Agency	40,332	37,990	28,416	15,796	13,679	8,824
Hatohobei State Government	11,678	12,038	13,810	9,276	6,061	7,451
Hatohobei State Legislature	7,301	7,664	8,248	6,323	557	5,375
Helen Reef Resource Management - Hatohobei State	1,753	3,452	5,852	2,034	1,551	7,351
Kayangel State Government	21,080	12,251	13,534	2,206	(3,222)	19,648
Kayangel State Legislature	7,640	7,901	9,143	4,070	(938)	1,673
Koror State Government	1,048,861	928,981	738,328	333,272	271,990	615,682
Koror State Legislature	26,871	29,214	31,221	31,933	33,037	17,831
Melekeok State - PAN 1077	58,338	47,384	(3,821)	(13,168)	(5,592)	12,962
Melekeok State Agency	(74,988)	(65,133)	(7,174)	(2,139)	957	2,090
Melekeok State Government	(13,229)	(10,368)	4,191	(2,584)	(7,049)	2,224
Melekeok State Legislature	3,664	3,131	3,713	2,531	745	3,049
Melekeok Legislature Staff	16,863	13,915	251	(10)	6,328	5,537
Merir Municipality-Sonsorol State	7,537	7,249	4,931	(2,391)	(4,911)	359
National Development Bank of Palau	71,887	73,453	74,102	53,645	57,613	56,793
National Development Bank of Palau - SBDC	1,412	405	1,397	3,733	5,132	7,197
Ngaraard State Government	61,438	50,037	26,291	13,334	19,594	40,550
Ngaraard State Legislature	(2,981)	(6,387)	(6,059)	(2,004)	582	2,546
Ngaraard State Pan Fund	(66)	(66)	(66)	(327)	(1,617)	(492)
Ngardmau Free Trade Zone Authority	(5,326)	(5,566)	(5,219)	(5,426)	(5,954)	(5,643)
Ngardmau State Agency	(861)	-	-	-	-	-
Ngardmau State Government	89,922	78,723	61,303	30,147	27,121	53,853
Ngardmau State Legislature	13,661	12,309	7,284	5,150	1,190	1,723
Ngatpang State Government	(5,348)	(10,744)	(5,247)	(811)	(15,861)	6,285
Ngatpang State Legislature	5,922	4,929	2,194	(462)	243	2,366
Ngatpang Pan	28,060	27,777	27,526	25,256	24,903	14,282
Ngchesar State Agency	12,598	11,111	11,569	10,163	8,443	8,959
Ngchesar State Government	(10,397)	(13,479)	(14,399)	(7,100)	2,470	9,095
Ngchesar State Legislature	8,060	7,737	7,351	6,653	6,805	3,855
Ngerchelong State Agency	31,640	27,479	20,848	7,711	2,013	(1,769)
Ngerchelong State Government	(26,757)	(28,753)	(31,543)	(27,672)	(10,047)	12,021
Ngerchelong State Legislature	18,290	17,300	12,850	9,892	7,629	10,508
Ngerchelong State Operation	5,109	5,043	4,984	480	(19,004)	(13,688)
Ngeremlengui State Government	7,342	(285)	13,359	(13,238)	(3,676)	21,761
Ngeremlengui State Legislature	(4,766)	(3,540)	215	50	1,129	3,528
Ngiwal State - Pan Fund	10,287	4,563	5,192	2,476	7,921	17,251
Ngiwal State Agency	27,558	17,043	7,361	(2,814)	7,215	14,252
Ngiwal State Government	21,670	20,213	23,662	9,109	3,246	5,456
Ngiwal State Legislature	10,173	12,414	15,983	12,703	10,413	9,414
Palau Community Action Agency	347,727	297,737	252,185	138,144	59,938	173,443
Palau Community College	2,779	5,944	30,919	(11,486)	48,603	242,726
Palau Housing Authority	7,574	7,895	9,269	6,565	7,250	16,083
Palau International Coral Reef Center	60,451	63,990	91,428	36,728	38,805	80,229
Palau National Communications Corporation	437,831	454,925	505,444	381,918	336,224	392,229
Palau Public Utilities Corporation	683,884	680,011	690,896	517,762	358,096	285,222
Palau Public Utilities Corporation - Waste & Water Operation	501,810	517,633	494,931	346,693	309,723	290,345
Palau Water & Sewer Corporation	21,914	21,680	20,129	9,895	808	4,079
Palau Visitors Authority	43,278	46,380	49,716	43,572	50,092	17,785
Peleliu Marine Transportation Authority	44,124	43,689	43,305	39,824	39,282	43,245
Peleliu State Government	105,105	96,165	88,741	54,099	29,055	52,065
Peleliu State Legislature	4,173	4,474	5,577	4,759	(3,227)	1,782
Pulo Anna Municipality-Sonsorol State	11,525	11,274	8,830	(119)	2,225	2,898
Republic of Palau Government	4,547,320	4,351,917	4,207,882	2,192,317	2,012,008	3,934,699
Social Security Retirement Fund	53,266	50,911	41,594	15,664	28,468	74,044
Sonsorol State Agency	10	98	961	255	189	478
Sonsorol State Government	(17,015)	(23,561)	(15,326)	(155)	1,088	5,150
Sonsorol State Legislature	959	925	2,360	923	446	3,845
	<u>\$ 8,656,678</u>	<u>\$ 8,224,710</u>	<u>\$ 7,843,066</u>	<u>\$ 4,383,537</u>	<u>\$ 3,845,813</u>	<u>\$ 6,729,953</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

Schedule of Employers' Contributions by Employer
September 30, 2018

Employer	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Aimeliik State Agency	\$ 14,023	\$ 2,851	\$ 11,172	\$ 47,517	6.00%
Aimeliik State Government	56,941	11,577	45,364	192,950	6.00%
Aimeliik State Legislature	12,136	2,468	9,668	41,133	6.00%
Airai State Agency	53,496	10,877	42,619	181,283	6.00%
Airai State Government	32,946	6,699	26,247	111,650	6.00%
Airai State Legislature	26,973	5,484	21,489	91,400	6.00%
Airai State - Pan Fund	15,910	3,235	12,675	53,917	6.00%
Angaur State Government	72,314	14,703	57,611	245,050	6.00%
Angaur State Legislature	16,326	3,319	13,007	55,317	6.00%
Civil Service Pension Trust Fund	57,599	11,711	45,888	195,183	6.00%
Dongosaro Municipality - Sonsorol	9,383	1,908	7,475	31,800	6.00%
Fanna Municipality-Sonsorol State	1,298	264	1,034	4,400	6.00%
Hatohobe State Agency	20,377	4,143	16,234	69,050	6.00%
Hatohobei State Government	25,519	5,188	20,331	86,467	6.00%
Hatohobei State Legislature	7,133	1,450	5,683	24,167	6.00%
Helen Reef Resource Management - Hatohobei State	26,956	5,481	21,475	91,350	6.00%
Kayangel State Government	64,247	13,063	51,184	217,717	6.00%
Kayangel State Legislature	7,877	1,602	6,275	26,700	6.00%
Koror State Government	1,404,561	285,577	1,118,984	4,759,617	6.00%
Koror State Legislature	49,531	10,071	39,460	167,850	6.00%
Melekeok State - PAN 1077	25,934	5,273	20,661	87,883	6.00%
Melekeok State Government	56,612	11,510	45,102	191,833	6.00%
Melekeok State Legislature	9,245	1,880	7,365	31,333	6.00%
Melekeok Legislature Staff	6,406	1,302	5,104	21,700	6.00%
Merir Municipality-Sonsorol State	3,843	781	3,062	13,017	6.00%
National Development Bank of Palau	134,847	27,417	107,430	456,950	6.00%
National Development Bank of Palau - SBDC	11,409	2,320	9,089	38,667	6.00%
Ngaraard State Government	75,465	15,344	60,121	255,733	6.00%
Ngaraard State Legislature	8,085	1,644	6,441	27,400	6.00%
Ngaraard State Pan Fund	225	46	179	767	6.00%
Ngardmau Free Trade Zone Authority	5,280	1,074	4,206	17,900	6.00%
Ngardmau State Government	118,262	24,045	94,217	400,750	6.00%
Ngardmau State Legislature	11,565	2,351	9,214	39,183	6.00%
Ngatpang State Government	36,062	7,332	28,730	122,200	6.00%
Ngatpang State Legislature	8,708	1,771	6,937	29,517	6.00%
Ngatpang Pan	6,838	1,390	5,448	23,167	6.00%
Ngchesar State Agency	20,308	4,129	16,179	68,817	6.00%
Ngchesar State Government	31,872	6,480	25,392	108,000	6.00%
Ngchesar State Legislature	5,367	1,091	4,276	18,183	6.00%
Ngerchelong State Agency	29,518	6,002	23,516	100,033	6.00%
Ngerchelong State Government	42,468	8,635	33,833	143,917	6.00%
Ngerchelong State Legislature	11,565	2,351	9,214	39,183	6.00%
Ngerchelong State Operation	9,626	1,957	7,669	32,617	6.00%
Ngeremlengui State Government	82,078	16,688	65,390	278,133	6.00%
Ngeremlengui State Legislature	10,682	2,172	8,510	36,200	6.00%
Ngiwal State - Pan Fund	7,946	1,616	6,330	26,933	6.00%
Ngiwal State Agency	24,428	4,967	19,461	82,783	6.00%
Ngiwal State Government	37,083	7,540	29,543	125,667	6.00%
Ngiwal State Legislature	12,482	2,538	9,944	42,300	6.00%
Palau Community Action Agency	403,883	82,118	321,765	1,368,633	6.00%
Palau Community College	738,568	150,166	588,402	2,502,767	6.00%
Palau Housing Authority	21,658	4,404	17,254	73,400	6.00%
Palau International Coral Reef Center	131,021	26,639	104,382	443,983	6.00%
Palau National Communications Corporation	601,245	122,246	478,999	2,037,433	6.00%
Palau Public Utilities Corporation	822,014	167,133	654,881	2,785,550	6.00%
Palau Public Utilities Corporation - Waste & Water Operation	556,544	113,157	443,387	1,885,950	6.00%
Palau Water & Sewer Corporation	9,141	1,859	7,282	30,983	6.00%
Palau Visitors Authority	76,694	15,594	61,100	259,900	6.00%
Peleliu State Government	131,055	26,646	104,409	444,100	6.00%
Peleliu State Legislature	12,829	2,608	10,221	43,467	6.00%
Pulo Anna Municipality-Sonsorol State	4,605	936	3,669	15,600	6.00%
Republic of Palau Government	10,775,665	2,190,915	8,584,750	36,515,250	6.00%
Social Security Retirement Fund	186,109	37,840	148,269	630,667	6.00%
Sonsorol State Agency	2,268	461	1,807	7,683	6.00%
Sonsorol State Government	13,677	2,781	10,896	46,350	6.00%
Sonsorol State Legislature	5,748	1,169	4,579	19,483	6.00%
	<u>\$ 17,312,479</u>	<u>\$ 3,519,989</u>	<u>\$ 13,792,490</u>	<u>\$ 58,666,483</u>	

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2019 and 2018

(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 currently receiving benefits	1,629
Inactive members entitled to but not yet receiving benefits	1,252
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, 2019 and 2018

(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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September 30, 2019 and 2018

(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:

- $1/12^{\text{th}}$ per year for the first 3 years before age 60;
- plus an additional $1/18^{\text{th}}$ per year for the next 3 years;
- plus an additional $1/24^{\text{th}}$ per year for the next 5 years; and
- plus an additional $1/50^{\text{th}}$ 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, 2019 and 2018

(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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Notes to Schedules
September 30, 2019 and 2018

(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, 2019 and 2018, the average remaining service life was 7.03 years, 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, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 336,239,210	\$ 279,481,890
Plan fiduciary net position	<u>(27,758,747)</u>	<u>(28,613,106)</u>
Employers' net pension liability	<u>\$ 308,480,463</u>	<u>\$ 250,868,784</u>
Plan fiduciary net position as a percentage of the total pension liability	8.26%	10.24%

REPUBLIC OF PALAU
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Notes to Schedules
September 30, 2019 and 2018

(4) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2019, for the same measurement date, using the following actuarial assumptions:

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	
Investment Income:	6.74% per year, net of investment expenses, including price inflation	
Price Inflation:	2.5%	
Interest on Member Contributions:	5.0% per year	
Salary Increase:	3.0% per year	
Expenses:	\$300,000 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	
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	

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Notes to Schedules
September 30, 2019 and 2018

(4) Actuarial Assumptions, Continued

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, 2019, 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%
International Equity	15%	9.19%
Emerging Markets	10%	12.52%
US Aggregate Fixed Income	35%	3.82%
Global Broad 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 2.85% at the current measurement date and 4.16% at the prior measurement date. The discount rate was determined using the current assumed rate of return until the point where the plan fiduciary net position is negative. Using the current contribution rates, a negative position happens in 2024 for the 2019 measurement date. For years on or after 2024, a discount rate of 2.81% is used. This rate is based on the Bond Buyer General Obligation 20-year Municipal Bond Index Rate.

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, 2019, calculated using the discount rate of 2.85%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (1.85%) or 1.00% higher (3.85%) from the current rate.

<u>1% Decrease 1.85%</u>	Current Single Discount Rate <u>Assumption 2.85%</u>	<u>1% Increase 3.85%</u>
\$ 358,879,277	\$ 308,480,463	\$ 266,790,752

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CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2019 and 2018

(4) Actuarial Assumptions, Continued

Schedule of Changes in Net Pension Liability and Related Ratios

The changes in net pension liability for the years ended September 30, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Total Pension Liability		
Service cost	\$ 8,418,805	\$ 9,253,291
Interest cost	11,772,145	10,615,203
Difference between expected and actual experience	(11,196,567)	-
Assumption changes	57,697,033	(19,464,397)
Benefit payments	<u>(9,934,096)</u>	<u>(9,726,689)</u>
Net change in total pension liability	56,757,320	(9,322,592)
Total pension liability - beginning	<u>279,481,890</u>	<u>288,804,482</u>
Total pension liability - ending	<u>\$ 336,239,210</u>	<u>\$ 279,481,890</u>
Fund Fiduciary Net Position		
Employer contributions	\$ 3,596,124	\$ 3,519,989
Employee contributions	3,598,146	3,507,075
Pension plan net investment income	1,005,113	2,406,323
Benefit payments	(9,934,096)	(9,726,689)
Pension plan administrative expense	(504,391)	(503,069)
Other	<u>1,384,745</u>	<u>-</u>
Net change in plan fiduciary net position	(854,359)	(796,371)
Plan fiduciary net position - beginning	<u>28,613,106</u>	<u>29,409,477</u>
Plan fiduciary net position - ending	<u>\$ 27,758,747</u>	<u>\$ 28,613,106</u>
Net pension liability - ending	<u>\$ 308,480,463</u>	<u>\$ 250,868,784</u>
Plan fiduciary net position as a percentage of total pension liability	8.26%	10.24%
Covered employee payroll	\$ 59,760,383	\$ 58,666,483
Net pension liability as a percentage of covered employee payroll	516.20%	427.62%

Total employer contributions presented at the Schedule of Employer Contributions does not agree to the employer contributions presented above by \$10,501 and \$15,725 for the years ended September 30, 2019 and 2018, respectively, due to unallocated employer contributions.

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Notes to Schedules
September 30, 2019 and 2018

(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, 2019 and 2018, the average of the expected remaining service lives of all employees as calculated by the Fund's independent actuaries was 7.03 years.

(6) Pension Expense

The components of pension expense for the years ended September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 8,418,805	\$ 9,253,291
Interest on the total pension liability	11,772,145	10,615,203
Difference between expected and actual experience in the total pension liability	(1,592,684)	-
Current-period assumption changes	8,207,259	(2,768,762)
Employee contributions	(3,598,146)	(3,507,075)
Projected earnings on plan investments	(2,077,513)	(2,087,781)
Difference between actual and projected earnings on plan investments	214,480	(63,708)
Pension plan administrative expense	504,391	503,069
Other changes	(1,395,246)	(15,725)
Recognition of outflow (inflow) of resources due to liabilities	12,710,483	12,710,481
Recognition of inflow of resources due to assets	<u>(8,189,259)</u>	<u>(8,394,393)</u>
Total pension expense	<u>\$ 24,974,715</u>	<u>\$ 16,244,600</u>

Other changes of \$10,501 and \$15,725 for the years ended September 30, 2019 and 2018 consist of the difference between employer contributions at the Statement of Fiduciary Net Position and the Schedule of Employer Contributions and \$1,384,745 for the year ended September 30, 2019 from other income.

(7) Deferred Outflows and Inflows of Resources

A summary of deferred outflows and inflows of resources as of September 30, 2019 and 2018 are as follows:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,687,393	\$ 12,026,295	\$ 19,783,318	\$ 3,746,133
Change of assumptions	64,019,678	28,122,678	22,430,407	34,627,267
Net difference between projected and actual earnings on pension plan investments	857,920	732,261	714,055	1,093,210
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>17,309,066</u>	<u>17,309,066</u>	<u>17,924,787</u>	<u>17,924,787</u>
	<u>\$ 97,874,057</u>	<u>\$ 58,190,300</u>	<u>\$ 60,852,567</u>	<u>\$ 57,391,397</u>

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Notes to Schedules
September 30, 2019 and 2018

(7) Deferred Outflows and Inflows of Resources, Continued

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

<u>Year Ending</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 8,656,678
2021	8,224,710
2022	7,843,066
2023	4,383,537
2024	3,845,813
Thereafter	<u>6,729,953</u>
	\$ <u>39,683,757</u>

(8) Subsequent Event

Economic uncertainties have arisen as a result of the COVID-19 coronavirus pandemic. 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 the time. Other financial impacts could occur though such potential impact is unknown.

(9) 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, 2019 and 2018. 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 or call (680) 488-2523.