

*Schedule of Employer Allocation, Schedule of Pension  
Amounts by Employer and Other Pension Schedules*

**Republic of Palau Civil Service Pension  
Plan and Trust**

*Years ended September 30, 2021 and 2020  
with Report of Independent Auditors*



Republic of Palau Civil Service Pension Plan and Trust

Schedule of Employer Allocation, Schedule of Pension Amounts by Employer  
and Other Pension Schedules

Years Ended September 30, 2021 and 2020

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Ernst & Young (CNMI), Inc.  
P.O. Box 1016  
Koror, Republic of Palau 96940

Tel: +1 680 488 2705  
Fax: +1 680 488 3391  
ey.com

## Report of Independent Auditors

The Board of Trustees  
Republic of Palau Civil Service Pension Plan

We have audited the accompanying schedule of employer allocations of the Republic of Palau Civil Service Pension Plan and Trust (the Plan) as of and for the year ended September 30, 2021, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer (collectively as Pension Schedules) of the Plan as of and for the year ended September 30, 2021 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 year ended September 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

### ***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 year ended September 30, 2021, and our report thereon, dated May 13, 2024, 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 the Republic of Palau Civil Service Pension Plan and Trust, the Board of Trustees, the participating employers of the Plan and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

***Report of Other Auditors on September 30, 2020 Pension Schedules***

The accompanying schedule of employer allocations, 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 year ended September 30, 2020, 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) (other pension schedules), and the related notes, were audited by other auditors who expressed an unmodified opinion on those pension schedules on September 13, 2022.

*Ernst + Young*

February 28, 2025

# Republic of Palau Civil Service Pension Plan and Trust

## Schedule of Employer Allocations

September 30, 2021 and 2020

Employer	2021		2020	
	Total Employer Contributions	Employer Allocation Percentage	Total Employer Contributions	Employer Allocation Percentage
Aimeliik State Agency	\$ 2,300	0.0636%	\$ 2,089	0.0567%
Aimeliik State Government	8,685	0.2400%	9,686	0.2632%
Aimeliik State Legislature	4,122	0.1139%	3,848	0.1045%
Airai State Agency	11,126	0.3075%	11,940	0.3244%
Airai State Government	5,963	0.1648%	5,868	0.1594%
Airai State Legislature	5,277	0.1458%	5,610	0.1524%
Airai State - Pan Fund	2,662	0.0736%	3,719	0.1010%
Angaur State Agency	–	0.0000%	–	0.0000%
Angaur State - Pan Fund	1,200	0.0332%	–	0.0000%
Angaur State Government	16,439	0.4543%	18,142	0.4930%
Angaur State Legislature	882	0.0244%	956	0.0259%
Belau Submarine Cable Corp	2,043	0.0565%	2,055	0.0558%
Civil Service Pension Plan	10,561	0.2919%	10,981	0.2984%
Dongosaro Municipality - Sonsorol	2,858	0.0790%	2,715	0.0737%
Fanna Municipality - Sonsorol State	–	0.0000%	–	0.0000%
Hatohobe State Agency	3,515	0.0971%	4,084	0.1109%
Hatohobei State Government	4,864	0.1344%	4,936	0.1341%
Hatohobei State Legislature	1,028	0.0284%	2,001	0.0543%
Helen Reef Resource Management - Hatohobei State	4,468	0.1235%	5,138	0.1396%
Kayangel State Government	11,762	0.3251%	12,334	0.3351%
Kayangel State Legislature	1,306	0.0361%	1,320	0.0358%
Koror State Government	280,999	7.7661%	294,712	8.0090%
Koror State Legislature	11,250	0.3109%	10,170	0.2763%
Melekeok State - PAN	4,212	0.1164%	5,674	0.1541%
Melekeok State Agency	–	0.0000%	–	0.0000%
Melekeok State Government	9,995	0.2762%	10,632	0.2889%
Melekeok State Legislature	1,676	0.0463%	1,872	0.0508%
Melekeok Legislature Staff	1,534	0.0424%	1,629	0.0442%
Merir Municipality - Sonsorol State	–	0.0000%	–	0.0000%
National Development Bank of Palau	29,426	0.8133%	27,717	0.7532%
National Development Bank - SBDC	2,909	0.0804%	3,038	0.0825%
Ngaraard State Government	15,957	0.4410%	15,727	0.4273%
Ngaraard State Legislature	1,175	0.0325%	1,584	0.0430%
Ngaraard State Pan Fund	–	0.0000%	–	0.0000%
Ngardmau Free Trade Zone Authority	–	0.0000%	–	0.0000%
Ngardmau State Agency	–	0.0000%	–	0.0000%
Ngardmau State Government	25,582	0.7070%	25,223	0.6854%
Ngardmau State Legislature	1,256	0.0347%	1,770	0.0481%

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Plan and Trust

## Schedule of Employer Allocations, continued

September 30, 2021 and 2020

<b>Employer</b>	2021		2020	
	Total Employer Contributions	Employer Allocation Percentage	Total Employer Contributions	Employer Allocation Percentage
Ngatpang State Government	9,269	0.2562%	7,613	0.2068%
Ngatpang State Legislature	1,724	0.0476%	1,724	0.0468%
Ngatpang Pan	1,940	0.0536%	2,290	0.0622%
Ngchesar State Agency	4,205	0.1162%	4,278	0.1162%
Ngchesar State Government	6,463	0.1786%	6,220	0.1690%
Ngchesar State Legislature	1,248	0.0345%	1,248	0.0339%
Ngerchelong State PAN Agency	4,267	0.1179%	4,500	0.1222%
Ngerchelong State Government	8,993	0.2485%	7,677	0.2086%
Ngerchelong State Legislature	1,998	0.0552%	2,819	0.0766%
Ngerchelong State Operation	–	0.0000%	–	0.0000%
Ngeremlengui State Government	17,306	0.4783%	15,263	0.4147%
Ngeremlengui State Legislature	1,953	0.0540%	2,465	0.0669%
Ngiwal State - Pan Fund	3,033	0.0838%	3,285	0.0892%
Ngiwal State Agency	5,879	0.1625%	5,812	0.1579%
Ngiwal State Government	5,315	0.1469%	6,627	0.1800%
Ngiwal State Legislature	1,895	0.0524%	2,918	0.0792%
Palau Community Action Agency	82,137	2.2701%	80,698	2.1930%
Palau Community College	148,789	4.1122%	150,667	4.0944%
Palau Housing Authority	6,479	0.1791%	5,488	0.1491%
Palau Coral Reef Center	37,809	1.0449%	34,932	0.9493%
Palau National Communications Corporation	150,933	4.1714%	145,962	3.9666%
Palau Public Utilities Corporation	190,924	5.2767%	173,647	4.7189%
Palau Public Utilities Corporation - Waste & Water Operation	121,958	3.3706%	122,291	3.3233%
Palau Visitors Authority	14,017	0.3874%	14,775	0.4015%
Palau Water & Sewer Corporation	2,451	0.0677%	2,439	0.0662%
Peleliu Marine Transportation Authority	4,714	0.1303%	4,062	0.1103%
Peleliu State Government	26,699	0.7379%	28,551	0.7758%
Peleliu State Legislature	1,395	0.0386%	2,526	0.0686%
Pulo Anna Municipality - Sponsorol State	1,292	0.0357%	1,363	0.0370%
Republic of Palau National Government	2,219,802	61.3500%	2,286,280	62.1348%
Social Security Administration	39,182	1.0829%	39,380	1.0701%
Sponsorol Legislature Staff	506	0.0140%	447	0.0121%
Sponsorol State - Water Desal Project	346	0.0096%	–	0.0000%
Sponsorol State Government	4,508	0.1246%	2,814	0.0764%
Sponsorol State Legislature	1,800	0.0497%	1,527	0.0414%
	<b>\$ 3,618,261</b>	<b>100.0000%</b>	<b>\$ 3,679,758</b>	<b>100.0000%</b>

*See accompanying notes to schedules.*

# Republic of Palau Civil Service Pension Plan and Trust

## Schedule of Pension Amounts by Employer

September 30, 2021

Employer	Deferred Outflows of Resources					
	Net Pension Liability as of 09/30/21	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	\$ 193,791	\$ 4,765	\$ 273	\$ 37,103	\$ 45,002	\$ 87,143
Aimeliik State Government	731,776	17,992	1,030	140,105	28,829	187,956
Aimeliik State Legislature	347,309	8,539	489	66,496	113,241	188,765
Airai State Agency	937,451	23,048	1,319	179,483	57,314	261,164
Airai State Government	502,428	12,353	707	96,194	13,180	122,434
Airai State Legislature	444,629	10,932	626	85,128	41,351	138,037
Airai State - Pan Fund	224,293	5,515	316	42,943	14,560	63,334
Angaur State Agency	—	—	—	—	—	—
Angaur State - Pan Fund	101,109	2,486	142	19,358	81,919	103,905
Angaur State Government	1,385,110	34,055	1,949	265,192	173,745	474,941
Angaur State Legislature	74,314	1,827	105	14,228	65,381	81,541
Belau Submarine Cable Corp	172,140	4,232	242	32,958	107,616	145,048
Civil Service Pension Plan	889,846	21,878	1,252	170,369	23,824	217,323
Dongosaro Municipality - Sonsorol	240,808	5,921	339	46,105	91,590	143,955
Fanna Municipality - Sonsorol State	—	—	—	—	3,542	3,542
Hatohobe State Agency	296,165	7,282	417	56,703	39,543	103,945
Hatohobei State Government	409,828	10,076	577	78,465	14,342	103,460
Hatohobei State Legislature	86,615	2,130	122	16,583	34,089	52,924
Helen Reef Resource Management - Hatohobei State	376,464	9,256	530	72,077	—	81,863
Kayangel State Government	991,037	24,366	1,394	189,743	7,706	223,209
Kayangel State Legislature	110,041	2,706	155	21,068	13,721	37,650
Koror State Government	23,676,305	582,114	33,314	4,533,042	392,473	5,540,943
Koror State Legislature	947,899	23,305	1,334	181,484	157,992	364,115
Melekeok State - PAN	354,895	8,726	499	67,948	16,543	93,716
Melekeok State Agency	—	—	—	—	7,001	7,001
Melekeok State Government	842,156	20,706	1,185	161,238	21,396	204,525
Melekeok State Legislature	141,217	3,472	199	27,037	3,317	34,025
Melekeok Legislature Staff	129,251	3,178	182	24,746	17,176	45,282
Merir Municipality - Sonsorol State	—	—	—	—	11,460	11,460
National Development Bank of Palau	2,479,366	60,959	3,489	474,697	234,087	773,232
National Development Bank - SBDC	245,106	6,026	345	46,928	28,901	82,200
Ngaraard State Government	1,344,499	33,056	1,892	257,416	71,397	363,761
Ngaraard State Legislature	99,002	2,434	139	18,955	—	21,528
Ngaraard State Pan Fund	—	—	—	—	2,841	2,841
Ngardmau Free Trade Zone Authority	—	—	—	—	1,011	1,011
Ngardmau State Agency	—	—	—	—	—	—
Ngardmau State Government	2,155,479	52,995	3,033	412,686	86,980	555,694
Ngardmau State Legislature	105,828	2,602	149	20,262	11,574	34,587
Ngatpang State Government	780,984	19,202	1,099	149,527	181,906	351,734
Ngatpang State Legislature	145,260	3,571	204	27,811	3,161	34,747
Ngatpang Pan	163,460	4,019	230	31,296	77,004	112,549

See accompanying notes to schedules.



# Republic of Palau Civil Service Pension Plan and Trust

## Schedule of Pension Amounts by Employer, continued

September 30, 2021

Employer	Deferred Outflows of Resources					Total Deferred Outflows of Resources
	Net Pension Liability as of 09/30/21	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	
Ngchesar State Agency	354,303	8,711	499	67,835	14,818	91,863
Ngchesar State Government	544,558	13,389	766	104,261	23,685	142,101
Ngchesar State Legislature	105,154	2,585	148	20,133	19,336	42,202
Ngerchelong State PAN Agency	359,529	8,839	506	68,835	41,524	119,704
Ngerchelong State Government	757,729	18,630	1,066	145,074	98,598	263,368
Ngerchelong State Legislature	168,347	4,139	237	32,232	23,913	60,521
Ngerchelong State Operation	-	-	-	-	42,772	42,772
Ngeremlengui State Government	1,458,162	35,851	2,052	279,178	170,318	487,399
Ngeremlengui State Legislature	164,554	4,046	232	31,505	12,765	48,548
Ngjwal State - Pan Fund	255,554	6,283	360	48,928	67,444	123,015
Ngjwal State Agency	495,349	12,179	697	94,839	44,887	152,602
Ngjwal State Government	447,830	11,011	630	85,741	27,313	124,695
Ngjwal State Legislature	159,667	3,926	225	30,570	29,708	64,429
Palau Community Action Agency	6,920,666	170,154	9,738	1,325,024	411,892	1,916,808
Palau Community College	12,536,607	308,229	17,640	2,400,247	43,691	2,769,807
Palau Housing Authority	545,905	13,422	768	104,519	110,828	229,537
Palau Coral Reef Center	3,185,695	78,325	4,482	609,930	595,975	1,288,712
Palau National Communications Corporation	12,717,255	312,671	17,894	2,434,833	1,506,386	4,271,784
Palau Public Utilities Corporation	16,086,799	395,516	22,635	3,079,963	2,442,767	5,940,881
Palau Public Utilities Corporation - Waste & Water Operation	10,275,891	252,647	14,459	1,967,412	788,140	3,022,658
Palau Visitors Authority	1,181,039	29,037	1,662	226,121	136,987	393,807
Palau Water & Sewer Corporation	206,516	5,077	291	39,539	54,424	99,331
Peleliu Marine Transportation Authority	397,192	9,765	559	76,046	210,405	296,775
Peleliu State Government	2,249,594	55,309	3,165	430,705	84,893	574,072
Peleliu State Legislature	117,538	2,890	165	22,504	20,116	45,675
Pulo Anna Municipality - Sonsorol State	108,862	2,677	153	20,843	27,702	51,375
Republic of Palau National Government	187,035,216	4,598,509	263,161	35,809,581	7,479,148	48,150,399
Social Security Administration	3,301,382	81,169	4,645	632,079	38,470	756,363
Sonsorol Legislature Staff	42,636	1,048	60	8,163	4,977	14,248
Sonsorol State - Water Desal Project	29,154	717	41	5,582	23,620	29,960
Sonsorol State Government	379,833	9,339	534	72,722	118,855	201,450
Sonsorol State Legislature	151,665	3,729	213	29,038	34,885	67,865
	<u>\$304,866,042</u>	<u>\$7,495,543</u>	<u>\$428,960</u>	<u>\$58,369,356</u>	<u>\$17,047,957</u>	<u>\$83,341,816</u>

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Plan and Trust

## Schedule of Pension Amounts by Employer, continued

September 30, 2021

Employer	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
Aimeliik State Agency	\$ 31,463	\$ 1,241	\$ 9,644	\$ 50,677	\$ 93,025	\$ 12,309	\$ 7,464	\$ 19,773
Aimeliik State Government	118,809	4,686	36,418	208,755	368,668	46,480	(19,978)	26,502
Aimeliik State Legislature	56,388	2,224	17,284	19,480	95,376	22,060	16,865	38,925
Airai State Agency	152,201	6,003	46,654	41,947	246,805	59,544	28,963	88,507
Airai State Government	81,572	3,218	25,004	72,383	182,177	31,913	(44,786)	(12,873)
Airai State Legislature	72,188	2,847	22,128	63,746	160,909	28,241	(2,268)	25,973
Airai State - Pan Fund	36,415	1,436	11,162	88,155	137,168	14,246	11,205	25,451
Angaur State Agency	-	-	-	-	-	-	-	-
Angaur State - Pan Fund	16,416	648	5,032	-	22,096	6,422	14,076	20,498
Angaur State Government	224,881	8,870	68,932	105,545	408,228	87,978	45,408	133,386
Angaur State Legislature	12,065	476	3,698	115,082	131,321	4,720	(2,942)	1,778
Belau Submarine Cable Corp	27,948	1,102	8,567	-	37,617	10,934	22,273	33,207
Civil Service Pension Plan	144,472	5,699	44,285	122,457	316,913	56,520	(30,647)	25,873
Dongosaro Municipality - Sonsorol	39,097	1,542	11,984	25,138	77,761	15,295	27,187	42,482
Fanna Municipality - Sonsorol State	-	-	-	21,972	21,972	-	(1,124)	(1,124)
Hatohobe State Agency	48,084	1,897	14,739	49,732	114,452	18,811	19,088	37,899
Hatohobei State Government	66,538	2,625	20,396	23,176	112,735	26,031	(2,356)	23,675
Hatohobei State Legislature	14,063	555	4,311	75,540	94,469	5,502	(4,564)	938
Helen Reef Resource Management - Hatohobei State	61,121	2,411	18,735	73,824	156,091	23,912	(19,115)	4,797
Kayangel State Government	160,901	6,347	49,321	129,021	345,590	62,947	(31,268)	31,679
Kayangel State Legislature	17,866	705	5,476	21,155	45,202	6,989	1,966	8,955
Koror State Government	3,844,000	151,623	1,178,293	1,441,439	6,615,355	1,503,840	36,863	1,540,703
Koror State Legislature	153,897	6,070	47,174	31,757	238,898	60,207	18,883	79,090
Melekeok State - PAN	57,619	2,273	17,662	161,723	239,277	22,542	17,083	39,625
Melekeok State Agency	-	-	-	23,769	23,769	-	(67,484)	(67,484)
Melekeok State Government	136,729	5,393	41,911	105,178	289,211	53,491	(35,785)	17,706
Melekeok State Legislature	22,927	904	7,028	18,966	49,825	8,970	(3,622)	5,348
Melekeok Legislature Staff	20,985	828	6,432	19,119	47,364	8,210	9,630	17,840
Merir Municipality - Sonsorol State	-	-	-	55,782	55,782	-	(2,223)	(2,223)
National Development Bank of Palau	402,541	15,878	123,390	88,093	629,902	157,481	20,705	178,186
National Development Bank - SBDC	39,795	1,570	12,198	13,753	67,316	15,568	(2,410)	13,158
Ngaraard State Government	218,288	8,610	66,911	110,108	403,917	85,398	3,948	89,346
Ngaraard State Legislature	16,074	634	4,927	45,882	67,517	6,288	(15,537)	(9,249)
Ngaraard State Pan Fund	-	-	-	5,343	5,343	-	(66)	(66)
Ngardmau Free Trade Zone Authority	-	-	-	50,134	50,134	-	(11,584)	(11,584)
Ngardmau State Agency	-	-	-	-	-	-	-	-
Ngardmau State Government	349,956	13,804	107,271	52,536	523,567	136,909	23,673	160,582
Ngardmau State Legislature	17,182	678	5,267	66,094	89,221	6,722	(3,113)	3,609

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Plan and Trust

## Schedule of Pension Amounts by Employer, continued

September 30, 2021

Employer	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
Ngatpang State Government	\$ 126,798	\$ 5,001	\$ 38,867	\$ 90,210	\$ 260,876	\$ 49,606	\$ 494	\$ 50,100
Ngatpang State Legislature	23,584	930	7,229	9,974	41,717	9,226	867	10,093
Ngatpang Pan	26,539	1,047	8,135	27,722	63,443	10,382	17,387	27,769
Ngchesar State Agency	57,523	2,269	17,633	9,383	86,808	22,504	(56)	22,448
Ngchesar State Government	88,412	3,487	27,101	64,447	183,447	34,589	(26,886)	7,703
Ngchesar State Legislature	17,072	673	5,233	2,877	25,855	6,679	4,769	11,448
Ngerchelong State PAN Agency	58,372	2,302	17,893	87,227	165,794	22,836	7,544	30,380
Ngerchelong State Government	123,022	4,852	37,710	162,990	328,574	48,128	(41,996)	6,132
Ngerchelong State Legislature	27,332	1,078	8,378	62,241	99,029	10,693	(72)	10,621
Ngerchelong State Operation	-	-	-	102,815	102,815	-	(2,305)	(2,305)
Ngeremlengui State Government	236,742	9,338	72,568	167,753	486,401	92,618	(24,893)	67,725
Ngeremlengui State Legislature	26,716	1,054	8,189	40,961	76,920	10,452	(11,370)	(918)
Ngiwal State - Pan Fund	41,491	1,637	12,718	47,293	103,139	16,232	(362)	15,870
Ngiwal State Agency	80,423	3,172	24,652	31,797	140,044	31,463	8,639	40,102
Ngiwal State Government	72,708	2,868	22,287	136,596	234,459	28,445	(14,888)	13,557
Ngiwal State Legislature	25,923	1,023	7,946	72,529	107,421	10,142	(7,046)	3,096
Palau Community Action Agency	1,123,614	44,320	344,419	483,798	1,996,151	439,578	63,676	503,254
Palau Community College	2,035,398	80,284	623,907	779,794	3,519,383	796,284	(358,441)	437,843
Palau Housing Authority	88,631	3,496	27,168	19,258	138,553	34,674	11,126	45,800
Palau Coral Reef Center	517,218	20,401	158,542	67,042	763,203	202,345	85,156	287,501
Palau National Communications Corporation	2,064,728	81,441	632,897	14,364	2,793,430	807,758	277,130	1,084,888
Palau Public Utilities Corporation	2,611,795	103,020	800,588	149,717	3,665,120	1,021,780	559,827	1,581,607
Palau Public Utilities Corporation - Waste & Water Operation	1,668,357	65,807	511,398	104,447	2,350,009	652,690	238,173	890,863
Palau Visitors Authority	191,749	7,563	58,776	124,221	382,309	75,016	2,446	77,462
Palau Water & Sewer Corporation	33,529	1,323	10,278	5,295	50,425	13,117	22,608	35,725
Peleliu Marine Transportation Authority	64,487	2,544	19,767	-	86,798	25,228	47,705	72,933
Peleliu State Government	365,236	14,406	111,955	97,200	588,797	142,887	23,951	166,838
Peleliu State Legislature	19,083	753	5,849	97,506	123,191	7,466	(13,114)	(5,648)
Pulo Anna Municipality - Sonsorol State	17,674	697	5,418	8,804	32,593	6,915	11,424	18,339
Republic of Palau National Government	30,366,366	1,197,772	9,308,142	10,230,147	51,102,427	11,879,852	(866,046)	11,013,806
Social Security Administration	536,001	21,142	164,299	112,109	833,551	209,693	(36,367)	173,326
Sonsorol Legislature Staff	6,922	273	2,122	1,413	10,730	2,708	(140)	2,568
Sonsorol State - Water Desal Project	4,733	187	1,451	-	6,371	1,852	4,059	5,911
Sonsorol State Government	61,668	2,432	18,903	31,427	114,430	24,126	(10,492)	13,634
Sonsorol State Legislature	24,624	971	7,548	7,139	40,282	9,633	3,085	12,718
	\$49,496,951	\$ 1,952,360	\$15,172,200	\$ 17,047,957	\$83,669,468	\$19,364,077	\$ -	\$19,364,077

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Trust Fund

## Schedule of Pension Amounts by Employer, continued

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
Hatohobe 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

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Trust Fund

## Schedule of Pension Amounts by Employer, continued

September 30, 2020

Employer	Deferred Outflows of Resources					Total 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	
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
Ngerchelong State PAN Agency	421,151	14,175	787	90,372	68,588	173,922
Ngerchelong State Government	718,482	24,183	1,342	154,175	3,558	183,258
Ngerchelong State Legislature	263,826	8,880	493	56,613	35,232	101,218
Ngerchelong 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
	\$344,384,167	\$11,591,468	\$643,440	\$73,899,533	\$16,959,842	\$103,094,283

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Trust Fund

## Schedule of Pension Amounts by Employer, continued

September 30, 2020

Employer	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
Aimeliik State Agency	(\$ 5,172)	(\$ 250)	(\$ 12,289)	(\$ 64,061)	(\$ 81,772)	\$ 13,813	\$ 6,168	\$ 19,981
Aimeliik State Government	(23,979)	(1,160)	(56,981)	(190,571)	(272,691)	64,045	(14,477)	49,568
Aimeliik State Legislature	(9,526)	(461)	(22,637)	(27,464)	(60,088)	25,443	11,827	37,270
Airai State Agency	(29,560)	(1,430)	(70,241)	-	(101,231)	78,949	43,581	122,530
Airai State Government	(14,527)	(703)	(34,521)	(119,434)	(169,185)	38,800	(53,891)	(15,091)
Airai State Legislature	(13,889)	(672)	(33,003)	(65,701)	(113,265)	37,094	345	37,439
Airai State - Pan Fund	(9,207)	(446)	(21,878)	(34,799)	(66,330)	24,590	29,851	54,441
Angaur State Agency	-	-	-	-	-	-	(253)	(253)
Angaur State Government	(44,914)	(2,173)	(106,727)	(15,439)	(169,253)	119,957	67,080	187,037
Angaur State Legislature	(2,367)	(115)	(5,624)	(137,211)	(145,317)	6,321	(2,394)	3,927
Belau Submarine Cable Corp	(5,088)	(246)	(12,089)	-	(17,423)	13,588	22,011	35,599
Civil Service Pension Trust Fund	(27,185)	(1,315)	(64,599)	(140,101)	(233,200)	72,607	(33,180)	39,427
Dongosaro Municipality - Sonsorol	(6,721)	(325)	(15,972)	(31,970)	(54,988)	17,952	24,978	42,930
Fanna Municipality-Sonsorol State	-	-	-	(29,495)	(29,495)	-	(689)	(689)
Hatohebe State Agency	(10,111)	(489)	(24,026)	(18,772)	(53,398)	27,004	26,790	53,794
Hatohebe State Government	(12,220)	(591)	(29,038)	(31,320)	(73,169)	32,637	(3,451)	29,186
Hatohebe State Legislature	(4,954)	(240)	(11,772)	(16,492)	(33,458)	13,231	5,889	19,120
Helen Reef Resource Management - Hatohebe State	(12,720)	(616)	(30,226)	(46,211)	(89,773)	33,973	(14,603)	19,370
Kayangel State Government	(30,535)	(1,478)	(72,559)	(135,232)	(239,804)	81,554	(19,701)	61,853
Kayangel State Legislature	(3,268)	(158)	(7,765)	(28,210)	(39,401)	8,728	1,427	10,155
Koror State Government	(729,612)	(35,306)	(1,733,744)	(1,055,566)	(3,554,228)	1,948,665	224,042	2,172,707
Koror State Legislature	(25,178)	(1,218)	(59,829)	(51,517)	(137,742)	67,245	664	67,909
Melekeok State - PAN	(14,047)	(680)	(33,379)	(94,208)	(142,314)	37,517	43,392	80,909
Melekeok State Agency	-	-	-	(92,990)	(92,990)	-	(77,361)	(77,361)
Melekeok State Government	(26,321)	(1,274)	(62,546)	(110,865)	(201,006)	70,300	(34,474)	35,826
Melekeok State Legislature	(4,634)	(224)	(11,013)	(11,224)	(27,095)	12,378	(1,382)	10,996
Melekeok Legislature Staff	(4,033)	(195)	(9,583)	(22,411)	(36,222)	10,771	13,184	23,955
Merir Municipality-Sonsorol State	-	-	-	(69,295)	(69,295)	-	(2,022)	(2,022)
National Development Bank of Palau	(68,618)	(3,320)	(163,055)	(120,198)	(355,191)	183,268	(9,742)	173,526
National Development Bank of Palau - SBDC	(7,521)	(364)	(17,872)	(16,305)	(42,062)	20,088	(798)	19,290
Ngaraard State Government	(38,935)	(1,884)	(92,519)	(143,549)	(276,887)	103,988	7,570	111,558
Ngaraard State Legislature	(3,921)	(190)	(9,318)	(31,348)	(44,777)	10,473	(7,841)	2,632
Ngaraard State Pan Fund	-	-	-	(6,960)	(6,960)	-	(66)	(66)
Ngardmau Free Trade Zone Authority	-	-	-	(62,269)	(62,269)	-	(11,399)	(11,399)
Ngardmau State Agency	-	-	-	-	-	-	(861)	(861)
Ngardmau State Government	(62,444)	(3,022)	(148,383)	(66,405)	(280,254)	166,777	22,685	189,462
Ngardmau State Legislature	(4,382)	(212)	(10,413)	(40,950)	(55,957)	11,703	3,661	15,364
Ngatpang State Government	(18,847)	(912)	(44,786)	(133,595)	(198,140)	50,338	(15,854)	34,484
Ngatpang State Legislature	(4,268)	(207)	(10,142)	(13,190)	(27,807)	11,399	1,315	12,714
Ngatpang Pan	(5,669)	(274)	(13,472)	(7,778)	(27,193)	15,142	21,043	36,185
Ngchesar State Agency	(10,591)	(512)	(25,167)	(14,460)	(50,730)	28,287	933	29,220
Ngchesar State Government	(15,399)	(745)	(36,591)	(97,954)	(150,689)	41,127	(28,637)	12,490

See accompanying notes to schedules.

# Republic of Palau Civil Service Pension Trust Fund

## Schedule of Pension Amounts by Employer, continued

September 30, 2020

Employer	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	Proportionate Share Of Contributions	Total Employer Pension Expense
Ngchesar State Legislature	(\$ 3,090)	(\$ 150)	(\$ 7,342)	(\$ 4,161)	(\$ 14,743)	\$ 8,252	\$ 4,695	\$ 12,947
Ngerchelong State PAN Agency	(11,141)	(539)	(26,473)	(94,124)	(132,277)	29,755	12,956	42,711
Ngerchelong State Government	(19,006)	(920)	(45,163)	(225,485)	(290,574)	50,761	(57,960)	(7,199)
Ngerchelong State Legislature	(6,979)	(338)	(16,584)	(11,725)	(35,626)	18,639	9,646	28,285
Ngerchelong State Operation	-	-	-	(128,491)	(128,491)	-	(2,305)	(2,305)
Ngeremlengui State Government	(37,786)	(1,828)	(89,790)	(235,793)	(365,197)	100,921	(46,172)	54,749
Ngeremlengui State Legislature	(6,103)	(295)	(14,501)	(17,317)	(38,216)	16,299	(7,334)	8,965
Ngiwal State - Pan Fund	(8,133)	(394)	(19,325)	(48,982)	(76,834)	21,721	7,331	29,052
Ngiwal State Agency	(14,389)	(696)	(34,191)	(47,465)	(96,741)	38,429	16,571	55,000
Ngiwal State Government	(16,406)	(794)	(38,986)	(72,729)	(128,915)	43,818	(174)	43,644
Ngiwal State Legislature	(7,224)	(350)	(17,166)	(11,161)	(35,901)	19,294	1,785	21,079
Palau Community Action Agency	(199,782)	(9,667)	(474,734)	(601,243)	(1,285,426)	533,583	70,712	604,295
Palau Community College	(373,003)	(18,049)	(886,350)	(1,145,742)	(2,423,144)	996,225	(387,118)	609,107
Palau Housing Authority	(13,586)	(657)	(32,285)	(29,539)	(76,067)	36,287	(2,513)	33,774
Palau International Coral Reef Center	(86,480)	(4,185)	(205,500)	(128,496)	(424,661)	230,974	37,454	268,428
Palau National Communications Corporation	(361,355)	(17,486)	(858,672)	(93,892)	(1,331,405)	965,116	156,538	1,121,654
Palau Public Utilities Corporation	(429,894)	(20,802)	(1,021,538)	(227,111)	(1,699,345)	1,148,171	306,906	1,455,077
Palau Public Utilities Corporation - Waste & Water Operation	(302,753)	(14,650)	(719,419)	(126,117)	(1,162,939)	808,601	187,689	996,290
Palau Water & Sewer Corporation	(6,038)	(292)	(14,348)	(7,042)	(27,720)	16,127	21,989	38,116
Palau Visitors Authority	(36,578)	(1,770)	(86,919)	(126,101)	(251,368)	97,694	3,559	101,253
Peleliu Marine Transportation Authority	(10,056)	(487)	(23,896)	-	(34,439)	26,858	39,261	66,119
Peleliu State Government	(70,683)	(3,420)	(167,961)	(4,447)	(246,511)	188,782	45,736	234,518
Peleliu State Legislature	(6,254)	(303)	(14,860)	(33,390)	(54,807)	16,702	(933)	15,769
Pulo Anna Municipality- Sonsorol State	(3,374)	(163)	(8,018)	(8,528)	(20,083)	9,012	12,114	21,126
Republic of Palau Government	(5,660,088)	(273,889)	(13,449,826)	(9,896,696)	(29,280,499)	15,117,113	(605,408)	14,511,705
Social Security Administration	(97,492)	(4,718)	(231,666)	(162,382)	(496,258)	260,385	(44,074)	216,311
Sonsorol Legislature Staff	(1,107)	(54)	(2,630)	(2,727)	(6,518)	2,956	(1,061)	1,895
Sonsorol State Government	(6,967)	(337)	(16,554)	(62,341)	(86,199)	18,606	(24,707)	(6,101)
Sonsorol State Legislature	(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 Plan and Trust

## Notes to Schedules

September 30, 2021 and 2020

### 1. Plan Description

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

#### General

The Plan is a defined benefit, cost sharing multiple employer plan, providing retirement, security and other benefits to employees, their spouses and dependents, of the Republic of Palau (ROP), ROP State Governments and ROP agencies, funds and public corporations. The Plan was established pursuant to 33 Palau National Code Annotated (PNCA) section 2001 passed on April 3, 1987, and began operations on October 1, 1987.

#### 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, participate in the Plan. Membership consisted of the following as of October 1, 2021 (the valuation date):

Inactive members or beneficiaries currently receiving benefits	1,730
Inactive members entitled to but not yet receiving benefits	404
Inactive nonvested members	1,105
Active members	<u>3,423</u>
Total members	<u>6,662</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.



# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### **1. Plan Description, continued**

#### **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 at a participating employer. 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.

#### **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 or 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.

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 1. Plan Description, continued

#### Pension Benefits, continued

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 Plan. 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:

<b>Factor</b>	<b>If the Spouse or Beneficiary is:</b>
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:

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 1. Plan Description, continued

#### Pension Benefits, continued

- $1/12^{\text{th}}$  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.

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### **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 Plan 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 Plan in order to keep the Plan on a sound actuarial basis. RPPL 9-2 requires the Government of ROP to make regular contributions to the Plan 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 Plan.

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### **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.

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 Plan'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 Plan policy. The cost of administering the Plan is paid out of the assets of the Plan.

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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***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.

#### **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.

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 3. Allocation Methodology

A reconciliation of total contributions presented in the schedule of employer allocations and additions from employer contributions for the Plan pursuant to the Plan's Statement of Changes in Fiduciary Net Position for the years ended September 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Total contributions per schedule of employer allocations	\$3,618,261	\$3,679,758
Reconciling items:		
Unallocated employer contributions	<u>35,611</u>	<u>41,866</u>
Total contributions per audited financial statements	<u>\$3,653,872</u>	<u>\$3,721,624</u>

### 4. Collective Net Pension Liability

The components of the employers' net pension liability as of September 30, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$340,534,713	\$376,050,811
Plan fiduciary net position	( 35,668,671)	( 31,666,644)
Employers' net pension liability	<u>\$304,866,042</u>	<u>\$344,384,167</u>
Plan fiduciary net position as a percentage of the total pension liability	10.47%	8.42%

### 5. Actuarial Assumptions and Other Inputs

The total pension liability was determined by an actuarial valuation as of October 1, 2021 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:	2.17%

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 5. Actuarial Assumptions and Other Inputs, continued

Year fiduciary net position is projected to be depleted:	2027																		
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:	<table><thead><tr><th>Age</th><th>Disability</th></tr></thead><tbody><tr><td>25</td><td>0.21%</td></tr><tr><td>30</td><td>0.18%</td></tr><tr><td>35</td><td>0.25%</td></tr><tr><td>40</td><td>0.35%</td></tr><tr><td>45</td><td>0.50%</td></tr><tr><td>50</td><td>0.76%</td></tr><tr><td>55</td><td>1.43%</td></tr><tr><td>60</td><td>2.12%</td></tr></tbody></table>	Age	Disability	25	0.21%	30	0.18%	35	0.25%	40	0.35%	45	0.50%	50	0.76%	55	1.43%	60	2.12%
Age	Disability																		
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																		

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 5. Actuarial Assumptions and Other Inputs, 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 Plan's investments of 5.95% was determined using log-normal distribution analysis, creating a best-estimate range for each asset class. As of July 2024, the twenty-year 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 Equities	46%	8.46%
Non-US Equities (Mature Markets)	10%	8.20%
Fixed Income (US Core)	40%	3.72%
Alternatives (Real Estate Investment Trusts)	<u>4%</u>	8.72%
	<u>100%</u>	

#### *Discount Rate*

The discount rate used to measure the total pension liability was 2.23% at the current measurement date and 2.28% 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 2027. For years on or after 2027, the Municipal Bond Index Rate of 2.17% was used. The Municipal Bond Index Rate from the prior measurement date was 2.28%.

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

The following presents the net pension liability of the Plan as of September 30, 2021, calculated using the discount rate of 2.23%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (1.23%) or 1.00% higher (3.23%) from the current rate.

<u>1% Decrease 1.23%</u>	<u>Current Single Discount Rate Assumption 2.23%</u>	<u>1% Increase 3.23%</u>
\$356,567,496	\$304,866,042	\$262,587,372



# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 6. Collective Pension Expense

The components of allocable pension expense for the years ended September 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Service cost	\$14,542,609	\$12,226,835
Interest on the total pension liability	8,784,450	9,785,545
Difference between expected and actual experience in the total pension liability	( 7,401,793)	----
Current-period assumption changes	339,931	4,120,056
Employee contributions	(3,633,294)	( 3,705,241)
Projected earnings on plan investments	(2,120,600)	( 1,933,511)
Difference between actual and projected earnings on plan investments	(459,129)	( 17,378)
Pension plan administrative expense	343,321	412,892
Other changes	(3,358,806)	( 5,214,946)
Recognition of outflow of resources due to liabilities	21,818,980	18,409,273
Recognition of inflow of resources due to assets	( 9,491,592)	( 9,752,595)
 Total pension expense	 <u>\$19,364,077</u>	 <u>\$24,330,930</u>

Other changes of \$35,611 and \$41,866 for the years ended September 30, 2021 and 2020 consist of the difference between employer contributions at the Statement of Fiduciary Net Position and the Schedule of Employer Contributions and \$3,323,195 and \$5,173,080 for the years ended September 30, 2021 and 2020, respectively, from other income.

### 7. Collective Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended September 30, 2021 and 2020:

		2021				
			Beginning of Year			End of Year Balance
	Year of Deferral	Amortization Period	Balance	Additions	Deductions	Balance
<b>Deferred Outflows of Resources:</b>						
Difference between expected and actual experience	2017	4.83 years	\$ 11,591,468	\$ –	\$ 4,095,925	\$ 7,495,543
	Subtotal:		\$ 11,591,468	\$ –	\$ 4,095,925	\$ 7,495,543

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### 7. Collective Deferred Outflows and Inflows of Resources, continued

	Year of Deferral	Amortization Period	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Changes of assumptions	2021	6.82 years	\$ –	2,318,329	\$ 339,931	\$ 1,978,398
	2020	6.82 years	23,978,723	–	4,120,056	19,858,667
	2019	6.03 years	41,282,515	–	8,207,259	33,075,256
	2016	5.83 years	7,622,139	–	4,165,104	3,457,035
	2015	6.83 years	1,016,156	–	1,016,156	–
	Subtotal:			73,899,533	2,318,329	17,848,506
Differences between projected and actual earnings	2019	6.03 years	643,440	–	214,480	428,960
	Subtotal:		643,440	–	214,480	428,960
Changes in proportion	2021	6.82 years	–	5,918,069	867,753	5,050,316
	2020	6.82 years	4,269,443	–	733,586	3,535,857
	2019	6.03 years	3,582,212	–	712,170	2,870,042
	2018	7.03 years	4,469,883	–	1,109,155	3,360,728
	2017	4.83 years	2,284,425	–	807,212	1,477,213
	2016	5.83 years	1,662,000	–	908,199	753,801
	2015	6.83 years	691,879	–	691,879	–
	Subtotal:			16,959,842	5,918,069	5,829,954
<b>Total Deferred Outflows of Resources:</b>			<b>103,094,283</b>	<b>8,236,398</b>	<b>27,988,865</b>	<b>83,341,816</b>
<b>Deferred Inflows of Resources:</b>						
Difference between expected and actual experience	2021	6.82 years	–	50,480,229	7,401,793	43,078,436
	2019	6.03 years	8,011,199	–	1,592,684	6,418,515
	2015	6.83 years	1,098,691	–	1,098,691	–
	Subtotal:		9,109,890	50,480,229	10,093,168	49,496,951
Changes of assumptions	2018	7.03 years	11,158,111	–	2,768,762	8,389,349
	2017	4.83 years	10,489,328	–	3,706,477	6,782,851
	Subtotal:		21,647,439		6,475,239	15,172,200
Differences between projected and actual earnings	2021	6.82 years	–	2,295,644	459,129	1,836,515
	2020	6.82 years	69,513	–	17,378	52,135
	2018	7.03 years	127,418	–	63,708	63,710
	2017	4.83 years	243,892	–	243,892	–
	Subtotal:		\$ 440,823	\$ 2,295,644	\$ 784,107	\$ 1,952,360

Republic of Palau Civil Service Pension Plan and Trust

Notes to Schedules, continued

**7. Collective Deferred Outflows and Inflows of Resources, continued**

	Year of Deferral	Amortization Period	Beginning of Year			End of Year
			Balance	Additions	Deductions	Balance
Changes in proportion	2021	6.82 years	\$ -	\$ 5,918,069	\$ 867,753	\$ 5,050,316
	2020	6.82 years	4,269,443		733,586	3,535,857
	2019	6.03 years	3,582,212		712,170	2,870,042
	2018	7.03 years	4,469,883		1,109,155	3,360,728
	2017	4.83 years	2,284,425		807,212	1,477,213
	2016	5.83 years	1,662,000		908,199	753,801
	2015	6.83 years	691,879		691,879	
	Subtotal:			16,959,842	5,918,069	5,829,954
<b>Total Deferred Inflows of Resources:</b>			<b>48,157,994</b>	<b>58,693,942</b>	<b>23,182,468</b>	<b>83,669,468</b>

2020						
	Year of Deferral	Amortization Period	Beginning of Year			End of Year
			Balance	Additions	Deductions	Balance
<b>Deferred Outflows of Resources:</b>						
Difference between expected and actual experience	2017	4.83 years	\$ 15,687,393	\$ -	\$ 4,095,925	\$ 11,591,468
	Subtotal:		15,687,393	-	4,095,925	11,591,468
Changes of assumptions	2020	6.82 years	-		4,120,056	23,978,723
	2019	6.03 years	49,489,774	-	8,207,259	41,282,515
	2016	5.83 years	11,787,243	-	4,165,104	7,622,139
	2015	6.83 years	2,240,439	-	1,016,156	1,016,156
	2014	6.20 years	502,222	-	502,222	-
	Subtotal:		64,019,678	28,098,779	18,218,924	73,899,533
Differences between projected and actual earnings	2019	6.03 years	857,920	-	214,480	643,440
	Subtotal:			-	214,480	643,440
Changes in proportion	2020	6.82 years	-	5,003,029	733,586	4,269,443
	2019	6.03 years	4,294,382	-	712,170	3,582,212
	2018	7.03 years	5,579,038	-	1,109,155	4,469,883
	2017	4.83 years	3,091,637	-	807,212	2,284,425
	2016	5.83 years	2,570,199	-	908,199	1,662,000
	2015	6.83 years	1,525,468	-	833,589	691,879
	2014	6.20 years	248,342	-	248,342	-
	Subtotal:		17,309,066	5,003,029	5,352,253	16,959,842
<b>Total Deferred Outflows of Resources:</b>			<b>\$ 97,874,057</b>	<b>\$ 33,101,808</b>	<b>\$ 27,881,582</b>	<b>\$103,094,283</b>

Republic of Palau Civil Service Pension Plan and Trust

Notes to Schedules, continued

**7. Collective Deferred Outflows and Inflows of Resources, continued**

	<b>Year of Deferral</b>	<b>Amortization Period</b>	<b>Beginning of Year Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>End of Year Balance</b>
<b>Deferred Inflows of Resources:</b>						
Difference between expected and actual experience	2019	6.03 years	\$ 9,603,883	\$ –	\$ 1,592,684	8,011,199
	2015	6.83 years	2,422,412	–	1,323,721	1,098,691
	Subtotal:		12,026,295	–	2,916,405	9,109,890
Changes of assumptions	2018	7.03 years	13,926,873	–	2,768,762	11,158,111
	2017	4.83 years	14,195,805	–	3,706,477	10,489,328
	Subtotal:		28,122,678	–	6,475,239	21,647,439
Differences between projected and actual earnings	2020	6.82 years	–	86,891	17,378	69,513
	2018	7.03 years	191,126	–	63,708	127,418
	2017	4.83 years	487,785	–	243,892	243,892
	2016	5.83 years	53,350	–	53,350	–
	Subtotal:		732,261	86,891	378,329	440,823
Changes in proportion	2020	6.82 years	–	5,003,029	733,586	4,269,443
	2019	6.03 years	4,294,382	–	712,170	3,582,212
	2018	7.03 years	5,579,038	–	1,109,155	4,469,883
	2017	4.83 years	3,091,637	–	807,212	2,284,425
	2016	5.83 years	2,570,199	–	908,199	1,662,000
	2015	6.83 years	1,525,468	–	833,589	691,879
	2014	6.20 years	248,342	–	248,342	–
Subtotal:		17,309,066	5,003,029	5,352,253	16,959,842	
<b>Total Deferred Inflows of Resources:</b>			<b>\$ 58,190,300</b>	<b>\$ 5,089,920</b>	<b>\$ 15,122,226</b>	<b>\$ 48,157,994</b>

Amounts reported as deferred outflows and inflows of resources as of September 30, 2021, to be recognized in pension expense in future years is presented below:

<u>Year Ending</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ 4,424,753
2023	965,224
2024	427,499
2025	3,130,578
2026	(3,484,978)
Thereafter	(5,790,728)
	<u>\$ ( 327,652)</u>

# Republic of Palau Civil Service Pension Plan and Trust

## Notes to Schedules, continued

### **7. Collective Deferred Outflows and Inflows of Resources, continued**

#### *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. At years as of September 30, 2021 and 2020, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries 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.

### **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 Plan's financial statements for the years ended September 30, 2021 and 2020. If you have questions about this report or need additional information, please contact the Administrator at the Republic of Palau Civil Service Pension Plan and Trust, P.O. Box 1767, Koror, Republic of Palau 96940, or e-mail [cspp@palaunet.com](mailto:cspp@palaunet.com) or call (680) 488-2523.