PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended September 30, 2023

PALAU
COMMUNITY
COLLEGE

PALAU COMMUNITY COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Year Ended September 30, 2023

Prepared by:
Administration & Finance Department

Jay Olegeriil
Vice President for Administration & Finance

Debbie O. Ngiraibai
Director of Finance

P.O. Box 9
Koror, Palau 96940

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

INTRODUCTORY SECTION

For The Year Ended September 30, 2023

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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September 30, 2023 and 2022

P.O. Box 9, Koror
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June 28, 2024

Ladies and Gentlemen of the Board:

I am pleased to submit to you and leadership of the Republic of Palau the College's Annual Comprehensive Financial Report for fiscal year 2023. This document presents the record of Palau Community College's financial operations for the year ended September 30, 2023.

As detailed in the financial statements within the report, the College continues to manage its funds with diligence and prudent practices.

The College has been able to continue to implement its programs and services, including providing necessary facilities maintenance and improvement initiatives despite challenges to our student enrollment. We continue moving forward with steps to build the two-story Science building to support the Health/Science program that will also result in the increased number of classrooms.

As always, I am grateful to the Board of Trustees who governs us, the students who study at PCC and especially the Olbiil Era Kelulau (Palau National Congress) for providing the College with much needed financial support every year. I continue to be proud of and thankful for all those who work with dedication to make Palau Community College a learning place for all Palauans and citizens from our neighboring countries.

Sincerely,

Patrick U. Tellei, EdD
President

PALAU COMMUNITY COLLEGE
P.O. Box 9, Koror
Republic of Palau
PW 96940
Tel: (680) 488-2470
Fax: (680) 488-2447

June 28, 2024

To: President Tellei and
Members of the Board of Trustees

The Annual Comprehensive Financial Report of Palau Community College for the fiscal year ended September 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

FINANCIAL STATEMENT

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (pages 4 through 13), which focuses on current activities, accounting changes, and currently known facts.

The College's financial statements, as a component unit of the Republic of Palau, are prepared in accordance with GASB 34. The format and purpose of these financial statements are addressed in the notes to the financial statements (Note 1). We believe this presentation provides better information to the user of the Comprehensive Annual Financial Report (CAFR) of Palau Community College.

VISION, MISSION AND VALUES

PCC's vision is to guarantee quality and excellence, and its mission is to provide an accessible public educational institution to help meet the technical, academic, cultural, social and economic needs of students and communities by promoting learning opportunities and developing personal excellence.

We are the community's college and we believe in:

- Team Work
- Quality Services
- Open Communication
- Managing with Goals

- Promoting Leadership
- Integrity and Loyalty
- Community Ownership
- Continuous Improvement
- Creativity and Innovation
- People and Respect for Others

We are a community of learners:

- We provide education and training for and throughout a lifetime.
- We seek to improve and expand the services we offer in support of the people in the communities we serve.
- We promote a caring community of staff and faculty members, students, administrators, and trustees who, in keeping with our values, work together to fulfill our mission.

We are a changing community:

- We recognize that change is inevitable and that education must be for the future.
- We respond to change informed by our values and our responsibility to our students and our communities.
- We challenge our students to be capable citizens, guided by knowledge and ethical principles, which will shape the future.

GENERAL

The College maintains its accounts and prepares its financial statement in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth by Governmental Accounting Standards Boards (GASB). The financial records of the College are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal obligation to pay. The notes to the financial statements expand and explain the financial statements and the accounting principles applied. The independent public accountants, Burger Comer Magliari, LLC, have audited the College's financial statements. Their report is included as part of the financial section of this report.

During the fiscal year ended September 30, 2023, the College received and administered several grants from the U.S. Federal Government and these include Student Financial Aid (Pell Grant), Upward Bound, Talent Search Program and Area Health Education Center (AHEC), and Maintenance Assistance Program (MAP). These programs were audited and their financial reports are contained in the financial section of this report.

The College also housed several programs that provide services to the general public and the college community. These programs include: Palau Wind Orchestra; Workforce Investment Act (WIA); Child Care; Community Advocacy Program; Police Academy; Pacific Islands Health Officers' Association; Palau Health Foundation; and Step-Up Lab.

MAJOR INITIATIVES

The College continues implementation of its Fifteen-Year Institutional Master Plan with four strategic directions designed to shape departmental, programmatic, and individual action agendas for the future of the College. These strategic directions are briefly discussed below:

Strategic Direction 1: Student Success

PCC will intensify its effort to enhance existing programs and services, as well as develop new ones, all in an effort to improve student success.

Strategic Direction 2: Institutional Culture

The institutional culture of PCC will be one that embraces planned changes to continually improve and links the mission and vision in guaranteeing quality and excellence.

Strategic Direction 3: Resources

The College will diversify and increase resources to provide quality programs and services, facilities, technology, and human resources to support its vision, mission and goals. The College will be prudent in the allocation of resources to support operations and in support of its short, medium and long-range plans in line with the strategic directions and mission of the College.

Strategic Direction 4: Culture of Evidence

The College will provide data driven assessment which generates accurate and reliable information, identify specific evidence of its efforts in strategic areas, analyze that evidence, and use its findings to make planning and resource allocation decisions as the basis for continuous improvement.

FINANCIAL INFORMATION

Internal Control. Management of the College is responsible for establishing and maintaining an internal control structure designed to protect the assets of the College, prevent loss from theft or misuse and to provide that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. The College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Olbiil Era Kelulau (Palau National Congress) and the College Board of Trustees.

Activities of the following fund groups and individual funds are included in the annual budget.

Fund Group	Fund
Current Unrestricted	Education
	Operations and Maintenance of Plant
	Auxiliary Enterprises
Current Restricted	Restricted Purposes
	U.S. Federal Grants
	Small Grants

The level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) is established for each individual fund. The College does not practice encumbrance accounting and therefore, payments of expenses are made within a 30-day period after expenses are incurred. This process has allowed the College to close its books and begin a new fiscal year with little difficulties.

Property Taxes

As a Public Corporation created by Republic of Palau Public Law 4-2, the College is exempted from property taxes of the Republic of Palau.

PROSPECTS FOR THE FUTURE

The College's financial outlook for the future continues to be positive, albeit with some caution. The College's student and adult continuing education enrollments have been fluctuating, more in a decreasing trend. Increase in student enrollment would mean increase in revenue for the College. The current facilities and structures can accommodate up to about 1,000 students. With the planned additional classrooms, the College will continue to step up its recruitment efforts to increase enrollment.

The following table illustrates enrollments over the last ten years.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Enrollment										
- Full Time Total	1,043	1,163	1,277	1,279	812	715	721	737	1,442	1,669
- Continuing Education and Other Training*	502	513	520	916	832	1,008	1,363	1,504	1,042	1,018
Total	1,545	1,676	1,797	2,195	1,644	1,723	2,084	2,241	2,484	2,687

*Enrollment in Continuing Education and specialized trainings including CRE.

PCC ENDOWMENT FUND MANAGEMENT

The fiduciary responsibility for college investments is entrusted to the College Board of Trustees. In keeping with this responsibility, the Board invests the College's endowment funds in most prudent, conservative and secured manner and in accordance with the guidelines detailed in the College Investment Policy. The Board of Trustees approves designation of money managers of college funds.

In the fiscal year ended September 30, 2023, the College's investments from current funds generated net investment income of $1,702,489 from endowment fund investments. The College invests endowment fund in Money Market funds managed by Raymond James & Associates, Inc.

RISK MANAGEMENT

In fiscal year 2023, the College paid approximately $6,295 for Worker’s Compensation and $16,851 for General Liabilities insurance coverage as protection against risks. The College also paid $6,689 for automobile insurance to provide coverage in case of accidents involving College vehicles.

The primary purpose of insurance coverage is to provide some protection to the College’s properties and staff in case of accidents, injuries and other catastrophic events. The College is self-insured with insurance coverage provided by local underwriter.

OTHER INFORMATION

Community Service. The College continues to be actively involved in as well as providing support for community functions and activities. Our students and staff were most active and deeply involved in activities such as the National Earth Day Activities, Olechotel Belau Fair, and Community Clean Up Events, among others. The College has been a host to many community meetings, seminars and conferences.

Many College employees are active members of national committees, boards and working groups, and local government including Koror State Public Lands Authority, Seventh-Day Adventist Church Board, Financial Institutions Commission, Ngchesar State Council, and Ongedechuul State Legislature. The involvement of the College in community functions is further proof of our commitment to becoming a true community college.

Independent Audit. The Republic of Palau and U.S. Federal statutes require an annual audit by independent certified public accountants. The College selected the accounting firm of Burger Comer Magliari, LLC. The auditor’s report on the financial statements and schedules are included in the financial section of this report.

ACKNOWLEDGEMENT

The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Business Office and staff of other college offices. Each member of the Offices has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

Jay Olegeriil
Vice President of Administration & Finance

PALAU COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year ended September 30, 2023

<u>BOARD OF TRUSTEES</u>

Rev. Billy G. Kuartei	Chairperson
Ms. Romana Wong	Vice-Chair
Mr. Kione Isechal	Secretary/Treasurer
Dr. Emais Roberts	Trustee
Ms. Alvina Timarong	Trustee
Mr. Weber Santiago	Student Trustee

<u>OFFICERS OF THE COLLEGE</u>

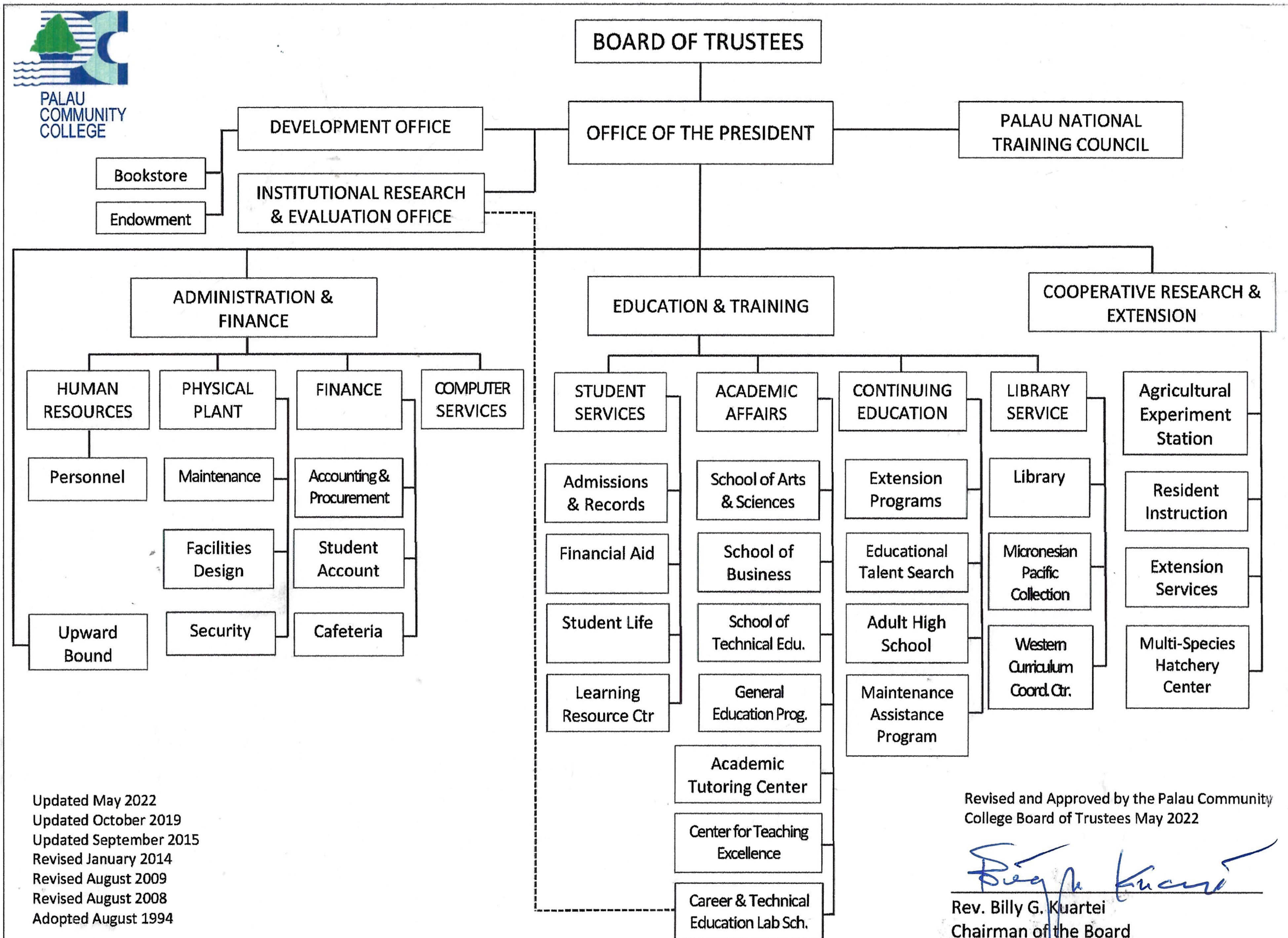
Dr. Patrick U. Tellei	President
Mr. Jay Olegeriil	Vice President for Administration and Finance
Dr. Christopher Kitalong	Vice President for Cooperative Research and Extension
Ms. Deikola Olikong	Dean of Academic Affairs
Mr. Hedrick Kual	Dean of Continuing Education
Ms. Hilda N. Reklai	Dean of Students
Ms. Rilang Roberto	President of the Faculty Senate Association
Mr. Jack Meltel	President of the Classified Staff Organization
Mr. Kato Remeliik	President of the Associated Students of PCC

<u>OFFICIALS ISSUING REPORT</u>

Mr. Jay Olegeriil	Vice President for Administration and Finance
Ms. Debbie O. Ngiraibai	Director of Finance
Ms. Kristy Olkeriil	Accountant

<u>DIVISION ISSUING REPORT</u>

Finance



Updated May 2022
Updated October 2019
Updated September 2015
Revised January 2014
Revised August 2009
Revised August 2008
Adopted August 1994

Revised and Approved by the Palau Community College Board of Trustees May 2022

Rev. Billy G. Kuartei
Chairman of the Board

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

FINANCIAL SECTION

For The Years Ended September 30, 2023 and 2022

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

September 30, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Palau Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of net position of Palau Community College (PCC), a component unit of the Republic of Palau (ROP), as of September 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise PCC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of PCC as of September 30, 2023 and 2022 and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PCC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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333 South Marine Corps Drive
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Fax Nos. (671) 646-5045 (671) 472-2686

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PCC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PCC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4 through 13, the Schedule of Proportional Share of the Net Pension Liability on page 19, and the Schedule of Pension Contributions on page 20, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This supplementary information is the responsibility of PCC's management.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

Our audits were conducted for the purpose of forming an opinion on PCC's basic financial statements as a whole. The introductory section on pages I through XI and statistical section on pages 76 through 80 are presented for purposes of additional analysis and are not required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The accompanying Schedule of Expenditures of Federal Awards on pages 69-70 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. This supplementary information is the responsibility of the management of PCC and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024 on our consideration of PCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PCC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCC's internal control over financial reporting and compliance.

Burger Comer Magliari

Koror, Republic of Palau
June 28, 2024

Management's Discussion and Analysis

This section of Palau Community College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal year ended September 30, 2023. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the transmittal letter (pages IV-IX) and the College's financial statements and footnotes (pages 14 through 53). This overview is required by the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and-Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 38. Responsibility for the completeness and fairness of this information rests with the College.

Financial Highlights

The College assets and deferred outflows of resources totaled $20.5 million at September 30, 2023. This balance reflects a $3.4 million increase from the 2022 fiscal year. The increase was caused by a $1.7 million increase in endowment investments.

The College's operating revenues totaled $7.0 million for fiscal year 2023 compared to $7.4 million in 2022. The 5% decrease over fiscal year 2022 operating revenues was due to decrease in federal grants. Operating expenses totaled $8.8 million for fiscal year 2023 compared to $9.2 million in 2022. The decrease of 4% is consistent with decrease in Student Aid.

Using This Annual Report

The College's financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to be similar to bottom line results for the College. This Statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and net costs of College activities, which are supported mainly by appropriations from Olbiil Era Kelulau-Palau National Congress (OEK) and by student tuition and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

Overview of Financial Statements

The Financial Section of this report presents the College's financial statements as two components: basic financial statements and notes to the financial statements.

The Financial Section of this report presents the College's financial statements as two components: basic financial statements and notes to the financial statements.

Basic Financial Statements

The *Statement of Net Position* reflects the financial position of the College as of September 30, 2023. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows less total liabilities and deferred inflows. As such, it represents the residual of all other elements presented in the Statement of Net Position of the College.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended September 30, 2023. It shows revenues and expenses, both operating and non-operating, and reconciles the beginning net position amount to the ending net position amount, which is shown on the Statement of Net Position described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash for the year ended September 30, 2022. It shows the cash activities by type and reconciles the beginning cash amount to the ending cash amount, which is shown on the Statement of Net Position, described above. In addition, this Statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* described above.

The *Statement of Revenues, Expenses, and Changes in Net Position-Budget and Actual (GAAP-Basis)* reflects the budgetary comparison to actual results of operations and other changes for the year ended September 30, 2023. A budgetary comparison statement for the general and federal funds is considered to be part of the basic financial statements. PCC adopts annual appropriated budgets for its general and federal funds. Budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budgets.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are found immediately following the financial statements to which they refer.

Overview of Financial Statements, Continued

Basic Financial Statements, Continued

Financial Analysis of the College as a Whole
Net Position
As of September 30, 2023, 2022, 2021

	2023	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets			
Cash	$ 475,126	$ 263,460	$ 222,302
Accounts receivable, net	1,724,841	2,018,782	1,835,137
Inventory	191,467	295,156	330,583
Total current assets	2,391,434	2,577,398	2,388,022
Noncurrent assets			
Restricted cash	1,993,326	2,531,684	2,095,711
Endowment investments	7,746,475	6,043,985	7,557,306
Other assets	2,203,182	-	-
Capital assets, net	2,605,563	2,454,681	2,403,277
Total noncurrent assets	14,548,546	11,030,350	12,056,294
Total assets	16,939,980	13,607,748	14,444,316
Deferred outflows of resoures related to pensions	3,526,758	3,526,758	3,526,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities			
Accounts payable	$ 576,838	$ 22,901	$ 30,096
Accrued liabilities and benefit payable	335,718	336,840	307,297
Unearned revenues	449,745	432,075	639,494
Compensated absences, current portion	179,339	155,020	158,957
Total current liablities	1,541,640	946,836	1,135,844
Noncurrent liabilites			
Compensated absences, net of current portion	59,779	51,673	52,986
Net pension liability	14,100,744	14,100,744	14,100,744
Total noncurrent liabilities	14,160,523	14,152,417	14,153,730
Total liabilities	15,702,163	15,099,253	15,289,574
Deferred inflows of resources related to pensions	2,423,144	2,423,144	2,423,144
Net position			
Net investments in capital assets	2,605,563	2,454,681	2,403,277
Restricted			
Expendable	2,292,352	2,251,318	2,251,318
Nonexpendable	8,269,207	6,356,960	7,605,126
Unrestricted	(10,825,691)	(11,450,850)	(12,001,365)
Total net position	**$ 2,341,431**	**$ (387,891)**	**$ 258,356**

Overview of Financial Statements, Continued

Statement of Net Position

The College's overall financial position increased in FY 2023. Total net position is composed of the following sub-categories: net investment in capital assets, restricted, and unrestricted. There were changes in these sub-categories reflecting both increases and decreases for the year with the sum resulting in an overall increase in net position. However, unrestricted net position is now negative for FY 2023 and FY 2022 due to the implementation of GASB 68.

It is important to note that the implementation of GASB 68 results in entries and adjustments regarding pension liabilities for reporting and presentation purposes only. Without these adjustments and entries, the financial picture would show that the College continues to maintain sufficient reserves and has adequate resources to meet all current obligations.

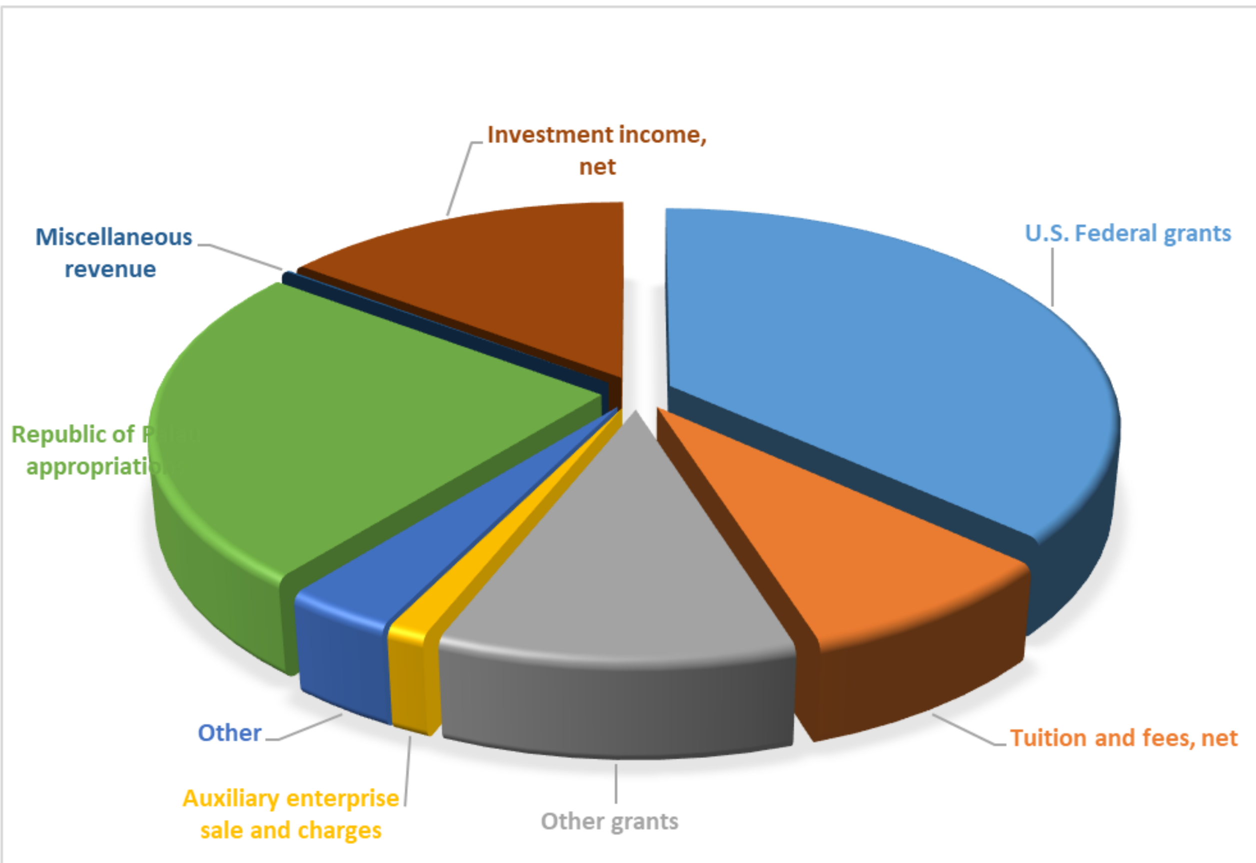
Deferred outflows of resources represent the pension expense paid by the College on behalf of its employees to the Republic of Palau Civil Service Pension Trust Fund since the measurement date (September 30, 2021). Deferred inflows of resources represent the College's proportionate share of anticipated earnings on contributions over the life of the plan.

	2023	**2022**	**2021**
Operating revenues:			
U.S. Federal grants	$ 4,241,409	$ 4,838,476	$ 4,299,674
Tuition and fees, net	964,824	994,794	726,402
Other grants	1,276,812	1,046,545	786,331
Auxiliary enterprise sale and charges	141,862	134,931	71,231
Other	399,040	380,038	354,671
Total operating revenues, net	7,023,947	7,394,784	6,238,309
Non-operating revenues:			
Republic of Palau appropriations	2,811,000	2,596,000	2,546,000
Miscellaneous revenue	13,560	52,120	225
Investment income (loss), net	1,702,489	(1,513,321)	1,463,225
Total non-operating revenues	4,527,049	1,134,799	4,009,450
Total Revenues	**$ 11,550,996**	**$ 8,529,583**	**$ 10,247,759**

Overview of Financial Statements, Continued

The schedule indicates total revenues realized by the College in fiscal year 2023 of $11.6 million. The largest portion of revenues ($4.2 million) was contributed by the U.S. Federal Government through grants. Approximately $2.8 million was contributed by the Olbiil Era Kelulau (Palau National Congress). The following chart exhibits the breakdown of revenues for Palau Community College in fiscal year 2023:

Revenues Breakdown
For The Year Ended September 30, 2023



Overview of Financial Statements, Continued

Operating Expenses
For the Years Ended
September 30, 2023, 2022 and 2021

	2023	2022	2021
Expenditures and mandatory transfers			
Educational and general			
Student aid	$ 1,532,316	$ 2,443,153	$ 2,007,703
Instructional	1,918,637	1,790,757	1,327,170
Administration	2,508,779	2,261,072	2,094,647
Student services	890,561	821,056	730,326
Operations and maintenance	865,966	785,115	454,540
Academic support	347,563	325,769	317,873
Depreciation	436,815	435,542	395,948
Total educational and general expenditures	8,500,637	8,862,464	7,328,207
Mandatory transfers			
Auxiliary enterprises expenditures	321,037	313,369	264,820
Total expenditures and mandatory transfers	$ 8,821,674	$ 9,175,833	$ 7,593,027

GASB Statement No. 35 gives financial reporting entities the choice of reporting operating expenses. The College has chosen to report the expenses in their functional classification on the Statement of Revenues, Expenses, and Changes in Net Position and has displayed the natural classification in the notes to financial statements.

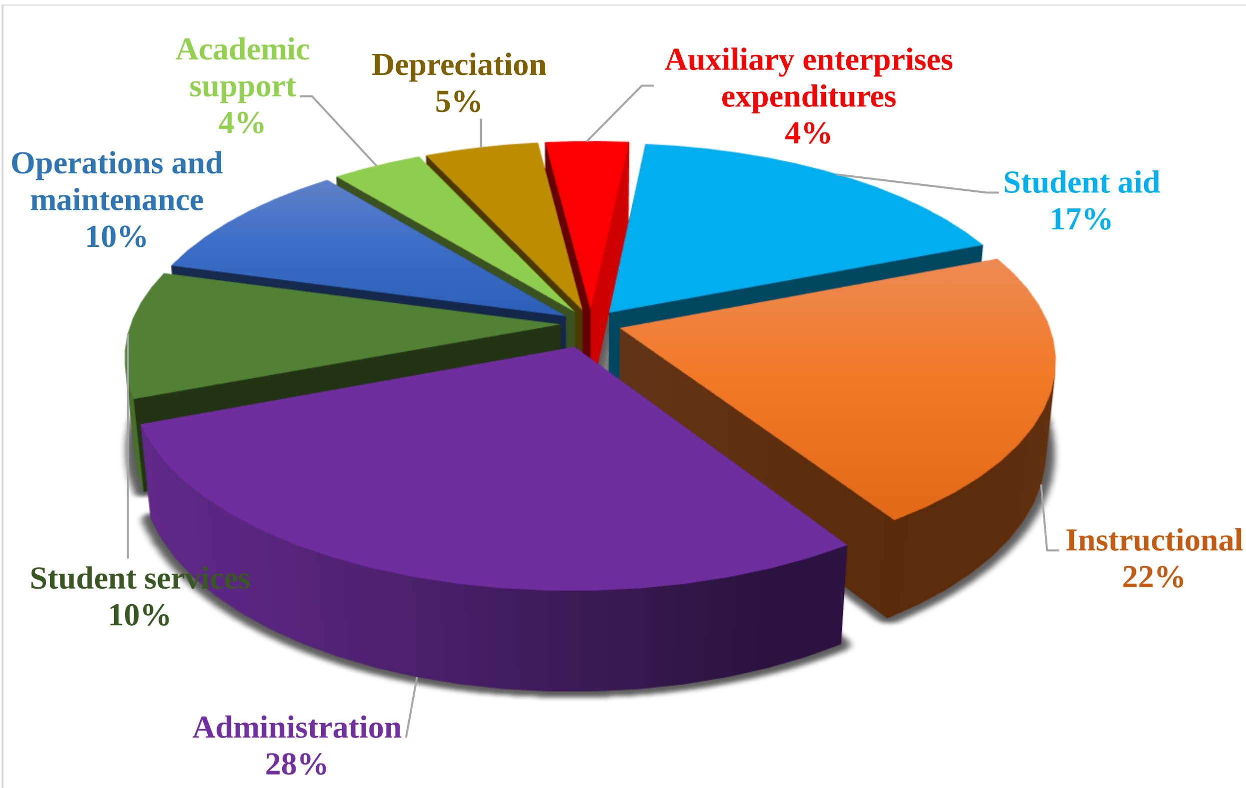
The above schedule shows the total operating expenses of $8.8 million in fiscal year 2023. Total operating expenses in fiscal year 2023 decreased $354,159 or 4% from fiscal year 2022. The following expenses by function comprise the significant portions of this total net decrease:

- Student aid function decreased by $910,837 or 37% over prior year due to the decrease in federal financial aid grants available to students, such as Pell and HEERF Funding.

- Administration expenditures increased by $247,707 or 11% over prior year mainly through inflation and the new Palau Goods and Service Tax which effect in January 2023.

Overview of Financial Statements, Continued

Expenses Breakdown
For The Year Ended September 30, 2023



Overview of Financial Statements, Continued

Changes in Net Position
For the Years Ended
September 30, 2023, 2022, and 2021

	2023	2022	2021
Net position, beginning of the year	$ (387,891)	$ 258,356	$ (2,396,376)
Change in net position	2,729,322	(646,247)	2,654,732
Net position, end of the year	$ 2,341,431	$ (387,891)	$ 258,356

Net position increased $2,729,322 million primarily due to income during the year.

CAPITAL ASSETS

At September 30, 2023, the College had $12.9 million in capital assets, less accumulated depreciation of $10.3 million, for net capital assets of $2.6 million. The current year additions of $587,697 in capital assets were mainly improvements for various school facilities to accommodate Our Oceans 2020 and equipment for various departments. Depreciation charges for the current fiscal year totaled $436,815.

The following table summarizes the College's capital assets for the fiscal year 2023:

	Balance at 9/30/2022	Additions	Transfers/ Deletions	Balance at 9/30/2023
Buildings and improvements	$ 9,543,161	$ 35,355	$ -	$ 9,578,516
Furniture, vehicles, and equipments	2,735,199	552,342	-	3,287,541
Total depreciable assets	12,278,360	587,697	-	12,866,057
Accmulated depreciation	(9,823,679)	(436,815)	-	(10,260,494)
Capital assets, net	$ 2,454,681	$ 150,882	$ -	$ 2,605,563

Overview of Financial Statements, Continued

Additional information on the College's capital assets can be found in Notes 1 and 6 of the accompanying financial statements.

Economic Factors that will affect the Future

The economic condition of Palau Community College continues to be directly tied to that of the Republic of Palau (Government). For twenty-nine years, the National government has provided basically level funding to the College. That fact, and other factors like the continued declining revenues due to declining enrollment as well as the increasing price of goods and services are factors that moved the College Board of Trustees to increase tuition in the 2020 fall semester and 2021 spring semester to mitigate the ever-increasing cost of providing higher education programs and services. However, for fiscal year 2023, PCC saw an increase in the Government's appropriation, which included funds that were earmarked to help the College recover selected receivables, as well as increase salary of regular full-time employees for the first time in several years.

The goal of ensuring a diverse student population continues to be pursued aggressively by the College. We continue this pursuit through provision of travel grants to accepted students from neighboring islands of the Federated States of Micronesia and the Republic of the Marshall Islands. This effort also aims to increase student population; thus, increase revenue. However, due to the Coronavirus Pandemic (COVID-19), countries shut their borders and while there has been a slight reopening of borders recently, we anticipate few, if any, new students coming from off-island. Still, the College has begun to intensify recruitment efforts to address this, both locally and on the regional level.

Annual fundraising efforts to boost the PCC Endowment Fund will continue, with the ultimate goal of reaching the $30 million goal. At the time that the endowment reaches the $10 million mark, PCC will then begin to use a percentage of interest earned to support programs and services, as stated in its Investment Policy Statement. At the same time, efforts continue to build the fund through active recruitment of new bi-weekly allotters as well as solicitations for direct donations.

It is anticipated the College's appropriation from the National government for fiscal year 2024 will be at fiscal year 2023 funding level. Therefore, the College will need to secure additional funding, possibly increase tuition and/or fees, including possibly requesting funding increase from the Government, in subsequent years to ensure that its legal mandate in Republic of Palau Public Law 4-2 and its 15-year institutional master plan goals and objectives are adequately supported. At the same time, the College has benefited from funds received thru the Higher Education Emergency Relief Funds (HEERF) to help PCC address areas and operations affected by the pandemic, which was made possible through the approved no-cost extension request that was submitted earlier.

The College also realizes that future challenges will emerge and anticipating them through proactive planning places the College in a better position to successfully address such challenges. The COVID-19 pandemic has forced the College to take actions in order to ensure that instructional programs continue, albeit via different formats/approaches. Services rendered also were delivered using other means, and pretty much across the campus changes were and continue to be made to mitigate the impacts of COVID-19. While the Palau government has stepped up to ensure that financial assistance continues, PCC will need to better anticipate future challenges and plan accordingly.

Requests for Information

This report is intended to provide a summary of the financial condition of the Palau Community College. Questions or requests for additional information should be addressed to:

Jay Olegeriil
Vice President for Administration & Finance
PO Box 9
Koror, Palau 96940

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STATEMENTS OF NET POSITION
September 30, 2023 and 2022

	2023	2022
Assets and Deferred Outflows of Resources		
Current assets:		
Cash	$ 475,126	$ 263,460
Accounts receivable, net	1,724,841	2,018,782
Inventory	191,467	295,156
Total current assets	2,391,434	2,577,398
Noncurrent assets:		
Restricted cash	1,993,326	2,531,684
Endowment investments	7,746,475	6,043,985
Other assets	2,203,182	-
Capital assets, net	2,605,563	2,454,681
Total noncurrent assets	14,548,546	11,030,350
Total assets	16,939,980	13,607,748
Deferred outflows of resources related to pensions	3,526,758	3,526,758
Total assets and deferred outflows of resources	20,466,738	17,134,506
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	$ 576,838	$ 22,901
Accrued liabilities and benefit payable	335,718	336,840
Unearned revenues	449,745	432,075
Other unearned revenues	-	-
Compensated absences, current portion	179,339	155,020
Total current liabilities	1,541,640	946,836
Noncurrent liabilities:		
Compensated absences, net of current portion	59,779	51,673
Net pension liability	14,100,744	14,100,744
Total liabilities	15,702,163	15,099,253
Deferred inflows of resources related to pensions	2,423,144	2,423,144
Net Position:		
Net investment in capital assets	2,605,563	2,454,681
Restricted:		
Expendable	2,292,352	2,251,318
Nonexpendable	8,269,207	6,356,960
Unrestricted	(10,825,691)	(11,450,850)
Total net position	2,341,431	(387,891)
Total liabilities, deferred inflows of resources and net position	$ 20,466,738	$ 17,134,506

See accompanying notes to financial statements.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended September 30, 2023 and 2022

	2023	2022
Operating revenues:		
Federal grants	$ 4,241,409	$ 4,838,476
Tuition and fees, net of scholarship discounts and allowances of $1,161,234 and $1,440,461 in 2023 and 2022, respectively	964,824	994,794
Other grants	1,276,812	1,046,545
Auxiliary enterprise sales and charges (net of scholarship discounts and allowances)	141,862	134,931
Other operating revenues	399,040	380,038
Total operating revenues	7,023,947	7,394,784
Operating expenses:		
Education and general:		
Student aid	1,532,316	2,443,153
Instructional	1,918,637	1,790,757
Administration	2,508,779	2,261,072
Student services	890,561	821,056
Operations and maintenance	865,966	785,115
Auxiliary enterprises	321,037	313,369
Academic support	347,563	325,769
Depreciation	436,815	435,542
Total operating expenses	8,821,674	9,175,833
Operating loss	(1,797,727)	(1,781,049)
Non-operating revenues (expenses):		
Republic of Palau appropriations	2,811,000	2,596,000
Miscellaneous revenue	13,560	52,123
Investment income (loss), net	1,702,489	(1,513,321)
Total non-operating revenues, net	4,527,049	1,134,802
Change in net position	2,729,322	(646,247)
Net position, beginning of year	(387,891)	258,356
Net position, end of year	$ 2,341,431	$ (387,891)

See accompanying notes to financial statements.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from students for tuition and fees	$ 2,322,812	$ 2,006,938
Cash received from auxiliary activities	141,862	134,931
Cash received from federal grants	4,216,262	5,068,768
Cash received from other grants	(387,325)	1,233,545
Cash paid to employees	(4,210,483)	(3,781,545)
Cash paid to suppliers	(4,646,682)	(6,346,683)
Net cash used for operating activities	(2,563,554)	(1,684,046)
Cash flows from noncapital financing activities:		
Republic of Palau appropriations	2,811,000	2,596,000
Net cash provided by noncapital financing activities	2,811,000	2,596,000
Cash flows from capital and related financing activities:		
Additions to capital assets	(587,697)	(486,946)
Net cash used for capital and related financing activities	(587,697)	(486,946)
Cash flows from investing activities:		
Investment income (loss)	1,702,489	(1,513,321)
Endowment and restricted cash	551,918	(383,850)
Endowment fund investments	(1,702,490)	1,513,321
Net cash used for investing activities	551,917	(383,850)
Net increase in cash	211,666	41,158
Cash, beginning of year	263,460	222,302
Cash, end of year	$ 475,126	$ 263,460

See accompanying notes to financial statements.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$ (1,797,727)	$ (1,781,049)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	436,815	435,542
Changes in assets, deferred outflows of resources, liabilities,		
Accounts receivable, net	293,941	(183,645)
Inventory	103,689	35,427
Other assets	(2,203,182)	-
Accounts payable	553,937	(7,195)
Accrued liabilities	(1,122)	29,543
Unearned revenues	17,670	(207,419)
Compensated absences	32,425	(5,250)
Net cash used for operating activities	$ (2,563,554)	$ (1,684,046)

See accompanying notes to financial statements.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
- BUDGET AND ACTUAL (GAAP-BASIS)
For the Year Ended September 30, 2023

	General and Federal Funds			
	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final	Amounts	Variance
Operating revenues	$ 11,717,431	$ 11,717,431	$ 7,791,863	$ 3,925,568
Operating expenses:				
Supplies, materials, other operating expenses and services	9,374,013	9,374,013	5,765,627	3,608,386
Salaries	4,071,577	4,071,577	3,555,607	515,970
Employee benefits	625,841	625,841	769,768	(143,927)
Utilities	457,000	457,000	511,861	(54,861)
Total operating expenses	14,528,431	14,528,431	10,602,863	3,925,568
Operating loss	(2,811,000)	(2,811,000)	(2,811,000)	-
Non-operating revenues (expenses):				
Republic of Palau appropriations	2,811,000	2,811,000	2,811,000	-
Total non-operating revenues, net	2,811,000	2,811,000	2,811,000	-
Excess of revenues and other financing sources over expenditures and other financing uses.	$ -	$ -	$ -	$ -

Reconciliation of Budget to GAAP basis:

	General Fund	Federal Fund	Total
Budget basis	$ 4,686,972	$ 7,030,459	$ 11,717,431
Adjustments (net)			
Revenue accruals	-	-	-
Expenditures accruals	-	-	-
Encumbrances	-	(78,312)	(78,312)
GAAP basis	$ 4,686,972	$ 6,952,147	$ 11,639,119

See accompanying notes to financial statements.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Civil Service Pension Trust Fund (Plan) total net pension liability	$ 344,384,167	$ 308,480,483	$ 250,864,784	$ 259,395,005	$ 249,453,960	$ 215,546,176	$ 204,281,232
PCC proportionate share of the net pension liability	$ 14,100,744	$ 12,858,175	$ 10,702,283	$ 11,666,392	$ 11,982,658	$ 11,064,282	$ 10,680,027
PCC proportionate share of the net pension liability	4.094%	4.168%	4.266%	4.498%	4.804%	5.133%	5.228%
PCC covered-employee payroll**	$ 2,511,117	$ 2,490,950	$ 2,502,767	$ 2,605,583	$ 2,544,139	$ 2,489,421	$ 2,457,820
PCC proportionate share of the net pension liability as a percentage of its covered employee payroll	561.53%	516.20%	427.62%	447.75%	470.99%	444.45%	434.53%
Plan Fiduciary of net position as a percentage of the total pension liability	8.42%	8.26%	10.24%	10.18%	10.55%	11.54%	14.01%

*This data is presented for those years for which information is available.

**Covered-employee payroll data from the actuarial valuation date with a one-year lag.

See Accompanying Independent Auditors' Report.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 645,068	$ 587,337	$ 738,568	$ 772,621	$ 692,555	$ 559,507	$ 555,409
Contribution in relation to the actuarially determined contribution	150,667	149,457	150,166	156,335	150,556	148,371	144,731
Contribution (excess) deficiency	$ 494,401	$ 437,880	$ 588,402	$ 616,286	$ 541,999	$ 411,136	$ 410,678
PCC's covered-employee payroll	$ 2,511,117	$ 2,490,950	$ 2,502,767	$ 2,605,583	$ 2,544,139	$ 2,489,421	$ 2,457,820
PCC proportionate share of the net pension liability	6.00%	6.00%	6.00%	6.00%	5.92%	5.96%	5.89%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with a one-year lag.

See Accompanying Independent Auditors' Report.

(1) Summary of Significant Accounting Policies

For the year ended September 30, 2015, the College implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

Reporting Entity

Palau Community College (PCC) is an institution of higher education created by Republic of Palau Public Law (RPPL) 4-2 and is considered to be a component unit of the Republic of Palau. Accordingly, PCC is included in the Republic of Palau's financial statements as a discrete component unit. Transactions with the Republic of Palau relate primarily to appropriations for operations and capital improvements and grants from various federal agencies.

Basis of Presentation

The financial statements of PCC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis for Colleges and Universities*, issued in 1999, and as amended by GASB Statements No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an Amendment of GASB Statements No. 21 and No. 34, and No. 38*, Certain Financial Statement Note Disclosures.

The basic financial statements consist of the following:

The *Statement of Net Position* provides information about PCC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy PCC's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation. Nonexpendable restricted net position includes gifts that have been received for endowment purposes. Expendable restricted net position represents grants and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

(1) Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information about PCC's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including additions to endowments.

The *Statement of Cash Flows* provides information about PCC's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital and related financing, or investing.

The *Statement of Revenues, Expenses, and Changes in Net Assets-Budget and Actual (GAAP-Basis)* reflects the budgetary comparison to actual results of operations and other changes for the year ended September 30, 2023. A budgetary comparison statement for the general and federal funds is considered to be part of the basic financial statements.

Measurement Focus and Basis of Accounting

For financial reporting purposes, PCC is considered a special-purpose government engaged only in business-type activities. Under this model, PCC's financial statements provide a comprehensive look at its financial activities. Accordingly, PCC's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flow. Revenue from grants, government appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and matching requirements, in which the resources are provided to PCC on a reimbursement basis.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting- as amended*, PCC is required to follow all applicable GASB pronouncements. In addition, PCC should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

(1) Summary of Significant Accounting Policies, Continued

Budgetary Information

Amounts included in the Statement of Revenues, Expenditures and Changes in Net Assets – Budget and Actual, which are presented on a GAAP budgetary basis, reconcile to the increase in net assets in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.

PCC has no authority to impose taxes to generate revenue. PCC, as an autonomous agency of the Republic of Palau, receives an annual appropriation from the legislative branch, the Olbiil Era Kelulau (Palau National Congress). The Palau National Congress legislature budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted by the Legislature for PCC through an Annual Appropriations Act.

Cash

Cash in the Statements of Cash Flows include cash on hand and in bank accounts.

Restricted Cash

Restricted cash is separately classified in the Statements of Net Position.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are reported at fair value.

Accounts Receivable and Allowance for Uncollectible Accounts

PCC's accounts receivable includes tuition and fee charges to students and amounts due from federal grantor agencies. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through a provision for uncollectible accounts charged to tuition and fees. For the years ended September 30, 2023 and 2022, there was no allowance for doubtful accounts reported for all accounts are collectible.

(1) Summary of Significant Accounting Policies, Continued

Inventory

Inventory is stated at the lower of cost or market using the retail method of accounting for books and merchandise for resale, and the first-in, first-out method for all other inventory.

Capital Assets

All buildings and equipment transferred to PCC were recorded at management's estimate of fair market value at the date of transfer. PCC did not capitalize the value of land at the date of transfer or public domain assets (sidewalks, curbs, gutters, etc). Subsequent additions have been recorded at cost and/or realizable value, as estimated and provided by PCC. Building additions and improvements with a cost in excess of $1,000 are capitalized if the life of the building is extended. Furniture and equipment with a cost in excess of $1,000 and with a useful life greater than 1 year is capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Classification	Life
Buildings and improvements	5 – 15 years
Furniture, vehicles and equipment	5 – 10 years

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not been earned.

Compensated Absences

Compensated absences represent the accumulated liability to be paid under PCC's current annual leave policy. PCC recognizes cost for accrued annual leave at the time such leave is earned. Unpaid accrued leave is recorded as accrued liabilities in the accompanying Statements of Net Position as a component of accrued liabilities and benefits payable. The accrued leave at September 30, 2023 and 2022 was $239,118 and $206,693 respectively.

(1) Summary of Significant Accounting Policies, Continued

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. PCC determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, pension contributions made subsequent to the measurement date and changes in proportion and difference between PCC pension contributions and proportionate share of contributions qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. PCC has determined the difference between projected and actual earnings on pension plan investments qualify for reporting in this category.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. PCC recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents PCC's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a defined benefit, cost sharing multi-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources, depending on the nature of the change, in the period incurred.

Those changes in net pension liability that are recorded as deferred inflows of resources or as deferred outflows of resources, that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience, are amortized over the weighted-average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

(1) Summary of Significant Accounting Policies, Continued

Pensions, Continued

PCC contributes to the Palau Civil Service Pension Trust Fund (the Fund), a defined benefit, cost-sharing, multi-employer pension plan established and administered by the Republic of Palau. PCC was included in the most recent actuarial study conducted for the ROP Civil Service Trust Fund. The Fund issues a stand-alone financial report which is available at its office site.

Pensions are required to be recognized and disclosed using the accrual basis of accounting. PCC recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents PCC's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a defined benefit, cost sharing multi-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources, depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or as deferred outflows of resources, that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience, are amortized over the weighted-average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Net Position

Net position represents the residual interest in PCC's assets after liabilities are deducted and consist of three components: net investments in capital assets; restricted expendable and non-expendable. All other net position is unrestricted. The components of net position are further described as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

(1) Summary of Significant Accounting Policies, Continued

Net Position, Continued

Restricted:

Nonexpendable – Net position subject to externally imposed stipulations that PCC maintains them permanently. This consists of endowment funds in which donors or other outside sources have stipulated, as condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The related cash account is also restricted.

Expendable – Net position whose use by the PCC is subject to externally imposed stipulations. This includes resources in which PCC is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted – Net position that is not subject to externally imposed stipulations. This includes resources derived from student tuition and fees, government appropriations, and auxiliary service income. These resources are used for transactions relating to the educational and general operations of PCC and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available for use, it is PCC's policy to use restricted revenues first, then unrestricted resources as they are needed.

(1) Summary of Significant Accounting Policies, Continued

Classification of Revenues

PCC has classified its revenues as either operating or non-operating according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most federal, state and local grants and contracts and federal appropriations; and (4) interest on investments.

Non-operating Revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, and* GASB Statement No. 34, such as state appropriations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by PCC, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in PCC's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, PCC has recorded a scholarship discount and allowance. The scholarship discounts and allowances for tuition and fees for the years ended September 30, 2023 and 2022 were $1,161,234 and $1,440,461, respectively.

(1) Summary of Significant Accounting Policies, Continued

Deposits and Investments

Deposits

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

Category 1 – Deposits that are federally insured or collateralized with securities held by the College or its agent in the College's name.

Category 2 – Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the College's name.

Category 3 – Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the College's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, PCC's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name.

(1) Summary of Significant Accounting Policies, Continued

Deposits and Investments, Continued

Deposits, Continued

As of September 30, 2023 and 2022, the carrying amount of PCC's total cash was $475,126 and $263,460, respectively, and restricted cash was $1,993,326 and $2,531,684 respectively. The corresponding bank balances as of September 30, 2023 and 2022 were $2,688,065 and $2,900,264 respectively, and are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. From these deposits, $1,052,571 and $1,258,343 in fiscal year 2023 and 2022, respectively were subject to coverage by FDIC with the remaining balance exceeding insurable limits. The uninsured bank balance as of September 30, 2023 and 2022 was $1,635.494 and $1,641,921, respectively. PCC does not require collateralization of bank accounts, and therefore, amounts in excess of insurable limits are uncollateralized and are exposed to custodial credit risk.

In 2007, the Republic of Palau Financial Institutions Commission issued an order to freeze all assets of Pacific Savings Bank (a local Bank) and subsequently placed the bank under receivership. As of September 30, 2023 and 2022, PCC had cash on deposit with the local Bank in the amount of $96,457 and is included in other accounts receivable, due to the uncertainty of its recoverability. At September 30, 2023 and 2022, an allowance for impairment of deposit for the entire amount has been recorded and is reported as a component of the allowance for uncollectible accounts disclosed in Note 2.

Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

Category 1 – Investments that are insured or registered, or securities held by the College or its agent in the College's name.

Category 2 – Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the College's name.

Category 3 – Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the College's name.

(1) Summary of Significant Accounting Policies, Continued

Deposits and Investments, Continued

Investments, Continued

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

PCC's investments are held by a bank-administered trust company under PCC's name. At September 30, 2023 and 2022, PCC's investments stated at fair value consisted of the following:

2023	Allocation		Market Value
	Actual	Per Policy	9/30/2023
Fixed income - U.S. Fixed Income	28%	25%	$ 2,190,900
Fixed income - Global	9%	5%	675,747
U.S. Equities - Large Cap Value	16%	13%	1,264,542
U.S. Equities - Large Cap Growth	13%	12%	987,591
U.S. Equities - Small Cap Core	10%	10%	804,602
Non U.S. Equities - Developed	9%	15%	717,171
Non U.S. Equities - Emerging	9%	10%	675,747
Alternatives - Master Limited Partnerships	1%	5%	74,583
Alternatives - Real Estate Investment Trusts	5%	5%	355,592
	100%	100%	$ 7,746,475

(1) Summary of Significant Accounting Policies, Continued

Deposits and Investments, Continued

Investments, Continued

2022	Allocation		Market Value
	Actual	Per Policy	9/30/2022
Fixed income - U.S. Fixed Income	25%	25%	$ 1,516,725
Fixed income - Global	9%	5%	562,648
U.S. Equities - Large Cap Value	16%	13%	949,965
U.S. Equities - Large Cap Growth	14%	12%	825,589
U.S. Equities - Small Cap Core	11%	10%	686,102
Non U.S. Equities - Developed	17%	15%	1,039,161
Non U.S. Equities - Emerging	1%	10%	93,272
Alternatives - Master Limited Partnerships	1%	5%	28,677
Alternatives - Real Estate Investment Trusts	6%	5%	341,846
	100%	100%	$ 6,043,985

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PCC's investment policy does not limit investment maturities except with respect to cash equivalents, which must have a maximum average maturity of less than one year and no single issue shall have a maturity of greater than two (2) years. PCC manages the risk of exposure to declines in fair value by limiting its average maturity to two years.

(1) Summary of Significant Accounting Policies, Continued

Deposits and Investments, Continued

Investments, Continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. PCC utilizes investment managers to manage its portfolio. PCC's investment policy specifies the following regarding fixed income investments held in its portfolio:

- All individual fixed income securities held in the portfolio shall have a Moody's, Standard & Poor's or Fitch credit quality rating of no less than "BBB". U.S. Treasury and U.S. Government agencies, which are unrated securities, are qualified for inclusion in the portfolio and will be considered to be of the highest rating.

- Total portfolio quality (capitalization weighted) shall maintain an "A" minimum rating.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2023 and 2022, PCC had no single issuer that exceeded 5% of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Custodial Credit Risk

Custodial credit risk is the risk that in the event a financial institution or counterparty fails, PCC would not be able to recover the value of its deposits, investments, or securities. As of September 30, 2023 and 2022, 100% of PCC's investments were held in PCC's name, and PCC is not exposed to custodial credit risk related to these investments.

(1) Summary of Significant Accounting Policies, Continued

Deposits and Investments, Continued

Investments, Continued

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

Foreign currency is comprised of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. Foreign currency is not held as a form of investment. Foreign currency is held for less than 30 days in foreign accounts until it can be repatriated or expended.

For the years ended September 30, 2023 and 2022, PCC did not have investments in foreign currency.

Investment income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

Fair Value Measurement of the Investments

Investments and related investment earnings are reported at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

PCC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. PCC has the following fair value measurements:

(1) Summary of Significant Accounting Policies, Continued

Fair Value Measurement of the Investments, Continued

		Fair Value Measurement Using		
	2023	Level 1	Level 2	Level 3
Investments by fair value				
Debt securities:				
U.S. treasury securities	$ 871,464	$ 871,464	$ -	$ -
Corporate bonds	814,331	-	814,331	-
Equity securities:				
Common stock	5,772,350	5,772,350	-	-
Total investments by fair value level	$ 7,458,145	$ 6,643,814	$ 814,331	$ -
Investments measured at cost based measure				
Cash and cash equivalents	$ 288,330			

		Fair Value Measurement Using		
	2022	Level 1	Level 2	Level 3
Investments by fair value				
Debt securities:				
U.S. treasury securities	$ 736,838	$ 736,838	$ -	$ -
Corporate bonds	753,622	-	753,622	-
Equity securities:				
Common stock	4,374,629	4,374,629	-	-
Total investments by fair value level	$ 5,865,089	$ 5,111,467	$ 753,622	$ -
Investments measured at cost based measure				
Cash and cash equivalents	$ 178,896			

(1) Summary of Significant Accounting Policies, Continued

Federal Financial Assistance Programs

PCC participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study Grants, Upward Bound and Basic/Core Area Health and Education Centers Programs. Federal programs are audited in accordance with the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

New Accounting Standards

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the contract's payment provisions. Management believes this statement, upon implementation, had a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 was adopted for the fiscal year ended September 30, 2022.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 91 was effective for the fiscal year ending September 30, 2023. Management does not believe that implementation of this statement had a material effect on the financial statements.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In January 2020, GASB issued Statement No. 92. *Omnibus 2020.* The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about leases; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other than postemployment benefit (OPEB) plan; applicability of Statement No. 73 and 84 to postemployment benefits, measurements of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers of excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. GASB Statement No. 92 was effective for the fiscal year ending September 30, 2022. Management does not believe that implementation of this statements had a material effect on the financial statements.

In April 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (IBOR). The primary objective of the Statement is to address those and other accounting and financial reporting implications of the replacement of IBOR. GASB Statement No. 93 was effective for the fiscal year ending September 30, 2022. Management does not believe that implementation of this statements had a material effect on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-private and Public-public Partnership Arrangements* (PPPs). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB Statement No. 94 will be effective for the fiscal year beginning after September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITAs). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for fiscal years beginning after June 15, 2022. Management does not believe that implementation of this statement had a material effect on the financial statements.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management does not believe that the adoption of GASB Statement No. 100 had a material effect on the financial statements.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Instruments*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

(2) Accounts Receivable

Accounts receivable consists of the following at September 30, 2023 and 2022:

	2023	2022
Tuition and fees	$3,439,845	$3,720,749
Due from grantor agencies	654,894	629,747
Accounts receivable, others	127,885	261,412
College of Micronesia	217,381	232,001
	4,440,006	4,843,909
Allowance for uncollectible accounts	(2,715,165)	(2,825,127)
Accounts receivable, net	$1,724,841	$2,018,782

The accounts receivable, others includes an amount of $88,315 for cash deposits in a local bank which operations was placed under receivership in 2007 by the Republic of Palau Financial Institution Commission. Due to the uncertainty of the recoverability of the cash deposits from the local bank, PCC provided an allowance for impairment of cash deposits of $88,315 and $96,457 for the fiscal years ended September 30, 2023 and 2022, respectively, and is included as a component of the allowance for uncollectible accounts.

(3) Inventory

Inventory consists of the following at September 30, 2023 and 2022:

	2023	2022
Bookstore	$ 184,925	$ 287,243
Cafeteria	6,542	7,913
Total	$ 191,467	$ 295,156

(4) Restricted Cash

Restricted cash consists of the following at September 30, 2023 and 2022:

	2023	2022
Management Information System Fund	$ 1,469,958	$ 1,468,330
PCC Reserve Fund	3,227	503,189
PCC Infrastructure Improvement Fund	153,068	112,035
Non-Freely Associated States Employees' Retirement Savings	167,755	135,155
Endowment Savings	199,318	312,975
Total restricted cash	$ 1,993,326	$ 2,531,684

(5) Endowment Fund Investment

The PCC Endowment Fund was established in 1995 and was initially funded with $100,000 by the government of the Republic of Palau. The Endowment Fund's goal is to grow in size to an endowment principal of $10 million through a combination of investment returns, public and private contributions and a variety of special fundraising events. At such time, PCC plans to utilize the earned interest income to fund college programs and services and to provide post-secondary education and vocational training to the Republic of Palau and the Pacific region. The Board of Trustees is authorized by public law to manage investments consistent with the College's investment policy. Investments held by PCC for the Endowment Fund consist primarily of money market funds, fixed income securities, and common stock and is further disclosed in Note 1. The endowment funds are restricted and are recorded in the restricted nonexpendable net assets category on the Statements of Net Position.

(5) Endowment Fund Investment, Continued

The PCC Endowment Fund consists of the following at September 30, 2023 and 2022:

	2023	2022
Endowment investments	$7,746,475	$6,043,985
Endowment fund-restricted cash	199,318	312,975
Total	$7,945,793	$6,356,960

As of September 30, 2023 and 2022, the PCC's endowment investments at fair value are as follows:

	2023	2022
Fixed income securities:		
Corporate bonds	$ 871,464	$ 753,622
U.S. treasury securities	814,331	736,838
Total fixed income	1,685,795	1,490,460
Other investments:		
U.S. equities	3,149,192	2,207,211
International equities	2,193,561	1,760,455
Real Estate and Tangibles	429,597	406,963
Cash and cash alternatives	288,330	178,896
	6,060,680	4,553,525
	$ 7,746,475	$ 6,043,985

(5) Endowment Fund Investment, Continued

At September 30, 2023 and 2022, PCC's fixed income securities had the following ratings and maturities:

	2023						
		Investment Maturities (In Years)				Rating	
Investment type	Fair Value	Less than 1	1-5	6-10	More than 10	Moody's	Standard & Poor's
U.S. Treasury Securities	$ 178,062	$ 178,062	$ -	$ -	$ -	Aaa	No rating
U.S. Treasury Securities	405,541	-	405,541	-	-	Aaa	No rating
Corporate bonds	52,343	-	52,343	-	-	Baa2	BBB+
Corporate bonds	52,053	-	52,053	-	-	Baa2	BBB
Corporate bonds	51,670	-	51,670	-	-	Baa3	BBB
Corporate bonds	51,056	-	51,056	-	-	A2	A-
Corporate bonds	51,585	-	51,585	-	-	A2	BBB+
Corporate bonds	51,906	-	51,906	-	-	Baa1	BBB
Corporate bonds	52,348	-	52,348	-	-	A2	BBB+
U.S. Treasury Securities	50,033	-	-	-	50,033	Aaa	No rating
Corporate bonds	101,828	-	-	101,828	-	Baa2	BBB
Corporate bonds	100,851	-	-	100,851	-	A1	A-
Corporate bonds	51,483	-	-	51,483	-	A3	A-
Corporate bonds	52,162	-	-	52,162	-	Baa1	BBB
U.S. Treasury Securities	237,828	-	-	-	237,828	Aaa	No rating
Corporate bonds	47,180	-	-	-	47,180	A3	A-
Corporate bonds	47,493	-	-	-	47,493	Aaa	AAA
Corporate bonds	50,373	-	-	-	50,373	Baa1	BBB+
Total	$ 1,685,795	$ 178,062	$ 768,502	$ 306,324	$ 432,907		
Percentage of Portfolio	100%	10%	46%	18%	26%		

(5) Endowment Fund Investment, Continued

	2022						
		Investment Maturities (In Years)				Rating	
Investment type	Fair Value	Less than 1	1-5	6-10	More than 10	Moody	Standard & Poor's
U.S. Treasury Securities	$ 528,685	$ -	$ 528,685	$ -	$ -	AAA	No rating
Corporate bonds	47,397	-	47,397	-	-	A3	A-
Corporate bonds	45,319	-	45,319	-	-	A1	BBB+
U.S. Treasury Securities	60,150	-	-	60,150	-	AAA	No rating
Corporate bonds	312,324	-	-	312,324	-	Baa2	BBB
Corporate bonds	45,529	-	-	45,529	-	A2	BBB+
Corporate bonds	42,779	-	-	42,779	-	A2	A-
Corporate bonds	44,184	-	-	44,184	-	A1	A-
Corporate bonds	43,738	-	-	43,738	-	Baa1	BBB
Corporate bonds	43,756	-	-	43,756	-	A3	A-
U.S. Treasury Securities	148,003	-	-	-	148,003	AAA	No rating
Corporate bonds	42,520	-	-	-	42,520	A2	A-
Corporate bonds	42,467	-	-	-	42,467	Aaa	AAA
Corporate bonds	43,609	-	-	-	43,609	Baa1	BBB+
Total	$ 1,490,460	$ -	$ 621,401	$ 592,460	$ 276,599		
Percentage of Portfolio	100%	0%	42%	40%	19%		

(6) Capital Assets

A schedule of changes in capital assets for the fiscal years ended September 30, 2023 and 2022 is shown below:

Capital assets activity for the fiscal year ended September 30, 2023:

	Balance at 9/30/22	Additions	Transfers/ Deletions	Balance at 9/30/23
Buildings and improvements	$ 9,543,161	$ 35,355	$ -	$ 9,578,516
Furniture, vehicles and equipment	2,735,199	552,342	-	3,287,541
Total depreciable assets	12,278,360	587,697	-	12,866,057
Accumulated depreciation	(9,823,679)	(436,815)	-	(10,260,494)
Capital assets, net	$ 2,454,681	$ 150,882	$ -	$ 2,605,563

Capital assets activity for the fiscal year ended September 30, 2022:

	Balance at 9/30/21	Additions	Transfers/ Deletions	Balance at 9/30/22
Buildings and improvements	$ 9,326,324	$ 216,837	$ -	$ 9,543,161
Furniture, vehicles and equipment	2,465,090	270,109	-	2,735,199
Total depreciable assets	11,791,414	486,946	-	12,278,360
Accumulated depreciation	(9,388,137)	(435,542)	-	(9,823,679)
Capital assets, net	$ 2,403,277	$ 51,404	$ -	$ 2,454,681

Capital assets essentially serve all functions. The depreciation expense of $436,815 and $435,542 respectively, for the years ended September 30, 2023 and 2022, is unallocated.

(7) Long-term Liabilities

At September 30, 2023 and 2022, the summary of changes in the long-term liabilities is as follows:

2023

	Outstanding October 1, 2022	Additions	Reductions	Outstanding September 30, 2023	Current	Noncurrent
Compensated absences	$ 211,942	$ 171,574	$ (144,398)	$ 239,118	$ 179,339	$ 59,779
Net pension liability	12,858,175	1,242,569	-	14,100,744	-	14,100,744
	$13,096,789	$ 1,414,143	$ (144,398)	$ 14,339,862	$ 179,339	$14,160,523

2022

	Outstanding October 1, 2021	Additions	Reductions	Outstanding September 30, 2022	Current	Noncurrent
Compensated absences	$ 211,942	$ 144,398	$ (149,647)	$ 206,693	$ 155,020	$ 51,673
Net pension liability	12,858,175	1,242,569	-	14,100,744	-	14,100,744
	$13,096,789	$ 1,386,967	$ (149,647)	$ 14,307,437	$ 155,020	$14,152,417

(8) National Government Contributions

At September 30, 2023 and 2022, the Republic of Palau appropriated and contributed the following to PCC:

	2023	2022
For operational costs of PCC and its Board of Trustees	$2,811,000	$2,596,000

(9) Functional Expenses Classifications

The functional expenses classifications for fiscal years ended 2023and 2022 are as follows:

2023

	Salaries	Employee Benefits	Materials, Other Operating Expenses and Services	Utilities	Depreciation	Total
Student aid	$ -	$ -	$ 1,532,316	$ -	$ -	$ 1,532,316
Instructional	1,511,182	145,197	253,129	9,129	-	1,918,637
Administration	975,810	192,854	1,243,005	97,110	-	2,508,779
Student services	771,614	47,489	64,746	6,712	-	890,561
Operations and maintenance	201,734	32,978	179,725	451,529	-	865,966
Auxiliary enterprises	101,125	21,487	195,749	2,676	-	321,037
Academic support	129,092	79,921	55,240	83,310	-	347,563
Depreciation	-	-	-	-	436,815	436,815
	$ 3,690,557	$ 519,926	$ 3,523,910	$ 650,466	$ 436,815	$ 8,821,674

2022

	Salaries	Employee Benefits	Supplies, Materials, Other Operating Expenses and Services	Utilities	Depreciation	Total
Student Aid	$ 124,886	$ -	$ 2,318,267	$ -	$ -	$ 2,443,153
Instructional	792,439	146,122	835,875	16,321	-	1,790,757
Administration	958,595	172,946	1,027,453	102,078	-	2,261,072
Student Services	260,747	50,397	503,532	6,379	-	821,056
Operations and maintenance	180,785	31,620	190,157	382,552	-	785,115
Auxiliary enterprises	106,268	23,811	180,712	2,577	-	313,369
Academic support	99,616	108,892	74,132	43,129	-	325,769
Depreciation	-	-	-	-	435,542	435,542
	$ 2,523,336	$ 533,789	$ 5,130,129	$ 553,037	$ 435,542	$ 9,175,833

(10) Pension Plan

General Information About the Pension Plan:

Plan Description:

PCC contributes to the Republic of Palau Civil Service Pension Trust Fund (the Fund), a defined benefit, cost-sharing multi-employer plan, which is a component unit of the 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 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.

The Fund issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the Republic of Palau Civil Service Pension Plan, P.O. 1767, Koror, Palau 96940.

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 consists of the following as of October 1, 2019 (the valuation date):

Inactive members or beneficiaries currently receiving benefits	1629
Inactive members entitled to but not yet receiving benefits	270
Inactive nonvested members	982
Active members	3480
Total members	6361

Summary of the Principal Provisions of the Plan:

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

(10) Pension Plan, Continued

General Information About the Pension Plan:

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 agency. Years of membership shall be rounded to the nearest one year. Membership includes accumulated sick leave and vacation leave.

Prior Service Credit: Persons becoming members of the Plan on October 1, 1987 are entitled to Prior Year 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.

Retirement benefits are paid to members who are required, with certain exceptions, to retire no later than their sixtieth birthday or after 30 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 20 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, 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 actuarially equivalent lump sum contributions". In accordance with RPPL 9-2, members who retire after April 30, 2013 must not receive benefits greater than thirty thousand dollars per year.

(10) Pension Plan, Continued

General Information About the Pension Plan:

Pension Benefits, continued:

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 2% 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 then 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:

Factor	If the Spouse or Beneficiary is:
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.

(10) Pension Plan, Continued

General Information About the Pension Plan, continued:

Pension Benefits, continued:

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:

- $1/12^{th}$ per year for the first 3 years before age 60;
- plus, an additional $1/18^{th}$ per year for the next 3 years;
- plus, an additional $1/24^{th}$ per year for the next 5 years; and
- plus, an additional $1/50^{th}$ per year for each year in excess of 11 years.

Upon 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 or her 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 or her date of death and a spouse or beneficiary survives, the total death benefits 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 benefit.

Upon the death of a member or former member before commencement of his or her 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.

(10) Pension Plan, Continued

General Information About the Pension Plan, continued:

Pension Benefits, continued:

Any member who is not otherwise eligible to receive normal, early or late retirement benefits, who shall become total 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.

Membership 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 No. 9-2, requires the ROP Government to make regular contributions to the Fund equal to the amount contributed by each and every employee of ROP. Additionally, an excise tax of 4 percent is levied against each non-citizen person transferring money out of ROP. The money transfer tax must be remitted to the Fund.

(10) Pension Plan, Continued

General Information About the Pension Plan, continued:

Actuarial Assumptions and Other Inputs

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

Actuarial Cost Method: Normal costs are calculated under the entry age normal method

Amortization Method: Level dollar, open with remaining amortization period of 30 years

Asset Valuation Method: Market Value of Assets

Long-term Expected Rate of Return: 6.74% per year, net of investment expenses, price inflation

Municipal Bond Index Rate: 2.22%

Year fiduciary net position is projected to be depleted: 2025

Price Inflation: 2.5% per year

Interest on Member Contribution: 5% per year

Salary Increase: 3% 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.

(10) Pension Plan, Continued

General Information About the Pension Plan, continued:

Actuarial Assumptions and Other Inputs, continued

Disability:

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

Refund of Contributions: 80% terminated vested members elect a refund of contributions

Investment Rate of Return

The long-term expected rate of return on the Fund’s investment of 6.74% was determined using log-normal distribution analysis, creating a best-estimate range for each asset class.

(10) Pension Plan, Continued

General Information About the Pension Plan, continued:

Actuarial Assumptions and Other Inputs, continued

As of September 30, 2020, the arithmetic real rates of return for each major investment class are as follows:

Assets Class	Target Allocation	Expected Rate of Return
US Large Cap Value Equity	10%	8.70%
US Large Cap Growth Equity	10%	9.13%
Mature Markets Non-U.S. Equity	15%	9.19%
Emerging Markets Non-U.S. Equity	10%	12.52%
U.S. Core Fixed Income	35%	3.82%
Global Fixed Income	10%	3.40%
Global REIT	10%	8.33%
	100%	

Discount Rate

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following schedule presents PCC's proportionate share of the net pension liability as of September 30, 2020, calculated using the discount rate of 2.28%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (1.28%) or 1% higher (3.28%) from the current rate.

(10) Pension Plan, Continued

	1% Decrease in Discount Rate 1.28%	Current Discount Rate 2.28%	1% Increase in Discount Rate 3.28%
Net Pension Liability	$ 16,455,792	$ 14,100,744	$ 12,158,272

General Information About the Pension Plan, continued:

Deferred Outflows and Inflows of Resources

At September 30, 2023and 2022, PCC reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 474,610	$ 373,003
Differences between expected and actual experiences on pension plan investments	26,346	18,049
Change in assumptions	3,025,802	886,350
PCC contributions subsequent to measurement date	-	-
Changes in proportion and difference between the contribution and proportionate shares of contributions	-	1,145,742
Total	$ 3,526,758	$ 2,423,144

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2020 will be recognized in pension expense as follows:

(10) Pension Plan, Continued

Year ending September 30,	
2021	$ 138,795
2022	164,051
2023	124,197
2024	184,684
2025	370,301
Thereafter	121,586
	$1,103,614

The most recent actuarial study conducted for the Palau Civil Service Pension Fund ("the Fund") and related report has not been issued as of the date of this report. PCC's contributions to the Fund were $163,763 and $150,254 as of September 30, 2023 and 2022, respectively.

(11) Commitments and Contingencies

Encumbrances

PCC reserves its fund balance for internal purposes, for those portions legally segregated for specific future use. At September 30, 2023 and 2022, the reserve for encumbrances was $78,312 and $89,412, respectively, within the unrestricted fund.

Sick Leave

It is the policy of PCC to record the expenditures for sick leave when leave is actually taken. Sick leave is compensated time for absence during working hours arising from employee illness or injury. The accumulated sick leave at September 30, 2023 and 2022 was $1,150,972 and $1,268,315, respectively.

Risk Management

PCC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. PCC has elected for self-insurance related to these risks. No self-insurance provision has been made in the accompanying financial statements and management is of the opinion that no material losses have occurred as a result. PCC does not maintain adequate insurance coverage for its fixed assets. In the event of a catastrophe, PCC would be self-insured to a material extent.

(12) Economic Dependency

For the years ended September 30, 2023 and 2022, PCC derives 63% and 66% of its total revenues, respectively, from Federal grants and appropriations from the Republic of Palau. Significant decreases in assistance could adversely affect the operations of PCC.

(13) Impairment of Fixed Assets

PCC reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

(14) Fair Value of Financial Instruments

PCC financial instruments are cash, student receivables and receivables from ROP Government and Federal agencies and payables. The recorded values of these financial instruments approximate their fair values based on their short-term nature.

(15) Reclassifications

Certain reclassifications have been made to the prior year’s financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

(16) Subsequent Events

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through June 28, 2024, which is the date the financial statements were available to be issued.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

UNIFORM GUIDANCE REPORTS

For The Year Ended September 30, 2023

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Palau Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Palau Community College (PCC), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Palau Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Palau Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Palau Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Koror, Republic of Palau
June 28, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Palau Community College:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Palau Community College's (PCC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the PCC's major federal programs for the year ended September 30, 2023. The PCC's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the PCC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the PCC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the PCC's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the PCC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the PCC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the PCC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the PCC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the PCC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the PCC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Burger Comer Magliari

Koror, Republic of Palau
June 28, 2024

United States Department of Education

Student Award Programs

The Palau Community College (PCC) administers student financial aid (SFA) programs within the Republic of Palau. During the year ended September 30, 2021, PCC received directly from the U.S. Department of Education funds related to the Pell Grant Program, the Supplemental Educational Opportunity Grant Program (SEOG) and Federal Work-Study Program (FWS). PCC's institutional matching share for the SEOG and FWS was initially waived during the award year ended June 30, 2003 and continued to be in effect until award year ended June 30, 2017. During award year ended June 30, 2018, the College's institutional matching share for SEOG and FWS was reinstated at 25% and continuous to be in effect as of September 30, 2023.

Direct Grants

PCC receives other grants directly from the U.S. Department of Education. Projects to which the individual grants relate are as follows:

- Talent Search
- Upward Bound Program

United States Department of Health and Human Services

Passed-Through Grants

PCC receives grants from the U.S. Department of Health and Human Services (DHHS)/Health Resources and Services Administration (HRSA) through the University of Hawaii John A. Burns Schools of Medicine (JABSOM). The purpose of this grant is to fund the Palau Area Health Education Center whose core mission is to train up to 20 Micronesian physicians in the Postgraduate Diploma principles and practice of Family Practice.

Introduction to Federal Award Programs
For the Year Ended September 30, 2023

United States Department of the Interior

Direct Grants

During the year ended September 30, 2023, PCC received from the U.S. Department of the Interior grants to provide Joint Training to the employees of the Republic of Palau National Government and Palau Community College.

United States Department of Agriculture

Direct Grants

PCC receives grants from U.S. Department of Agriculture through National Institute of Food and Agriculture. The purpose of these grants is to develop Resident Instruction and Distance Education in Food and Agriculture Sciences Program at Palau Community College.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor's Program Title	Federal Financial Assistance Lisitng Number	Project/ Grant Number	Pass-Through Entity-Identifying Number	Expenditures
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Programs:				
Federal Supplemental Educational Opportunity Grant	84.007	P007A224582		$ 41,800
Federal Work Study	84.033	P033A224582		126,922
Pell Grant	84.063	P063P223406		1,758,551
				1,927,273
TRIO Programs:				
Upward Bound	84.047A	P047A221637		439,199
Upward Bound Math and Science	84.047M	P047M220136		289,178
Talent Search	84.044A	P044A211063		272,491
				1,000,868
CARES Act - Education Stabilization Grants:				
HEERF - Minority Serving Institutions	84.425L	P425L200563		55,471
HEERF - Institutional Portion	84.425F	P425E203907		887,213
				942,684
AANAPISI	84.031L	P031L200029		251,278
Sub-total				4,122,103
U.S. Department of Health and Human Services				
Passed Through:				
Basic/Core Area Health and Education Center	93.107	KA1888	2U77HP08404-16-00	122,006
Sub-total				122,006
U.S. Department of Agriculture				
Direct Programs:				
Enhancing Curriculum Design and Instructional Delivery and Mazimizing Faculty Competencies through Distance Education for Agriculture	10.308	2021-70004-35096		13,444
Optomizing Organic-Based Farming, Enhancing Faculty Preparation and Improving Curriculum Design Through Supervised Experimential Learning	10.308	2021-70004-35100		26,153
Sub-total - Direct Grants				39,597

See accompanying notes to the schedule of expenditures of federal awards.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor's Program Title	Federal Financial Assistance Lisitng Number	Project/ Grant Number	Pass-Through Entity-Identifying Number	Expenditures
Passed Through National Science Foundation				
Louise Stokes STEM Pathways & Research Alliance - Islands of Opportunity Alliance	47.076	HI1442	1826864	$ 21,996
NSF-ATE: Partnership for Advanced Marine & Environmental Science for Pacific Islanders	47.076	6109022	1954994	61,840
Sub-total				83,836
Total Federal Financial Assistance				$ 4,367,542

See accompanying notes to the schedule of expenditures of federal awards.

(1) Scope of Audit

The Palau Community College (PCC) is a non-profit corporation, established by Republic of Palau Public Law 4-2. PCC was inaugurated on June 3, 1993. Prior to June 3, 1993, PCC was known as the Micronesian Occupational College, and was a separately accredited constituent campus of the College of Micronesia. The College of Micronesia began operations as a Public Corporation on October 1, 1977.

The purpose of PCC is to provide post secondary educational opportunities to the people of the Republic of Palau, Federated States of Micronesia, Republic of the Marshall Islands, as well as other students. The accompanying Schedule of Expenditures of Federal Awards relates solely to those grants administered by PCC, and do not incorporate any grants that may still be administered by the College of Micronesia central office. The U.S. Department of Education has been designated as PCC's cognizant agency.

Programs Subject to Uniform Guidance.

The Schedule of Expenditures of Federal Awards presents each Federal award related to the U.S. Department of Education, U.S. Department of Health and Human Services, U.S. Department of Agriculture and U.S. Department of the Interior, which are subject to the Uniform Guidance.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Palau Community College (the "College") under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting and Cost Principles

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

Of the federal expenditures presented in the Schedule, the College did not provide any federal awards to subrecipients.

Non-Cash Assistance

The College had no non-cash assistance during the year.

Federal Insurance

The College had no Federal Insurance in force during the year.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2023

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	____ yes __x__ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes __x__ none reported
Noncompliance material to financial statements noted?	____ yes __x__ no

Federal Awards

Internal control over major programs	
• Material weakness(es) identified?	____ yes __x__ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes __x__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 2 CFR § 200.516 (a)?	____ yes __x__ no

SECTION I – SUMMARY OF AUDITORS' RESULTS, Continued

Federal Awards

Identification of major programs:

AL Numbers	Description	Federal Expenditures
	CARES Act – Education Stabilization Grants:	
84.425L	HEERF Minority Serving Institutions	$ 55,471
84.425F	HEERF Institutional Portion	887,213
	CARES Act Grants	$ 942,684
Additional Major Program:		
	Student Financial Assistance Cluster:	
84.063	Federal Pell Grant Program	$ 1,758,551
84.007	Federal Supplemental Educational Opportunity Grants	41,800
84.033	Federal Work-Study Program	126,922
	Student Financial Assistance Cluster	1,927,273
Total Federal Expenditures-Major Programs		$ 2,869,957
	Percentage of total federal awards tested	66%
Dollar threshold used to distinguish between Type A and Type B programs		$ 750,000

Auditee qualified as low-risk auditee ___X___ yes _____ no

SECTION II – Findings relating to the Financial Statements which are required to be reported in accordance with *Government Auditing Standards*

There were no financial statement audit findings for fiscal year ending September 30, 2023.

SECTION III – Findings and Questioned Costs relating to Federal Awards

There were no federal awards audit findings and questioned costs for fiscal year ending September 30, 2023.

SECTION IV – Prior Audit Findings and Questioned Costs

There were no prior years' unresolved findings and questions costs.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STATISTICAL SECTION

For The Year Ended September 30, 2023

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

AVERAGE NUMBER OF EMPLOYEES
Last Ten Fiscal Years Ended September 30th
Unaudited

Fall Semester Fiscal Year	Employees				
	Regular Faculty	Adjunct Faculty	Regular Staff	Part-Time/ Temp. Staff	Total Employees
2014	31	13	100	58	202
2015	30	12	95	45	182
2016	32	7	85	40	164
2017	32	8	84	43	167
2018	39	8	79	48	174
2019	36	6	76	65	183
2020	31	3	72	45	151
2021	35	4	87	47	173
2022	31	4	89	43	167
2023	37	27	93	63	220

Source: PCC Human Resource Division

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STUDENT ENROLLMENT AND DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years Ended September 30th
(Unaudited)

	Attendance		Gender		Residency		Age	
Fall Semester Fiscal Year	Full Time	Part Time	Male	Female	IN Campus	OFF Campus	Median	Mean
2014	61%	39%	284	320	106	498	28	37
2015	55%	45%	287	340	116	511	20	24
2016	62%	38%	268	319	104	483	38	38
2017	65%	35%	255	295	100	450	36	28
2018	68%	32%	238	294	93	439	22	25
2019	58%	42%	203	241	35	409	34	25
2020	64%	36%	258	267	31	494	35	25
2021	54%	46%	264	273	19	518	25	16
2022	67%	33%	213	242	1	454	26	18
2023	59%	41%	168	219	16	371	38	17

Fall Semester Fiscal Year	Palau	Yap	Pohnpei	Chuuk	Marshalls	Kosrae	Others(1)	Total Headcount
2014	510	63	12	33	9	15	38	680
2015	454	57	19	24	14	15	21	604
2016	426	58	36	11	19	11	26	587
2017	417	49	28	9	16	9	22	550
2018	397	51	28	8	14	14	20	532
2019	372	31	3	1	6	10	21	550
2020	396	48	8	11	15	19	28	525
2021	482	17	2	0	6	3	27	537
2022	445	0	0	0	1	0	9	455
2023	340	10	5	1	2	0	9	367

Source: PCC Admissions & Records Office

Note(1): Others consist Philippines, American Samoa, CNMI, Solomon Islands, ROC, and U.S.A.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

TUITION RATES & ENROLLMENT STATISTICS
Last Ten Fiscal Years Ended September 30th
Unaudited

Fall Semester Fiscal Year	Tuition Rate Per Credit Hour	Total Headcount	FTSE (1)	Part-Time and Others (2)
2014	$ 110.00	680	445	235
2015	$ 110.00	627	347	280
2016	$ 110.00	587	361	226
2017	$ 110.00	550	409	141
2018	$ 110.00	532	364	168
2019	$ 110.00	444	259	185
2020	$ 120.00	525	424	101
2021	$ 130.00	537	289	248
2022	$ 130.00	455	304	151
2023	$ 130.00	387	230	157

Source: PCC Registrar's Office

Note (1): Full Time Student Equivalent (FTSE) is 12 Credit Hours per Semester.

Note (2): Others consist of Continuing Education & Specialized Training enrollments.

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

STUDENT'S PELL AWARDS & REFUNDS
Last Nine Fiscal Years Ended September 30th
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pell Grant Awarded to Students	$ 2,631,522.00	$ 2,277,175.00	$ 1,817,141.00	$ 2,215,414.00	$ 2,090,697.00	$ 1,832,116.00	$ 1,754,875.00	$ 1,977,034.08	$ 1,973,864.00	$ 1,758,551.00
Less: Pell Award Applied to Student's Tuition & Fees	2,195,002.46	1,504,742.72	1,313,860.28	1,695,424.19	1,572,300.07	1,272,505.11	1,170,263.14	1,423,030.01	1,409,783.25	1,117,773.85
Amount Refunded to Students	$ 436,519.54	$ 772,432.28	$ 503,280.72	$ 519,989.81	$ 518,396.93	$ 559,610.89	$ 584,611.86	$ 554,004.07	$ 564,080.75	$ 640,777.15

Source: PCC Finance Division

PALAU COMMUNITY COLLEGE
(A Component Unit of the Republic of Palau)

ENDOWMENT INVESTMENT PORTFOLIO
Last Eight Fiscal Years Ended September 30th
Undaudited

Fiscal Year	Investment Amount	Investment Income (Loss)	Growth (%)	ROI (%)
2014	$ 3,636,000.00	$ 223,809.44	6.5026%	6.1554%
2015	$ 3,597,000.00	$ (248,506.96)	-1.0726%	-6.9087%
2016	$ 4,163,000.00	$ 345,512.12	15.7353%	8.2996%
2017	$ 4,933,010.00	$ 509,508.00	18.4965%	10.3285%
2018	$ 5,173,656.33	$ 190,646.33	42.2898%	3.6849%
2019	$ 5,702,249.00	$ 177,389.00	58.5279%	3.1109%
2020	$ 5,977,405.27	$ 277,170.20	4.8254%	4.6370%
2021	$ 7,557,305.89	$ 1,059,785.57	26.4312%	14.0233%
2022	$ 6,043,985.21	$ (1,513,320.68)	-20.0246%	-25.0385%
2023	$ 7,746,474.51	$ 1,702,489.30	28.1683%	21.9776%

ENDOWMENT INVESTMENT INCOME (LOSS)
Fiscal Year 2023
Undaudited

Investment Account No.	Investment Account Name	Interest Income	Dividends	Net Gain (Loss)	Total
79033229	Pacific Income Mkt Duration	$ 55,574.34	$ -	$ 137,491.50	$ 193,065.84
79033248	Adelante REIT	13,207.56	9,924.22	(9,385.33)	13,746.45
79033205	Aristotle LCV	21,847.12	16,591.67	83,214.51	121,653.30
78892046	Lazard EM	40,775.17	33,974.88	38,348.91	113,098.96
32564878	Cash Account	21,923.15		483,182.09	505,105.24
1320M537	Loomis Sayles LCG	5,509.32	4,682.70	340,910.73	351,102.75
471LF746	Boston Partners MCV	14,693.01	10,866.04	92,940.46	118,499.51
2620W755	BTAS VIII	-	-	45,904.06	45,904.06
817NR212	iShares Int Bonds IAGG	6,594.40	-	335.02	6,929.42
837HD246	Clearbridge IE Growth ADR ES	15,110.93	14,321.93	203,950.91	233,383.77
	Total	$ 195,235.00	$ 90,361.44	$ 1,416,892.86	$ 1,702,489.30

Source: PCC Finance Division