

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

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

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Republic of Palau Civil Service Pension Trust Fund

We have audited the accompanying schedule of employer allocations of the Republic of Palau Civil Service Pension Trust Fund (the Fund), a component unit of the Republic of Palau, as of and for the years ended September 30, 2017 and 2016, and the related notes. We have also audited the totals of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the years ended September 30, 2017 and 2016, included in the accompanying schedules of pension amounts by employer, the totals for all employers in the schedule of net pension liability sensitivity by employer (September 30, 2017), the schedule of allocable pension amortization by employer (September 30, 2017), and the schedule of employers' contributions by employer (September 30, 2017 and 2016) (other pension schedules), and the related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations, specified column totals included in the schedule of pension amounts by employer and other pension schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations, specified column totals included in the schedule of pension amounts by employer and other pension schedules.

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

Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations of net pension liability, deferred outflows of resources, deferred inflows of resources, and employer pension expense for all participating entities for the Fund as of and for the years ended September 30, 2017 and 2016, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Fund's actuarial valuation indicates that the Fund has a net pension liability of \$259,395,005 as of September 30, 2017, which, assuming current contribution rates, would cause the Fund's fiduciary net position to become negative in 2022.

Our opinion is not modified with respect to this matter.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the Republic of Palau Civil Service Trust Fund as of and for the years ended September 30, 2017 and 2016, and our report thereon, dated April 27, 2018, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Deloitte + Touche LLC

March 12, 2019

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employer Allocations
September 30, 2017 and 2016

Employer	2017		2016	
	Total Employer Contributions	Employer Allocation Percentage	Total Employer Contributions	Employer Allocation Percentage
Aimeliik State Agency	\$ 3,156	0.0908%	\$ 2,182	0.0696%
Aimeliik State Government	12,829	0.3691%	11,106	0.3543%
Aimeliik State Legislature	2,552	0.0734%	2,230	0.0711%
Airai State Agency	10,434	0.3002%	8,507	0.2714%
Airai State Government	6,817	0.1961%	6,514	0.2078%
Airai State Legislature	4,606	0.1325%	4,854	0.1549%
Airai State - Pan Fund	3,298	0.0949%	3,553	0.1134%
Angaur State Agency	-	0.0000%	-	0.0000%
Angaur State Government	13,176	0.3791%	12,407	0.3959%
Angaur State Legislature	1,387	0.0399%	702	0.0224%
Civil Service Pension Trust Fund	11,599	0.3337%	10,688	0.3410%
Dongosaro Municipality - Sonsorol	2,135	0.0614%	1,753	0.0559%
Fanna Municipality-Sonsorol State	468	0.0135%	701	0.0224%
Hatohobe State Agency	3,198	0.0920%	2,712	0.0865%
Hatohobei State Government	4,841	0.1393%	4,080	0.1302%
Hatohobei State Legislature	1,796	0.0517%	979	0.0312%
Helen Reef Resource Management - Hatohobei State	5,582	0.1606%	5,070	0.1618%
Kayangel State Government	14,256	0.4101%	12,448	0.3972%
Kayangel State Legislature	1,733	0.0499%	1,007	0.0321%
Koror State Government	293,070	8.4312%	262,310	8.3691%
Koror State Legislature	7,448	0.2143%	7,020	0.2240%
Melekeok State - PAN 1077	6,703	0.1928%	7,023	0.2241%
Melekeok State Agency	101	0.0029%	454	0.0145%
Melekeok State Government	11,544	0.3321%	10,066	0.3212%
Melekeok State Legislature	1,944	0.0559%	1,578	0.0503%
Melekeok Legislature Staff	1,058	0.0304%	1,718	0.0548%
Merir Municipality-Sonsorol State	1,278	0.0368%	872	0.0278%
National Development Bank of Palau	24,540	0.7060%	23,081	0.7364%
National Development Bank of Palau - SBDC	2,280	0.0656%	2,264	0.0722%
Ngaraard State Government	15,938	0.4585%	15,388	0.4910%
Ngaraard State Legislature	1,697	0.0488%	1,859	0.0593%
Ngaraard State Pan Fund	166	0.0048%	-	0.0000%
Ngardmau Free Trade Zone Authority	1,076	0.0310%	917	0.0293%
Ngardmau State Agency	-	0.0000%	-	0.0000%
Ngardmau State Government	24,420	0.7025%	22,106	0.7053%
Ngardmau State Legislature	2,199	0.0633%	1,560	0.0498%
Ngatpang State Government	9,043	0.2602%	6,524	0.2082%
Ngatpang State Legislature	1,831	0.0527%	1,763	0.0562%
Ngchesar State Agency	3,761	0.1082%	3,266	0.1042%
Ngchesar State Government	6,572	0.1891%	7,149	0.2281%
Ngchesar State Legislature	648	0.0186%	624	0.0199%
Ngerchelong State Agency	5,125	0.1474%	4,046	0.1291%
Ngerchelong State Government	10,176	0.2927%	11,372	0.3628%
Ngerchelong State Legislature	2,364	0.0680%	1,919	0.0612%
Ngerchelong State Operation	2,501	0.0720%	-	0.0000%
Ngeremlengui State Government	17,839	0.5132%	17,479	0.5577%
Ngeremlengui State Legislature	2,216	0.0638%	2,161	0.0689%
Ngiwal State - Pan Fund	2,314	0.0666%	2,769	0.0883%
Ngiwal State Agency	5,176	0.1489%	5,928	0.1891%
Ngiwal State Government	7,108	0.2045%	5,848	0.1866%
Ngiwal State Legislature	2,132	0.0613%	1,708	0.0545%
Palau Community Action Agency	85,879	2.4706%	69,828	2.2279%
Palau Community College	156,335	4.4975%	150,556	4.8036%
Palau Housing Authority	4,833	0.1390%	4,527	0.1444%
Palau International Coral Reef Center	28,117	0.8089%	26,111	0.8331%
Palau National Communications Corporation	114,435	3.2921%	100,271	3.1992%
Palau Public Utilities Corporation	142,920	4.1116%	113,216	3.6122%
Palau Public Utilities Corporation - Waste & Water Operation	99,017	2.8486%	87,894	2.8043%
Palau Water & Sewer Corporation	2,019	0.0581%	-	0.0000%
Palau Visitors Authority	10,690	0.3075%	10,654	0.3399%
Peleliu State Government	26,428	0.7603%	21,393	0.6826%
Peleliu State Legislature	2,916	0.0839%	1,743	0.0556%
Pulo Anna Municipality-Sonsorol State	903	0.0260%	1,105	0.0353%
Republic of Palau Government	2,179,691	62.7064%	1,982,972	63.2675%
Social Security Retirement Fund	38,909	1.1194%	37,247	1.1884%
Sonsorol State Agency	451	0.0130%	407	0.0130%
Sonsorol State Government	2,937	0.0845%	2,842	0.0907%
Sonsorol State Legislature	1,401	0.0403%	1,231	0.0393%
	<u>\$ 3,476,012</u>	<u>100.0000%</u>	<u>\$ 3,134,262</u>	<u>100.0000%</u>

See accompanying notes to schedules.

**REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND**

**Schedule of Pension Amounts by Employer
September 30, 2017**

Employer	Deferred Outflows of Resources					Total Deferred Outflows of Resources
	Net Pension Liability as of 09/30/17	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	
Aimeliik State Agency	\$ 235,515	\$ 21,681	\$ 1,297	\$ 27,539	\$ 106,052	\$ 156,569
Aimeliik State Government	957,354	88,132	5,271	111,943	145,151	350,497
Aimeliik State Legislature	190,440	17,531	1,048	22,268	19,073	59,920
Airai State Agency	778,631	71,679	4,287	91,045	197,046	364,057
Airai State Government	508,715	46,831	2,801	59,484	-	109,116
Airai State Legislature	343,719	31,642	1,892	40,191	30,637	104,362
Airai State - Pan Fund	246,111	22,656	1,355	28,778	157,251	210,040
Angaur State Agency	-	-	-	-	970	970
Angaur State Government	983,250	90,515	5,413	114,971	161,994	372,893
Angaur State Legislature	103,504	9,528	570	12,103	33,781	55,982
Civil Service Pension Trust Fund	865,567	79,682	4,765	101,210	24,262	209,919
Dongosaro Municipality - Sonsorol	159,323	14,667	877	18,630	94,236	128,410
Fanna Municipality-Sonsorol State	34,925	3,215	192	4,084	30,443	37,934
Hatohobe State Agency	238,649	21,969	1,314	27,905	96,255	147,443
Hatohobei State Government	361,257	33,256	1,989	42,242	19,407	96,894
Hatohobei State Legislature	134,024	12,338	738	15,671	38,695	67,442
Helen Reef Resource Management - Hatohobei State	416,552	38,347	2,293	48,707	8,289	97,636
Kayangel State Government	1,063,844	97,935	5,857	124,395	128,069	356,256
Kayangel State Legislature	129,324	11,905	712	15,122	48,875	76,614
Koror State Government	21,870,148	2,013,310	120,407	2,557,264	2,247,075	6,938,056
Koror State Legislature	555,803	51,166	3,060	64,990	-	119,216
Melekeok State - PAN 1077	500,207	46,048	2,754	58,489	262,882	370,173
Melekeok State Agency	7,538	694	42	881	75,638	77,255
Melekeok State Government	861,464	79,304	4,743	100,730	20,728	205,505
Melekeok State Legislature	145,069	13,355	799	16,963	16,668	47,785
Melekeok Legislature Staff	78,952	7,268	435	9,232	62,681	79,616
Merir Municipality-Sonsorol State	95,369	8,779	525	11,151	57,223	77,678
National Development Bank of Palau	1,831,279	168,583	10,082	214,130	7,949	400,744
National Development Bank of Palau - SBDC	170,142	15,663	937	19,895	9,859	46,354
Ngaraard State Government	1,189,362	109,490	6,548	139,071	157,497	412,606
Ngaraard State Legislature	126,637	11,658	697	14,808	36,595	63,758
Ngaraard State Pan Fund	12,389	1,140	68	1,449	9,045	11,702
Ngardmau Free Trade Zone Authority	80,296	7,392	442	9,389	10,544	27,767
Ngardmau State Agency	-	-	-	-	-	-
Ngardmau State Government	1,822,325	167,759	10,033	213,083	185,143	576,018
Ngardmau State Legislature	164,098	15,106	903	19,188	49,235	84,432
Ngatpang State Government	674,826	62,123	3,715	78,907	165,915	310,660
Ngatpang State Legislature	136,636	12,578	752	15,977	33,426	62,733
Ngchesar State Agency	280,663	25,837	1,545	32,818	47,947	108,147
Ngchesar State Government	490,430	45,148	2,700	57,346	43,816	149,010
Ngchesar State Legislature	48,356	4,452	266	5,654	2,713	13,085
Ngerchelong State Agency	382,449	35,207	2,106	44,720	140,885	222,918
Ngerchelong State Government	759,376	69,906	4,181	88,793	31,976	194,856
Ngerchelong State Legislature	176,412	16,240	971	20,628	35,624	73,463
Ngerchelong State Operation	186,635	17,181	1,028	21,823	136,256	176,288
Ngeremlengui State Government	1,331,223	122,549	7,329	155,659	202,467	488,004
Ngeremlengui State Legislature	165,367	15,223	910	19,336	616	36,085
Ngiwal State - Pan Fund	172,682	15,897	951	20,192	68,673	105,713
Ngiwal State Agency	386,255	35,558	2,127	45,165	167,911	250,761
Ngiwal State Government	530,429	48,830	2,920	62,023	93,447	207,220
Ngiwal State Legislature	159,100	14,646	876	18,603	28,099	62,224
Palau Community Action Agency	6,408,662	589,965	35,283	749,361	1,081,637	2,456,246
Palau Community College	11,666,392	1,073,978	64,230	1,364,145	-	2,502,353
Palau Housing Authority	360,660	33,201	1,986	42,172	1,297	78,656
Palau International Coral Reef Center	2,098,212	193,156	11,552	245,343	172,123	622,174
Palau National Communications Corporation	8,539,634	786,137	47,015	998,535	176,015	2,007,702
Palau Public Utilities Corporation	10,665,306	981,821	58,718	1,247,088	945,744	3,233,371
Palau Public Utilities Corporation - Waste & Water Operation	7,389,074	680,219	40,681	864,000	467,953	2,052,853
Palau Water & Sewer Corporation	150,667	13,870	830	17,617	99,945	132,262
Palau Visitors Authority	797,733	73,437	4,392	93,278	-	171,107
Peleliu State Government	1,972,172	181,553	10,858	230,605	246,303	669,319
Peleliu State Legislature	217,604	20,032	1,198	25,444	58,691	105,365
Pulo Anna Municipality-Sonsorol State	67,386	6,203	371	7,879	51,977	66,430
Republic of Palau Government	162,657,949	14,973,879	895,517	19,019,500	6,875,250	41,764,146
Social Security Retirement Fund	2,903,556	267,294	15,986	339,511	38,196	660,987
Sonsorol State Agency	33,657	3,098	185	3,935	2,287	9,505
Sonsorol State Government	219,171	20,176	1,207	25,627	80,177	127,187
Sonsorol State Legislature	104,549	9,625	576	12,225	5,539	27,965
	<u>\$ 259,395,005</u>	<u>\$ 23,879,243</u>	<u>\$ 1,428,108</u>	<u>\$ 30,330,910</u>	<u>\$ 16,052,153</u>	<u>\$ 71,690,414</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer, Continued
September 30, 2017

Deferred Inflows of Resources					Pension Expense		
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Plan Expense Proportion	Net Amortization of Deferred Amounts Due to Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	
						Total Employer Pension Expense	Total Employer Pension Expense
\$ (4,603)	\$ (1,151)	\$ (22,311)	\$ -	\$ (28,065)	\$ 14,786	\$ 28,901	\$ 43,687
(18,711)	(4,678)	(90,692)	(50,240)	(164,321)	60,104	7,495	67,599
(3,722)	(931)	(18,041)	(18,594)	(41,288)	11,956	1,624	13,580
(15,218)	(3,805)	(73,761)	(3,387)	(96,171)	48,884	52,361	101,245
(9,943)	(2,486)	(48,192)	(200,775)	(261,396)	31,938	(56,139)	(24,201)
(6,718)	(1,680)	(32,561)	(88,534)	(129,493)	21,579	(17,815)	3,764
(4,810)	(1,203)	(23,315)	(71,589)	(100,917)	15,451	27,478	42,929
-	-	-	(2,797)	(2,797)	-	(311)	(311)
(19,218)	(4,805)	(93,145)	(32,625)	(149,793)	61,730	38,513	100,243
(2,023)	(506)	(9,805)	(4,965)	(17,299)	6,498	4,993	11,491
(16,917)	(4,230)	(81,997)	(109,620)	(212,764)	54,342	(10,690)	43,652
(3,114)	(779)	(15,093)	-	(18,986)	10,003	19,142	29,145
(683)	(171)	(3,309)	(16,858)	(21,021)	2,193	3,942	6,135
(4,664)	(1,166)	(22,608)	-	(28,438)	14,983	22,649	37,632
(7,061)	(1,765)	(34,223)	(20,737)	(63,786)	22,680	(1,168)	21,512
(2,619)	(655)	(12,696)	(14,759)	(30,729)	8,414	501	8,915
(8,141)	(2,036)	(39,461)	(41,652)	(91,290)	26,152	(5,872)	20,280
(20,793)	(5,199)	(100,780)	(21,188)	(147,960)	66,790	56,141	122,931
(2,528)	(632)	(12,251)	(10,574)	(25,985)	8,119	5,272	13,391
(427,450)	(106,876)	(2,071,807)	-	(2,606,133)	1,373,038	816,390	2,189,428
(10,863)	(2,716)	(52,652)	(118,277)	(184,508)	34,894	(33,727)	1,167
(9,777)	(2,444)	(47,386)	(59,153)	(118,760)	31,404	57,300	88,704
(147)	(37)	(714)	(311,731)	(312,629)	473	(13,768)	(13,295)
(16,837)	(4,210)	(81,608)	(119,068)	(221,723)	54,084	(41,974)	12,110
(2,835)	(709)	(13,743)	(8,148)	(25,435)	9,108	3,494	12,602
(1,543)	(386)	(7,479)	(46,165)	(55,573)	4,957	8,421	13,378
(1,864)	(466)	(9,035)	-	(11,365)	5,987	11,491	17,478
(35,792)	(8,949)	(173,481)	(148,113)	(366,335)	114,970	(33,470)	81,500
(3,325)	(831)	(16,118)	(40,197)	(60,471)	10,682	(2,728)	7,954
(23,246)	(5,812)	(112,671)	(68,737)	(210,466)	74,670	40,519	115,189
(2,475)	(619)	(11,997)	(49,234)	(64,325)	7,950	6,677	14,627
(242)	(61)	(1,174)	-	(1,477)	778	1,551	2,329
(1,569)	(392)	(7,607)	(3,380)	(12,948)	5,041	5,539	10,580
-	-	-	(18,872)	(18,872)	-	(13,609)	(13,609)
(35,617)	(8,905)	(172,633)	(5,252)	(222,407)	114,408	73,561	187,969
(3,207)	(802)	(15,545)	(4,975)	(24,529)	10,302	8,990	19,292
(13,189)	(3,298)	(63,928)	(96,654)	(177,069)	42,367	31,802	74,169
(2,671)	(668)	(12,944)	(6,768)	(23,051)	8,578	16,888	25,466
(5,486)	(1,372)	(26,588)	(18,612)	(52,058)	17,620	31,253	48,873
(9,585)	(2,397)	(46,460)	(139,365)	(197,807)	30,790	(2,010)	28,780
(945)	(236)	(4,581)	(4,916)	(10,678)	3,036	-	3,036
(7,475)	(1,869)	(36,230)	-	(45,574)	24,011	46,821	70,832
(14,842)	(3,711)	(71,937)	(180,210)	(270,700)	47,675	(14,372)	33,303
(3,448)	(862)	(16,712)	(3,627)	(24,649)	11,075	9,340	20,415
(3,648)	(912)	(17,680)	-	(22,240)	11,717	23,371	35,088
(26,019)	(6,505)	(126,110)	(167,841)	(326,475)	83,576	47,610	131,186
(3,232)	(808)	(15,666)	(44,299)	(64,005)	10,382	(11,126)	(744)
(3,375)	(844)	(16,359)	(46,667)	(67,245)	10,841	21,032	31,873
(7,549)	(1,888)	(36,591)	(76,184)	(122,212)	24,250	46,176	70,426
(10,367)	(2,592)	(50,249)	(47,049)	(110,257)	33,301	(4,790)	28,511
(3,110)	(777)	(15,072)	(37,743)	(56,702)	9,989	3,310	13,299
(125,257)	(31,318)	(607,107)	(17,264)	(780,946)	402,345	288,643	690,988
(228,019)	(57,012)	(1,105,183)	(1,443,964)	(2,834,178)	732,432	(393,045)	339,387
(7,049)	(1,762)	(34,166)	(35,509)	(78,486)	22,643	(7,787)	14,856
(41,009)	(10,254)	(198,768)	(212,937)	(462,968)	131,729	(8,036)	123,693
(166,906)	(41,732)	(808,978)	(619,516)	(1,637,132)	536,130	(185,133)	350,997
(208,453)	(52,120)	(1,010,348)	(360,181)	(1,631,102)	669,583	26,500	696,083
(144,419)	(36,109)	(699,983)	(343,956)	(1,224,467)	463,896	59,450	523,346
(2,945)	(736)	(14,273)	-	(17,954)	9,459	18,499	27,958
(15,592)	(3,898)	(75,571)	(166,178)	(261,239)	50,083	(48,977)	1,106
(38,546)	(9,638)	(186,828)	-	(235,012)	123,816	63,503	187,319
(4,253)	(1,063)	(20,614)	(26,013)	(51,943)	13,661	7,504	21,165
(1,317)	(329)	(6,384)	(17,570)	(25,600)	4,231	7,898	12,129
(3,179,138)	(794,885)	(15,408,941)	(9,864,400)	(29,247,364)	10,211,886	(1,118,250)	9,093,636
(56,750)	(14,189)	(275,060)	(215,752)	(561,751)	182,289	(35,014)	147,275
(658)	(164)	(3,188)	(4,741)	(8,751)	2,113	(809)	1,304
(4,284)	(1,071)	(20,763)	(136,664)	(162,782)	13,760	7,726	21,486
(2,043)	(511)	(9,904)	(7,377)	(19,835)	6,564	349	6,913
<u>\$ (5,069,854)</u>	<u>\$ (1,267,623)</u>	<u>\$ (24,573,057)</u>	<u>\$ (16,052,153)</u>	<u>\$ (46,962,687)</u>	<u>\$ 16,285,176</u>	<u>\$ -</u>	<u>\$ 16,285,176</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer
September 30, 2016

Employer	Deferred Outflows of Resources					
	Net Pension Liability as of 09/30/16	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Aimeliik State Agency	\$ 173,665	\$ -	\$ 1,491	\$ 26,616	\$ 87,973	\$ 116,080
Aimeliik State Government	883,920	-	7,591	135,470	141,887	284,948
Aimeliik State Legislature	177,484	-	1,524	27,201	21,550	50,275
Airai State Agency	677,068	-	5,814	103,768	188,973	298,555
Airai State Government	518,445	-	4,452	79,457	-	83,909
Airai State Legislature	386,327	-	3,318	59,209	38,637	101,164
Airai State - Pan Fund	282,781	-	2,428	43,339	198,308	244,075
Angaur State Agency	-	-	-	-	1,931	1,931
Angaur State Government	987,466	-	8,480	151,339	206,774	366,593
Angaur State Legislature	55,873	-	480	8,563	1,259	10,302
Civil Service Pension Trust Fund	850,650	-	7,305	130,371	48,286	185,962
Dongosaro Municipality - Sonsorol	139,520	-	1,198	21,383	101,196	123,777
Fanna Municipality-Sonsorol State	55,793	-	479	8,551	37,277	46,307
Hatohobe State Agency	215,848	-	1,854	33,081	106,760	141,695
Hatohobei State Government	324,724	-	2,789	49,767	4,343	56,899
Hatohobei State Legislature	77,917	-	669	11,942	-	12,611
Helen Reef Resource Management - Hatohobei State	403,519	-	3,465	61,844	16,496	81,805
Kayangel State Government	990,729	-	8,508	151,839	160,400	320,747
Kayangel State Legislature	80,147	-	688	12,283	18,472	31,443
Koror State Government	20,877,089	-	179,280	3,199,631	2,925,694	6,304,605
Koror State Legislature	558,717	-	4,798	85,629	-	90,427
Melekeok State - PAN 1077	558,956	-	4,800	85,666	330,328	420,794
Melekeok State Agency	36,133	-	310	5,538	139,861	145,709
Melekeok State Government	801,146	-	6,880	122,784	-	129,664
Melekeok State Legislature	125,593	-	1,079	19,248	9,620	29,947
Melekeok Legislature Staff	136,736	-	1,174	20,956	79,020	101,150
Merir Municipality-Sonsorol State	69,403	-	596	10,637	48,871	60,104
National Development Bank of Palau	1,837,001	-	15,775	281,540	15,819	313,134
National Development Bank of Palau - SBDC	180,191	-	1,547	27,616	15,095	44,258
Ngaraard State Government	1,224,722	-	10,517	187,701	210,066	408,284
Ngaraard State Legislature	147,956	-	1,271	22,676	52,759	76,706
Ngaraard State Pan Fund	-	-	-	-	-	-
Ngardmau Free Trade Zone Authority	72,983	-	627	11,185	13,098	24,910
Ngardmau State Agency	-	-	-	-	-	-
Ngardmau State Government	1,759,404	-	15,109	269,647	259,605	544,361
Ngardmau State Legislature	124,158	-	1,066	19,029	30,047	50,142
Ngatpang State Government	519,241	-	4,459	79,579	103,199	187,237
Ngatpang State Legislature	140,315	-	1,205	21,505	51,475	74,185
Ngchesar State Agency	259,939	-	2,232	39,838	74,266	116,336
Ngchesar State Government	568,985	-	4,886	87,203	68,036	160,125
Ngchesar State Legislature	49,664	-	426	7,611	3,646	11,683
Ngerchelong State Agency	322,018	-	2,765	49,353	146,996	199,114
Ngerchelong State Government	905,091	-	7,772	138,715	50,201	196,688
Ngerchelong State Legislature	152,733	-	1,312	23,408	31,265	55,985
Ngerchelonq State Operation	-	-	-	-	-	-
Ngeremlengui State Government	1,391,142	-	11,946	213,207	286,357	511,510
Ngeremlengui State Legislature	171,994	-	1,477	26,360	1,224	29,061
Ngiwal State - Pan Fund	220,383	-	1,893	33,776	98,196	133,865
Ngiwal State Agency	471,805	-	4,052	72,309	227,154	303,515
Ngiwal State Government	465,439	-	3,997	71,333	76,696	152,026
Ngiwal State Legislature	135,937	-	1,167	20,834	29,912	51,913
Palau Community Action Agency	5,557,567	-	47,725	851,755	848,865	1,748,345
Palau Community College	11,982,658	-	102,900	1,836,467	-	1,939,367
Palau Housing Authority	360,301	-	3,094	55,220	2,583	60,897
Palau International Coral Reef Center	2,078,159	-	17,846	318,499	215,581	551,926
Palau National Communications Corporation	7,980,506	-	68,532	1,223,096	-	1,291,628
Palau Public Utilities Corporation	9,010,791	-	77,379	1,380,997	-	1,458,376
Palau Public Utilities Corporation - Waste & Water Operation	6,995,429	-	60,072	1,072,122	575,079	1,707,273
Palau Water & Sewer Corporation	-	-	-	-	-	-
Palau Visitors Authority	847,946	-	7,282	129,957	-	137,239
Peleliu State Government	1,702,655	-	14,621	260,950	137,324	412,895
Peleliu State Legislature	138,724	-	1,191	21,261	10,229	32,681
Pulo Anna Municipality-Sonsorol State	87,947	-	755	13,479	62,889	77,123
Republic of Palau Government	157,823,499	-	1,355,295	24,188,091	6,564,122	32,107,508
Social Security Retirement Fund	2,964,466	-	25,457	454,335	53,276	533,068
Sonsorol State Agency	32,394	-	278	4,965	2,915	8,158
Sonsorol State Government	226,192	-	1,942	34,666	117,016	153,624
Sonsorol State Legislature	97,976	-	841	15,016	5,532	21,389
	<u>\$ 249,453,960</u>	<u>\$ -</u>	<u>\$ 2,142,161</u>	<u>\$ 38,231,413</u>	<u>\$ 15,354,439</u>	<u>\$ 55,728,013</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer, Continued
September 30, 2016

Deferred Inflows of Resources				Pension Expense			
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Plan Expense Proportion	Net Amortization of Deferred Amounts Due to Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	
						Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
\$ (4,451)	\$ (338)	\$ (4,107)	\$ -	\$ (8,896)	\$ 9,067	\$ 22,023	\$ 31,090
(22,655)	(1,718)	(20,904)	(72,161)	(117,438)	46,150	2,710	48,860
(4,549)	(345)	(4,197)	(24,479)	(33,570)	9,267	887	10,154
(17,353)	(1,316)	(16,012)	(6,742)	(41,423)	35,350	43,021	78,371
(13,288)	(1,008)	(12,261)	(230,921)	(257,478)	27,068	(52,333)	(25,265)
(9,902)	(751)	(9,136)	(64,739)	(84,528)	20,170	(10,551)	9,619
(7,248)	(550)	(6,687)	(44,166)	(58,651)	14,764	33,481	48,245
-	-	-	(4,069)	(4,069)	-	(311)	(311)
(25,309)	(1,920)	(23,352)	(1,629)	(52,210)	51,556	43,969	95,525
(1,432)	(109)	(1,321)	(6,284)	(9,146)	2,917	(693)	2,224
(21,802)	(1,654)	(20,117)	(128,098)	(171,671)	44,413	(8,313)	36,100
(3,576)	(271)	(3,299)	-	(7,146)	7,284	17,358	24,642
(1,430)	(108)	(1,319)	-	(2,857)	2,913	6,834	9,747
(5,532)	(420)	(5,104)	-	(11,056)	11,270	20,871	32,141
(8,323)	(631)	(7,679)	(27,019)	(43,652)	16,954	(4,122)	12,832
(1,997)	(151)	(1,843)	(20,895)	(24,886)	4,068	(6,136)	(2,068)
(10,342)	(784)	(9,543)	(53,124)	(73,793)	21,068	(5,490)	15,578
(25,393)	(1,926)	(23,429)	(26,144)	(76,892)	51,727	51,929	103,656
(2,054)	(156)	(1,895)	(14,228)	(18,333)	4,185	(486)	3,699
(535,086)	(40,582)	(493,715)	-	(1,069,383)	1,090,007	796,219	1,886,226
(14,320)	(1,086)	(13,213)	(130,469)	(159,088)	29,171	(30,574)	(1,403)
(14,326)	(1,087)	(13,219)	-	(28,632)	29,183	67,446	96,629
(926)	(70)	(855)	(364,033)	(365,884)	1,887	(10,007)	(8,120)
(20,534)	(1,557)	(18,946)	(164,597)	(205,634)	41,828	(45,529)	(3,701)
(3,219)	(244)	(2,970)	(9,983)	(16,416)	6,557	1,682	8,239
(3,505)	(266)	(3,234)	-	(7,005)	7,139	16,339	23,478
(1,779)	(135)	(1,641)	-	(3,555)	3,624	8,586	12,210
(47,083)	(3,571)	(43,443)	(121,947)	(216,044)	95,911	(23,586)	72,325
(4,618)	(350)	(4,261)	(33,425)	(42,654)	9,408	(570)	8,838
(31,390)	(2,381)	(28,963)	(8,800)	(71,534)	63,944	51,059	115,003
(3,792)	(288)	(3,499)	(35,443)	(43,022)	7,725	10,085	17,810
-	-	-	-	-	-	-	-
(1,871)	(142)	(1,726)	(4,161)	(7,900)	3,810	4,988	8,798
-	-	-	(32,481)	(32,481)	-	(13,609)	(13,609)
(45,094)	(3,420)	(41,608)	-	(90,122)	91,860	74,462	166,322
(3,182)	(241)	(2,936)	(6,726)	(13,085)	6,482	4,608	11,090
(13,308)	(1,009)	(12,279)	(117,508)	(144,104)	27,110	14,910	42,020
(3,596)	(273)	(3,318)	-	(7,187)	7,326	18,049	25,375
(6,662)	(505)	(6,147)	(22,543)	(35,857)	13,572	29,955	43,527
(14,583)	(1,106)	(13,456)	(79,014)	(108,159)	29,707	10,667	40,374
(1,273)	(97)	(1,174)	(3,038)	(5,582)	2,593	412	3,005
(8,253)	(626)	(7,615)	-	(16,494)	16,813	40,861	57,674
(23,198)	(1,759)	(21,404)	(57,329)	(103,690)	47,255	8,392	55,647
(3,915)	(297)	(3,612)	(4,974)	(12,798)	7,974	7,137	15,111
-	-	-	-	-	-	-	-
(35,655)	(2,704)	(32,899)	(105,456)	(176,714)	72,632	62,056	134,688
(4,408)	(334)	(4,067)	(44,502)	(53,311)	8,980	(9,438)	(458)
(5,648)	(428)	(5,212)	(6,848)	(18,136)	11,506	28,105	39,611
(12,092)	(917)	(11,158)	-	(24,167)	24,633	59,243	83,876
(11,929)	(905)	(11,007)	(74,809)	(98,650)	24,301	(10,606)	13,695
(3,484)	(264)	(3,215)	(51,424)	(58,387)	7,097	1,088	8,185
(142,442)	(10,803)	(131,429)	(34,357)	(319,031)	290,164	209,798	499,962
(307,119)	(23,293)	(283,374)	(1,158,088)	(1,771,874)	625,623	(293,642)	331,981
(9,235)	(700)	(8,521)	(32,608)	(51,064)	18,812	(6,034)	12,778
(53,264)	(4,040)	(49,146)	(210,750)	(317,200)	108,502	(176)	108,326
(204,543)	(15,513)	(188,728)	(834,840)	(1,243,624)	416,668	(215,324)	201,344
(230,949)	(17,516)	(213,093)	(495,901)	(957,459)	470,460	(135,720)	334,740
(179,295)	(13,598)	(165,432)	(500,299)	(858,624)	365,236	44,697	409,933
-	-	-	-	-	-	-	-
(21,733)	(1,648)	(20,053)	(143,307)	(186,741)	44,272	(38,458)	5,814
(43,640)	(3,310)	(40,265)	-	(87,215)	88,897	38,249	127,146
(3,556)	(270)	(3,281)	(32,783)	(39,890)	7,243	(1,681)	5,562
(2,254)	(171)	(2,080)	-	(4,505)	4,592	10,912	15,504
(4,045,062)	(306,789)	(3,732,309)	(9,427,071)	(17,511,231)	8,240,073	(936,050)	7,304,023
(75,980)	(5,763)	(70,106)	(112,708)	(264,557)	154,777	(12,593)	142,184
(830)	(63)	(766)	(6,154)	(7,813)	1,691	(805)	886
(5,797)	(440)	(5,349)	(152,062)	(163,648)	11,810	9,734	21,544
(2,511)	(190)	(2,317)	(9,303)	(14,321)	5,115	15	5,130
<u>\$ (6,393,575)</u>	<u>\$ (484,907)</u>	<u>\$ (5,899,246)</u>	<u>\$ (15,354,439)</u>	<u>\$ (28,132,167)</u>	<u>\$ 13,024,161</u>	<u>\$ -</u>	<u>\$ 13,024,161</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Net Pension Liability Sensitivity by Employer
September 30, 2017

Employer	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Aimeliik State Agency	\$ 272,714	\$ 235,515	\$ 204,649
Aimeliik State Government	1,108,566	957,354	831,887
Aimeliik State Legislature	220,520	190,440	165,482
Airai State Agency	901,614	778,631	676,587
Airai State Government	589,065	508,715	442,045
Airai State Legislature	398,009	343,719	298,673
Airai State - Pan Fund	284,984	246,111	213,857
Angaur State Agency	-	-	-
Angaur State Government	1,138,551	983,250	854,389
Angaur State Legislature	119,852	103,504	89,939
Civil Service Pension Trust Fund	1,002,281	865,567	752,129
Donqosaro Municipality - Sonsorol	184,488	159,323	138,443
Fanna Municipality-Sonsorol State	40,441	34,925	30,348
Hatohobe State Agency	276,342	238,649	207,372
Hatohobei State Government	418,316	361,257	313,912
Hatohobei State Legislature	155,193	134,024	116,459
Helen Reef Resource Management - Hatohobei State	482,345	416,552	361,960
Kayangel State Government	1,231,875	1,063,844	924,420
Kayangel State Legislature	149,750	129,324	112,375
Koror State Government	25,324,478	21,870,148	19,003,924
Koror State Legislature	643,591	555,803	482,962
Melekeok State - PAN 1077	579,213	500,207	434,652
Melekeok State Agency	8,729	7,538	6,550
Melekeok State Government	997,530	861,464	748,563
Melekeok State Legislature	167,983	145,069	126,057
Melekeok Legislature Staff	91,422	78,952	68,605
Merir Municipality-Sonsorol State	110,432	95,369	82,870
National Development Bank of Palau	2,120,525	1,831,279	1,591,278
National Development Bank of Palau - SBDC	197,016	170,142	147,844
Ngaraard State Government	1,377,219	1,189,362	1,033,489
Ngaraard State Legislature	146,639	126,637	110,040
Ngaraard State Pan Fund	14,345	12,389	10,765
Nqardmau Free Trade Zone Authority	92,978	80,296	69,772
Nqardmau State Agency	-	-	-
Nqardmau State Government	2,110,156	1,822,325	1,583,498
Nqardmau State Legislature	190,017	164,098	142,592
Ngatpanq State Government	781,413	674,826	586,386
Nqatpanq State Legislature	158,218	136,636	118,729
Ngchesar State Agency	324,993	280,663	243,880
Ngchesar State Government	567,892	490,430	426,156
Ngchesar State Legislature	55,994	48,356	42,019
Nqerchelonq State Agency	442,856	382,449	332,327
Nqerchelong State Government	879,318	759,376	659,855
Nqerchelong State Legislature	204,276	176,412	153,292
Nqerchelong State Operation	216,113	186,635	162,175
Nqeremlenqui State Government	1,541,486	1,331,223	1,156,758
Nqeremlengui State Legislature	191,486	165,367	143,695
Ngiwal State - Pan Fund	199,956	172,682	150,051
Ngiwal State Agency	447,263	386,255	335,634
Ngiwal State Government	614,209	530,429	460,913
Ngiwal State Legislature	184,229	159,100	138,249
Palau Community Action Agency	7,420,893	6,408,662	5,568,766
Palau Community College	13,509,066	11,666,392	10,137,436
Palau Housing Authority	417,626	360,660	313,393
Palau International Coral Reef Center	2,429,619	2,098,212	1,823,228
Palau National Communications Corporation	9,888,445	8,539,634	7,420,460
Palau Public Utilities Corporation	12,349,861	10,665,306	9,267,549
Palau Public Utilities Corporation - Waste & Water Operation	8,556,158	7,389,074	6,420,688
Palau Water & Sewer Corporation	174,464	150,667	130,921
Palau Visitors Authority	923,733	797,733	693,185
Peleliu State Government	2,283,672	1,972,172	1,713,707
Peleliu State Legislature	251,974	217,604	189,085
Pulo Anna Municipality-Sonsorol State	78,029	67,386	58,554
Republic of Palau Government	188,349,324	162,657,949	141,340,576
Social Security Retirement Fund	3,362,165	2,903,556	2,523,026
Sonsorol State Agency	38,972	33,657	29,246
Sonsorol State Government	253,788	219,171	190,447
Sonsorol State Legislature	121,062	104,549	90,847
	<u>\$ 300,365,732</u>	<u>\$ 259,395,005</u>	<u>\$ 225,399,620</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Allocable Pension Amortization by Employer
September 30, 2017

Employer	Net Deferred Outflows (Inflows) of Resources					
	2018	2019	2020	2021	2022	Thereafter
Aimeliik State Agency	\$ 32,819	\$ 30,208	\$ 22,007	\$ 20,027	\$ 17,436	\$ 6,007
Aimeliik State Government	23,425	34,192	40,796	43,543	39,055	5,165
Aimeliik State Legislature	4,793	2,378	2,290	3,042	5,284	845
Airai State Agency	65,316	77,757	48,894	40,186	27,012	8,721
Airai State Government	(47,675)	(38,912)	(31,450)	(25,457)	(6,264)	(2,522)
Airai State Legislature	(12,096)	(2,124)	592	213	(6,118)	(5,598)
Airai State - Pan Fund	31,573	34,456	31,899	24,513	(8,640)	(4,678)
Anqaur State Agency	(311)	(1,263)	(253)	-	-	-
Anqaur State Government	54,874	67,192	44,112	37,223	23,002	(3,303)
Anqaur State Legislature	6,715	7,309	6,559	6,520	6,733	4,847
Civil Service Pension Trust Fund	3,712	(9,938)	(3,077)	788	6,565	(895)
Dongosaro Municipality - Sonsorol	21,793	23,659	22,004	21,739	18,552	1,677
Fanna Municipality-Sonsorol State	4,523	4,932	4,570	4,076	1,168	(2,356)
Hatohobe State Agency	26,620	28,911	25,208	22,982	13,512	1,772
Hatohobei State Government	4,843	6,937	5,302	5,671	7,452	2,903
Hatohobei State Legislature	2,731	6,452	6,864	7,209	7,777	5,680
Helen Reef Resource Management - Hatohobei State	1,059	(2,188)	542	2,188	4,542	203
Kayanqel State Government	73,842	68,302	26,111	17,065	18,156	4,820
Kayanqel State Legislature	7,424	9,996	8,865	9,094	10,308	4,942
Koror State Government	1,180,289	1,225,969	771,310	650,788	459,568	43,999
Koror State Legislature	(24,479)	(17,297)	(9,706)	(7,075)	(4,812)	(1,923)
Melekeok State - PAN 1077	65,623	71,126	65,339	54,233	2,893	(7,801)
Melekeok State Agency	(13,643)	(68,171)	(76,048)	(66,183)	(8,218)	(3,111)
Melekeok State Government	(27,640)	431	(4,228)	(1,586)	12,779	4,026
Melekeok State Legislature	5,907	6,244	3,015	2,464	3,032	1,688
Melekeok Legislature Staff	9,735	10,660	9,839	6,949	(6,663)	(6,477)
Merir Municipality-Sonsorol State	13,078	14,195	13,204	12,845	10,461	2,530
National Development Bank of Palau	(2,999)	10,655	9,292	11,211	12,170	(5,920)
National Development Bank of Palau - SBDC	103	716	(4,141)	(5,119)	(4,102)	(1,574)
Ngaraard State Government	60,309	72,710	40,961	29,577	5,846	(7,263)
Ngaraard State Legislature	8,784	10,265	(3,473)	(6,893)	(6,579)	(2,671)
Ngaraard State Pan Fund	1,757	1,902	1,774	1,753	1,735	1,304
Ngardmau Free Trade Zone Authority	6,876	3,357	1,463	1,144	1,421	558
Ngardmau State Agency	(13,609)	(4,402)	(861)	-	-	-
Ngardmau State Government	103,883	102,709	61,773	50,572	33,150	1,524
Ngardmau State Legislature	11,721	14,544	12,521	11,156	6,120	3,841
Ngatpang State Government	43,031	41,577	13,424	7,732	12,966	14,861
Ngatpang State Legislature	19,161	8,619	5,825	4,811	2,060	(794)
Ngchesar State Agency	35,923	10,783	3,444	2,006	2,508	1,425
Ngchesar State Government	6,150	(152)	(12,549)	(15,685)	(16,654)	(9,907)
Ngchesar State Legislature	804	1,362	449	197	(128)	(277)
Ngerchelong State Agency	53,184	44,376	29,805	25,607	18,944	5,428
Ngerchelong State Government	(1,737)	(5,411)	(14,420)	(16,661)	(19,668)	(17,947)
Ngerchelong State Legislature	12,275	10,932	9,943	9,008	4,607	2,049
Ngerchelong State Operation	26,476	28,662	26,724	26,413	26,138	19,635
Ngeremlengui State Government	69,761	64,827	13,217	5,324	18,731	(10,331)
Ngeremlengui State Legislature	(8,375)	(7,038)	(5,824)	(4,614)	(872)	(1,197)
Ngiwal State - Pan Fund	23,905	25,927	1,650	(4,018)	(3,340)	(5,656)
Ngiwal State Agency	52,603	57,126	19,952	9,452	(217)	(10,367)
Ngiwal State Government	4,036	31,056	18,664	17,157	20,564	5,486
Ngiwal State Legislature	5,957	(6,744)	(1,350)	982	4,633	2,044
Palau Community Action Agency	395,278	487,247	288,695	238,289	192,369	73,422
Palau Community College	(198,927)	18,152	(36,763)	(35,020)	(11,302)	(67,965)
Palau Housing Authority	(1,785)	1,163	(89)	249	1,641	(1,009)
Palau International Coral Reef Center	26,876	42,722	19,594	23,208	50,712	(3,906)
Palau National Communications Corporation	(43,042)	75,183	70,408	89,858	142,459	35,704
Palau Public Utilities Corporation	203,960	359,913	293,525	291,991	304,945	147,935
Palau Public Utilities Corporation - Waste & Water Operation	182,397	115,514	162,307	180,418	159,738	28,012
Palau Water & Sewer Corporation	21,006	22,771	21,206	20,955	19,388	8,982
Palau Visitors Authority	(35,704)	(20,642)	(12,296)	(8,742)	(5,009)	(7,739)
Peleliu State Government	96,318	115,084	74,934	65,990	58,565	23,416
Peleliu State Legislature	11,125	8,635	8,090	8,318	9,357	7,897
Pulo Anna Municipality-Sonsorol State	9,019	9,808	9,109	8,871	6,439	(2,416)
Republic of Palau Government	1,588,227	3,951,818	2,491,054	2,291,135	2,143,111	51,437
Social Security Retirement Fund	13,299	40,433	25,005	22,480	13,013	(14,994)
Sonsorol State Agency	(249)	416	(161)	(76)	783	41
Sonsorol State Government	11,372	13,215	(17,952)	(24,524)	(16,311)	(1,395)
Sonsorol State Legislature	2,089	2,491	604	556	1,980	410
	<u>\$ 4,316,088</u>	<u>\$ 7,353,694</u>	<u>\$ 4,660,093</u>	<u>\$ 4,228,125</u>	<u>\$ 3,846,483</u>	<u>\$ 323,244</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employers' Contributions by Employer
September 30, 2017

Employer	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Aimeliik State Agency	\$ 15,598	\$ 3,156	\$ 12,442	\$ 52,600	6.00%
Aimeliik State Government	63,407	12,829	50,578	213,817	6.00%
Aimeliik State Legislature	12,609	2,552	10,057	42,533	6.00%
Airai State Agency	51,571	10,434	41,137	173,900	6.00%
Airai State Government	33,688	6,817	26,871	113,617	6.00%
Airai State Legislature	22,762	4,606	18,156	76,767	6.00%
Airai State - Pan Fund	16,303	3,298	13,005	54,967	6.00%
Anqaur State Government	65,125	13,176	51,949	219,600	6.00%
Anqaur State Legislature	6,854	1,387	5,467	23,117	6.00%
Civil Service Pension Trust Fund	57,326	11,599	45,727	193,317	6.00%
Dongosaro Municipality - Sonsorol	10,548	2,135	8,413	35,583	6.00%
Fanna Municipality-Sonsorol State	2,319	468	1,851	7,800	6.00%
Hatohobe State Agency	15,805	3,198	12,607	53,300	6.00%
Hatohobei State Government	23,930	4,841	19,089	80,683	6.00%
Hatohobei State Legislature	8,881	1,796	7,085	29,933	6.00%
Helen Reef Resource Management - Hatohobei State	27,589	5,582	22,007	93,033	6.00%
Kayangel State Government	70,451	14,256	56,195	237,600	6.00%
Kayangel State Legislature	8,572	1,733	6,839	28,883	6.00%
Koror State Government	1,448,388	293,070	1,155,318	4,884,500	6.00%
Koror State Legislature	36,814	7,448	29,366	124,133	6.00%
Melekeok State - PAN 1077	33,121	6,703	26,418	111,717	6.00%
Melekeok State Agency	498	101	397	1,683	6.00%
Melekeok State Government	57,051	11,544	45,507	192,400	6.00%
Melekeok State Legislature	9,603	1,944	7,659	32,400	6.00%
Melekeok Legislature Staff	5,222	1,058	4,164	17,633	6.00%
Merir Municipality-Sonsorol State	6,322	1,278	5,044	21,300	6.00%
National Development Bank of Palau	121,283	24,540	96,743	409,000	6.00%
National Development Bank of Palau - SBDC	11,269	2,280	8,989	38,000	6.00%
Nqaraard State Government	78,765	15,938	62,827	265,633	6.00%
Nqaraard State Legislature	8,383	1,697	6,686	28,283	6.00%
Nqaraard State Pan Fund	825	123	702	2,050	6.00%
Nqardmau Free Trade Zone Authority	5,325	1,076	4,249	17,933	6.00%
Nqardmau State Government	120,682	24,420	96,262	407,000	6.00%
Nqardmau State Legislature	10,874	2,199	8,675	36,650	6.00%
Ngatpang State Government	44,700	9,043	35,657	150,717	6.00%
Ngatpang State Legislature	9,053	1,831	7,222	30,517	6.00%
Nqchesar State Agency	18,588	3,761	14,827	62,683	6.00%
Nqchesar State Government	32,485	6,572	25,913	109,533	6.00%
Nqchesar State Legislature	3,195	648	2,547	10,800	6.00%
Nqerchelong State Agency	25,322	5,125	20,197	85,417	6.00%
Nqerchelong State Government	50,283	10,176	40,107	169,600	6.00%
Nqerchelong State Legislature	11,682	2,364	9,318	39,400	6.00%
Nqerchelong State Operation	12,369	2,133	10,236	35,550	6.00%
Nqeremlengui State Government	88,162	17,839	70,323	297,317	6.00%
Nqeremlengui State Legislature	10,960	2,216	8,744	36,933	6.00%
Nqiwal State - Pan Fund	11,441	2,314	9,127	38,567	6.00%
Nqiwal State Agency	25,579	5,176	20,403	86,267	6.00%
Nqiwal State Government	35,131	7,108	28,023	118,467	6.00%
Nqiwal State Legislature	10,531	2,132	8,399	35,533	6.00%
Palau Community Action Agency	424,422	85,879	338,543	1,431,317	6.00%
Palau Community College	772,621	156,335	616,286	2,605,583	6.00%
Palau Housing Authority	23,879	4,833	19,046	80,550	6.00%
Palau International Coral Reef Center	138,960	28,117	110,843	468,617	6.00%
Palau National Communications Corporation	565,547	114,435	451,112	1,907,250	6.00%
Palau Public Utilities Corporation	706,328	142,920	563,408	2,382,000	6.00%
Palau Public Utilities Corporation - Waste & Water Operation	489,358	99,017	390,341	1,650,283	6.00%
Palau Water & Sewer Corporation	9,981	2,019	7,962	33,650	6.00%
Palau Visitors Authority	52,825	10,690	42,135	178,167	6.00%
Peleliu State Government	130,611	26,428	104,183	440,467	6.00%
Peleliu State Legislature	14,413	2,916	11,497	48,600	6.00%
Pulo Anna Municipality-Sonsorol State	4,467	903	3,564	15,050	6.00%
Republic of Palau Government	10,772,273	2,177,688	8,594,585	36,294,800	6.00%
Social Security Retirement Fund	192,301	38,909	153,392	648,483	6.00%
Sonsorol State Agency	2,233	451	1,782	7,517	6.00%
Sonsorol State Government	14,516	2,937	11,579	48,950	6.00%
Sonsorol State Legislature	6,923	1,401	5,522	23,350	6.00%
	<u>\$ 17,178,902</u>	<u>\$ 3,473,598</u>	<u>\$ 13,705,304</u>	<u>\$ 57,893,300</u>	

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employers' Contributions by Employer
September 30, 2016

Employer	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Aimeliik State Agency	\$ 10,035	\$ 2,182	\$ 7,853	\$ 36,862	5.92%
Aimeliik State Government	51,081	11,106	39,975	187,649	5.92%
Aimeliik State Legislature	10,251	2,230	8,021	37,657	5.92%
Airai State Agency	39,129	8,507	30,622	143,742	5.92%
Airai State Government	29,959	6,514	23,445	110,057	5.92%
Airai State Legislature	22,333	4,854	17,479	82,040	5.92%
Airai State - Pan Fund	16,349	3,553	12,796	60,060	5.92%
Anqaur State Government	57,079	12,407	44,672	209,681	5.92%
Anqaur State Legislature	3,230	702	2,528	11,864	5.92%
Civil Service Pension Trust Fund	49,163	10,688	38,475	180,604	5.92%
Dongosaro Municipality - Sonsorol	8,059	1,753	6,306	29,606	5.92%
Fanna Municipality-Sonsorol State	3,230	701	2,529	11,864	5.92%
Hatohobe State Agency	12,471	2,712	9,759	45,813	5.92%
Hatohobei State Government	18,771	4,080	14,691	68,958	5.92%
Hatohobei State Legislature	4,498	979	3,519	16,525	5.92%
Helen Reef Resource Management - Hatohobei State	23,327	5,070	18,257	85,694	5.92%
Kayangel State Government	57,266	12,448	44,818	210,370	5.92%
Kayangel State Legislature	4,628	1,007	3,621	17,001	5.92%
Koror State Government	1,206,608	262,310	944,298	4,432,540	5.92%
Koror State Legislature	32,295	7,020	25,275	118,637	5.92%
Melekeok State - PAN 1077	32,309	7,023	25,286	118,690	5.92%
Melekeok State Agency	2,091	454	1,637	7,680	5.92%
Melekeok State Government	46,309	10,066	36,243	170,118	5.92%
Melekeok State Legislature	7,252	1,578	5,674	26,640	5.92%
Melekeok Legislature Staff	7,901	1,718	6,183	29,024	5.92%
Merir Municipality-Sonsorol State	4,008	872	3,136	14,724	5.92%
National Development Bank of Palau	106,170	23,081	83,089	390,021	5.92%
National Development Bank of Palau - SBDC	10,409	2,264	8,145	38,239	5.92%
Nqaraard State Government	70,790	15,388	55,402	260,049	5.92%
Nqaraard State Legislature	8,550	1,859	6,691	31,407	5.92%
Nqardmau Free Trade Zone Authority	4,224	917	3,307	15,518	5.92%
Nqardmau State Government	101,686	22,106	79,580	373,549	5.92%
Nqardmau State Legislature	7,180	1,560	5,620	26,376	5.92%
Ngatpang State Government	30,017	6,524	23,493	110,269	5.92%
Ngatpang State Legislature	8,103	1,763	6,340	29,765	5.92%
Ngchesar State Agency	15,023	3,266	11,757	55,188	5.92%
Nqerchelong State Operation	-	-	-	-	0.00%
Nqchesar State Government	32,886	7,149	25,737	120,809	5.92%
Nqchesar State Legislature	2,869	624	2,245	10,540	5.92%
Nqerchelong State Agency	18,613	4,046	14,567	68,375	5.92%
Nqerchelong State Government	52,306	11,372	40,934	192,150	5.92%
Nqerchelong State Legislature	8,823	1,919	6,904	32,413	5.92%
Ngeremlengui State Government	80,406	17,479	62,927	295,376	5.92%
Ngeremlengui State Legislature	9,934	2,161	7,773	36,492	5.92%
Nqiwal State - Pan Fund	12,731	2,769	9,962	46,766	5.92%
Nqiwal State Agency	27,263	5,928	21,335	100,153	5.92%
Nqiwal State Government	26,903	5,848	21,055	98,829	5.92%
Nqiwal State Legislature	7,857	1,708	6,149	28,865	5.92%
Palau Community Action Agency	321,206	69,828	251,378	1,179,966	5.92%
Palau Community College	692,555	150,556	541,999	2,544,139	5.92%
Palau Housing Authority	20,819	4,527	16,292	76,479	5.92%
Palau International Coral Reef Center	120,112	26,111	94,001	441,236	5.92%
Palau National Communications Corporation	461,242	100,271	360,971	1,694,398	5.92%
Palau Public Utilities Corporation	520,786	113,216	407,570	1,913,136	5.92%
Palau Public Utilities Corporation - Waste & Water Operation	404,307	87,894	316,413	1,485,246	5.92%
Palau Visitors Authority	49,005	10,654	38,351	180,022	5.92%
Peleliu State Government	98,413	21,393	77,020	361,527	5.92%
Peleliu State Legislature	8,016	1,743	6,273	29,448	5.92%
Pulo Anna Municipality-Sonsorol State	5,089	1,105	3,984	18,696	5.92%
Republic of Palau Government	9,121,540	1,982,972	7,138,568	33,508,473	5.92%
Social Security Retirement Fund	171,337	37,247	134,090	629,414	5.92%
Sonsorol State Agency	1,874	407	1,467	6,885	5.92%
Sonsorol State Government	13,077	2,842	10,235	48,038	5.92%
Sonsorol State Legislature	5,666	1,231	4,435	20,815	5.92%
	<u>\$ 14,417,419</u>	<u>\$ 3,134,262</u>	<u>\$ 11,283,157</u>	<u>\$ 52,963,167</u>	

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(1) Plan Description

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

General

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

Membership

The ROP National Government, ROP State Governments and ROP public corporations, quasi-governmental organizations and other public entities of the National and State Governments of ROP, are participating in the Fund. Membership consisted of the following as of September 30, 2017 (the valuation date):

Inactive members currently receiving benefits	1,576
Inactive members entitled to but not yet receiving benefits	1,162
Active members	<u>3,422</u>
Total members	<u>6,160</u>

Summary of the Principal Provisions of the Plan

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

Eligibility to Participate

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

Service

Vesting Service: Includes membership service and prior service credit.

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

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

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(1) Plan Description, Continued

Pension Benefits

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

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

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

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

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(1) Plan Description, Continued

Pension Benefits, Continued

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

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

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

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

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

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

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

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

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(1) Plan Description, Continued

Pension Benefits, Continued

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

Member Contributions

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

Employer and Other Contributions

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

(2) Summary of Significant Accounting Policies

Basis of Accounting and Disclosure

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

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting and Disclosure, Continued

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

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Fund and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Recognition of Deferred Outflows and Inflows of Resources

Changes from differences between expected and actual experience and assumption change are recognized over the average expected remaining service life of all employees provided with benefits through the pension plan as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. As of September 30, 2017, 2016 and 2015, the average remaining service life was 6.83 years, and 6.20 and 6.01 years as of September 30, 2014 and 2013, respectively.

Estimates

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

(3) Net Pension Liability

The components of the employers' net pension liability as of September 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Total pension liability	\$ 288,804,482	\$ 278,875,273
Plan fiduciary net position	<u>(29,409,477)</u>	<u>(29,421,313)</u>
Employers' net pension liability	\$ <u>259,395,005</u>	\$ <u>249,453,960</u>
Plan fiduciary net position as a percentage of the total pension liability	10.18%	10.55%

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(4) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2017, for the same measurement date, using the following actuarial assumptions:

Actuarial Cost Method:	Normal costs are calculated under the entry age normal method																		
Amortization Method:	Level dollar, open with remaining amortization period of 30 years																		
Asset valuation method:	Market Value of Assets																		
Investment Income:	7.5% per year, net of investment expenses, including price inflation																		
Inflation:	3.0%																		
Interest on Member Contributions:	5.0% per year																		
Salary Increase:	3.0% per year																		
Expenses:	\$300,000 added to normal cost																		
Mortality:	RP 2000 Combined Mortality Table, set forward four years for all members except disability recipients, where the table is set forward ten years																		
Termination of Employment:	5% for ages 20 to 39; none for all other ages																		
Disability:	<table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: left;"><u>Disability</u></th> </tr> </thead> <tbody> <tr><td>25</td><td>0.21%</td></tr> <tr><td>30</td><td>0.18%</td></tr> <tr><td>35</td><td>0.25%</td></tr> <tr><td>40</td><td>0.35%</td></tr> <tr><td>45</td><td>0.50%</td></tr> <tr><td>50</td><td>0.76%</td></tr> <tr><td>55</td><td>1.43%</td></tr> <tr><td>60</td><td>2.12%</td></tr> </tbody> </table>	<u>Age</u>	<u>Disability</u>	25	0.21%	30	0.18%	35	0.25%	40	0.35%	45	0.50%	50	0.76%	55	1.43%	60	2.12%
<u>Age</u>	<u>Disability</u>																		
25	0.21%																		
30	0.18%																		
35	0.25%																		
40	0.35%																		
45	0.50%																		
50	0.76%																		
55	1.43%																		
60	2.12%																		
Retirement Age:	100% at age 60																		
Form of Payment:	Single: Straight life annuity; Married: 100% joint and survivor																		
Marriage Assumption:	80% of the workers are assumed to be married and males are assumed to be 3 years older than their spouses. Beneficiaries are assumed to be the opposite gender of the member.																		
Duty vs Non-duty related disability:	100% Duty related																		

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(4) Actuarial Assumptions, Continued

Refund of Contributions:	80% of terminated vested members elect a refund of contributions
Post Retirement Survivor's Benefit:	100% of the benefit the retiree was receiving prior to death.
Final Average Earnings:	Deferred vested members missing data for their final average earnings are assumed to have earned the average amount of current deferred vested members.
Benefits:	Retirees and beneficiaries missing data for their monthly benefit amount are assumed to receive the average benefit of current retirees or beneficiaries, respectively.

Investment Rate of Return

The long-term expected rate of return on the Fund's investments of 7.5% was determined using log-normal distribution analysis, creating a best-estimate range for each asset class.

As of September 30, 2017, the arithmetic real rates of return for each major investment class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Cash	3%	4.55%
Equity	61%	6.35%
Governmental fixed income	31%	7.75%
Corporate fixed income	<u>5%</u>	4.00%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.62% at the current measurement date and 2.98% at the prior measurement date. The discount rate was determined using the current assumed rate of return until the point where the plan fiduciary net position is negative. Using the current contribution rates, a negative position happens in 2022 for the 2017 measurement date. For years on or after 2022, a discount rate of 3.57% is used. This rate is based on the Bond Buyer General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Fund as of September 30, 2017, calculated using the discount rate of 3.62%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (2.62%) or 1.00% higher (4.62%) from the current rate.

<u>1% Decrease 2.62%</u>	<u>Current Single Discount Rate Assumption 3.62%</u>	<u>1% Increase 4.62%</u>
\$ 300,365,732	\$ 259,395,005	\$ 225,399,620

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(4) Actuarial Assumptions, Continued

Schedule of Changes in Net Pension Liability and Related Ratios

The changes in net pension liability for the years ended September 30, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability		
Service cost	\$ 8,610,570	\$ 6,858,499
Interest cost	8,422,663	9,414,565
Difference between expected and actual experience	27,975,168	-
Assumption changes	(25,315,236)	28,447,659
Benefit payments	<u>(9,763,956)</u>	<u>(9,506,766)</u>
Net change in total pension liability	9,929,209	35,213,957
Total pension liability - beginning	<u>278,875,273</u>	<u>243,661,316</u>
Total pension liability - ending	\$ <u>288,804,482</u>	\$ <u>278,875,273</u>
Fund Fiduciary Net Position		
Employer contributions	\$ 3,412,047	\$ 3,177,790
Employee contributions	3,410,992	3,149,619
Pension plan net investment income (loss)	3,303,967	2,337,406
Benefit payments	(9,763,956)	(9,506,766)
Pension plan administrative expense	(374,886)	(426,021)
Recovery and other income	<u>-</u>	<u>2,574,145</u>
Net change in plan fiduciary net position	(11,836)	1,306,173
Plan fiduciary net position - beginning	<u>29,421,313</u>	<u>28,115,140</u>
Plan fiduciary net position - ending	\$ <u>29,409,477</u>	\$ <u>29,421,313</u>
Net pension liability - ending	\$ <u>259,395,005</u>	\$ <u>249,453,960</u>
Plan fiduciary net position as a percentage of total pension liability	10.18%	10.55%
Covered employee payroll	\$ 57,893,300	\$ 52,963,167
Net pension liability as a percentage of covered employee payroll	448.06%	471.00%

Total employer contributions presented at the Schedule of Employer Contributions does not agree to the employer contributions presented above by \$63,965 and \$43,528 for the years ended September 30, 2017 and 2016, respectively, due to unallocated employer contributions.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(5) Average Remaining Service Life

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires that changes arising from differences between expected and actual experience and from changes in actual assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). These differences are considered on a pooled basis, rather than an individual basis, in order to reflect the expected remaining service life of the entire pool of employees, with the understanding that inactive employees have no remaining service period. As of September 30, 2017 and 2016, the average of the expected remaining service lives of all employees as calculated by the Fund's independent actuaries was 6.83 years.

(6) Pension Expense

The components of pension expense for the years ended September 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Service cost	\$ 8,610,570	\$ 6,858,499
Interest on the total pension liability	8,422,663	9,414,565
Difference between expected and actual experience in the total pension liability	4,095,925	-
Current-period assumption changes	(3,706,477)	4,165,104
Member contributions	(3,410,992)	(3,149,619)
Projected earnings on plan investments	(2,084,503)	(2,070,664)
Difference between actual and projected earnings on plan investments	(243,893)	(53,348)
Pension plan administrative expense	374,886	426,021
Other changes	63,965	(2,617,673)
Recognition of outflow (inflow) of resources due to liabilities	8,614,556	4,449,452
Recognition of inflow of resources due to assets	<u>(4,451,524)</u>	<u>(4,398,176)</u>
Total pension expense	\$ <u>16,285,176</u>	\$ <u>13,024,161</u>

Other changes consist of \$63,965 and \$43,528 for the years ended September 30, 2017 and 2016, respectively, from the difference between employer contributions at the Statement of Fiduciary Net Position and the Schedule of Employer Contributions and \$2,574,145 for the year ended September 30, 2016 from recovery and other income.

(7) Deferred Outflows and Inflows of Resources

A summary of deferred outflows and inflows of resources as of September 30, 2017 and 2016 are as follows:

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2017 and 2016

(7) Deferred Outflows and Inflows of Resources, Continued

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 23,879,243	\$ 5,069,854	\$ -	\$ 6,393,575
Change of assumptions	30,330,910	24,573,057	38,231,413	5,899,246
Net difference between projected and actual earnings on pension plan investments	1,428,108	1,267,623	2,142,161	484,907
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>16,052,153</u>	<u>16,052,153</u>	<u>15,354,439</u>	<u>15,354,439</u>
	<u>\$ 71,690,414</u>	<u>\$ 46,962,687</u>	<u>\$ 55,728,013</u>	<u>\$ 28,132,167</u>

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

<u>Year Ending</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2018	\$ 4,316,088
2019	7,353,694
2020	4,660,093
2021	4,228,125
2022	3,846,483
Thereafter	<u>323,244</u>
	<u>\$ 24,727,727</u>

(8) Additional Financial and Actuarial Information

Additional financial information supporting the preparation of the schedule of employer allocations, schedule of pension amounts by employer and other pension schedules (including the disclosure of the net pension liability and the unmodified audit opinion of the financial statements) is located in the Fund's financial statements for the years ended September 30, 2016 and 2017. If you have questions about this report or need additional information, please contact the Administrator at the Republic of Palau Civil Service Pension Trust Fund, P.O. Box 1767, Koror, Republic of Palau 96940, or e-mail cspp@palaunet.com or call (680) 488-2523.