

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, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018), the schedule of allocable pension amortization by employer (September 30, 2018), and the schedule of employers' contributions by employer (September 30, 2018 and 2017) (other pension schedules), and the related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations of net pension liability, deferred outflows of resources, deferred inflows of resources, and employer pension expense for all participating entities for the Fund as of and for the years ended September 30, 2018 and 2017, 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 \$250,868,784 as of September 30, 2018, which, assuming current contribution rates, would cause the Fund's fiduciary net position to become negative in 2023.

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, 2018 and 2017, and our report thereon, dated March 25, 2019, 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

January 17, 2020

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employer Allocations
September 30, 2018 and 2017

Employer	2018		2017	
	Total Employer Contributions	Employer Allocation Percentage	Total Employer Contributions	Employer Allocation Percentage
Aimeliik State Agency	\$ 2,840	0.0810%	\$ 3,156	0.0908%
Aimeliik State Government	11,524	0.3289%	12,829	0.3691%
Aimeliik State Legislature	2,457	0.0701%	2,552	0.0734%
Airai State Agency	10,828	0.3090%	10,434	0.3002%
Airai State Government	6,669	0.1903%	6,817	0.1961%
Airai State Legislature	5,459	0.1558%	4,606	0.1325%
Airai State - Pan Fund	3,222	0.0919%	3,298	0.0949%
Angaur State Agency	-	0.0000%	-	0.0000%
Angaur State Government	14,637	0.4177%	13,176	0.3791%
Angaur State Legislature	3,303	0.0943%	1,387	0.0399%
Civil Service Pension Trust Fund	11,660	0.3327%	11,599	0.3337%
Dongosaro Municipality - Sonsorol	1,901	0.0542%	2,135	0.0614%
Fanna Municipality-Sonsorol State	264	0.0075%	468	0.0135%
Hatohobe State Agency	4,123	0.1177%	3,198	0.0920%
Hatohobei State Government	5,165	0.1474%	4,841	0.1393%
Hatohobei State Legislature	1,445	0.0412%	1,796	0.0517%
Helen Reef Resource Management - Hatohobei State	5,455	0.1557%	5,582	0.1606%
Kayangel State Government	13,006	0.3711%	14,256	0.4101%
Kayangel State Legislature	1,593	0.0455%	1,733	0.0499%
Koror State Government	284,302	8.1130%	293,070	8.4312%
Koror State Legislature	10,026	0.2861%	7,448	0.2143%
Melekeok State - PAN 1077	5,250	0.1498%	6,703	0.1928%
Melekeok State Agency	-	0.0000%	101	0.0029%
Melekeok State Government	11,459	0.3270%	11,544	0.3321%
Melekeok State Legislature	1,872	0.0534%	1,944	0.0559%
Melekeok Legislature Staff	1,297	0.0370%	1,058	0.0304%
Merir Municipality-Sonsorol State	777	0.0222%	1,278	0.0368%
National Development Bank of Palau	27,295	0.7789%	24,540	0.7060%
National Development Bank of Palau - SBDC	2,308	0.0659%	2,280	0.0656%
Ngaraard State Government	15,274	0.4359%	15,938	0.4585%
Ngaraard State Legislature	1,638	0.0467%	1,697	0.0488%
Ngaraard State Pan Fund	44	0.0013%	166	0.0048%
Ngardmau Free Trade Zone Authority	1,070	0.0305%	1,076	0.0310%
Ngardmau State Agency	-	0.0000%	-	0.0000%
Ngardmau State Government	23,937	0.6831%	24,420	0.7025%
Ngardmau State Legislature	2,340	0.0668%	2,199	0.0633%
Ngatpang State Government	7,298	0.2083%	9,043	0.2602%
Ngatpang State Legislature	1,763	0.0503%	1,831	0.0527%
Ngatpang Pan	1,384	0.0395%	-	0.0000%
Ngchesar State Agency	4,111	0.1173%	3,761	0.1082%
Ngchesar State Government	6,451	0.1841%	6,572	0.1891%
Ngchesar State Legislature	1,085	0.0310%	648	0.0186%
Ngerchelong State Agency	5,974	0.1705%	5,125	0.1474%
Ngerchelong State Government	8,596	0.2453%	10,176	0.2927%
Ngerchelong State Legislature	2,340	0.0668%	2,364	0.0680%
Ngerchelong State Operation	1,948	0.0556%	2,501	0.0720%
Ngeremlengui State Government	16,614	0.4741%	17,839	0.5132%
Ngeremlengui State Legislature	2,161	0.0617%	2,216	0.0638%
Ngiwal State - Pan Fund	1,609	0.0459%	2,314	0.0666%
Ngiwal State Agency	4,945	0.1411%	5,176	0.1489%
Ngiwal State Government	7,505	0.2142%	7,108	0.2045%
Ngiwal State Legislature	2,527	0.0721%	2,132	0.0613%
Palau Community Action Agency	81,751	2.3329%	85,879	2.4706%
Palau Community College	149,495	4.2661%	156,335	4.4975%
Palau Housing Authority	4,384	0.1251%	4,833	0.1390%
Palau International Coral Reef Center	26,521	0.7568%	28,117	0.8089%
Palau National Communications Corporation	121,699	3.4729%	114,435	3.2921%
Palau Public Utilities Corporation	166,385	4.7481%	142,920	4.1116%
Palau Public Utilities Corporation - Waste & Water Operation	112,651	3.2147%	99,017	2.8486%
Palau Water & Sewer Corporation	1,852	0.0528%	2,019	0.0581%
Palau Visitors Authority	15,523	0.4430%	10,690	0.3075%
Peleliu State Government	26,527	0.7570%	26,428	0.7603%
Peleliu State Legislature	2,598	0.0741%	2,916	0.0839%
Pulo Anna Municipality-Sonsorol State	931	0.0266%	903	0.0260%
Republic of Palau Government	2,181,134	62.2422%	2,179,691	62.7064%
Social Security Retirement Fund	37,670	1.0750%	38,909	1.1194%
Sonsorol State Agency	460	0.0131%	451	0.0130%
Sonsorol State Government	2,767	0.0790%	2,937	0.0845%
Sonsorol State Legislature	1,165	0.0332%	1,401	0.0403%
	<u>\$ 3,504,264</u>	<u>100.0000%</u>	<u>\$ 3,476,012</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, 2018**

Employer	Deferred Outflows of Resources					
	Net Pension Liability as of 09/30/18	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Change of Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Aimeliik State Agency	\$ 203,314	\$ 16,033	\$ 579	\$ 18,178	\$ 77,151	\$ 111,941
Aimeliik State Government	825,000	65,059	2,348	73,764	115,735	256,906
Aimeliik State Legislature	175,897	13,871	501	15,727	11,564	41,663
Airai State Agency	775,172	61,129	2,206	69,309	159,090	291,734
Airai State Government	477,431	37,650	1,359	42,688	-	81,697
Airai State Legislature	390,808	30,819	1,112	34,943	69,485	136,359
Airai State - Pan Fund	230,661	18,190	657	20,624	116,194	155,665
Angaur State Agency	-	-	-	-	9	9
Angaur State Government	1,047,856	82,633	2,983	93,690	194,983	374,289
Angaur State Legislature	236,461	18,647	673	21,142	136,878	177,340
Civil Service Pension Trust Fund	834,733	65,826	2,376	74,634	238	143,074
Dongosaro Municipality - Sponsorol	136,091	10,732	387	12,168	75,094	98,381
Fanna Municipality-Sonsorol State	18,900	1,490	54	1,690	23,609	26,843
Hatohobe State Agency	295,165	23,276	840	26,391	125,245	175,752
Hatohobei State Government	369,761	29,159	1,052	33,061	30,643	93,915
Hatohobei State Legislature	103,446	8,158	294	9,249	32,058	49,759
Helen Reef Resource Management - Hatohobei State	390,520	30,796	1,112	34,917	82	66,907
Kayangel State Government	931,094	73,425	2,650	83,250	66,972	226,297
Kayangel State Legislature	114,042	8,993	325	10,197	39,949	59,464
Koror State Government	20,353,060	1,605,027	57,931	1,819,786	1,430,685	4,913,429
Koror State Legislature	717,758	56,602	2,043	64,175	144,604	267,424
Melekeok State - PAN 1077	375,844	29,639	1,070	33,605	195,436	259,750
Melekeok State Agency	-	-	-	-	11,415	11,415
Melekeok State Government	820,346	64,692	2,335	73,348	17,173	157,548
Melekeok State Legislature	134,017	10,568	381	11,983	11,339	34,271
Melekeok Legislature Staff	92,852	7,322	264	8,302	59,576	75,464
Merir Municipality-Sonsorol State	55,625	4,387	158	4,973	45,732	55,250
National Development Bank of Palau	1,954,037	154,094	5,562	174,712	146,871	481,239
National Development Bank of Palau - SBDC	165,230	13,030	470	14,773	5,169	33,442
Ngaraard State Government	1,093,459	86,229	3,112	97,767	104,928	292,036
Ngaraard State Legislature	117,264	9,247	334	10,485	20,431	40,497
Ngaraard State Pan Fund	3,151	248	9	282	7,494	8,033
Ngardmau Free Trade Zone Authority	76,600	6,041	218	6,849	4,224	17,332
Ngardmau State Agency	-	-	-	-	-	-
Ngardmau State Government	1,713,640	135,136	4,878	153,218	110,681	403,913
Ngardmau State Legislature	167,520	13,211	477	14,978	45,568	74,234
Ngatpang State Government	522,462	41,201	1,487	46,714	113,259	202,661
Ngatpang State Legislature	126,212	9,953	359	11,285	15,377	36,974
Ngatpang Pan	99,081	7,813	282	8,859	79,498	96,452
Ngchesar State Agency	294,304	23,209	838	26,314	31,110	81,471
Ngchesar State Government	461,824	36,419	1,315	41,292	19,596	98,622
Ngchesar State Legislature	77,674	6,125	221	6,945	26,579	39,870
Ngerchelong State Agency	427,676	33,726	1,217	38,239	140,438	213,620
Ngerchelong State Government	615,384	48,529	1,752	55,022	13,751	119,054
Ngerchelong State Legislature	167,520	13,211	477	14,978	24,937	53,603
Ngerchelong State Operation	139,455	10,997	397	12,469	112,885	136,748
Ngeremlengui State Government	1,189,389	93,794	3,385	106,344	118,577	322,100
Ngeremlengui State Legislature	154,706	12,200	440	13,832	8	26,480
Ngiwal State - Pan Fund	115,186	9,084	328	10,299	39,150	58,861
Ngiwal State Agency	354,011	27,917	1,008	31,652	108,668	169,245
Ngiwal State Government	537,281	42,370	1,529	48,039	89,963	181,901
Ngiwal State Legislature	180,906	14,266	515	16,175	32,801	63,757
Palau Community Action Agency	5,852,520	461,525	16,658	523,279	775,901	1,777,363
Palau Community College	10,702,283	843,974	30,462	956,901	-	1,831,337
Palau Housing Authority	313,849	24,750	893	28,062	11	53,716
Palau International Coral Reef Center	1,898,628	149,724	5,404	169,758	128,665	453,551
Palau National Communications Corporation	8,712,379	687,051	24,798	778,982	509,645	2,000,476
Palau Public Utilities Corporation	11,911,433	939,326	33,904	1,065,012	2,064,642	4,102,884
Palau Public Utilities Corporation - Waste & Water Operation	8,064,639	635,971	22,955	721,067	989,078	2,369,071
Palau Water & Sewer Corporation	132,584	10,455	377	11,854	81,446	104,132
Palau Visitors Authority	1,111,286	87,635	3,163	99,361	272,620	462,779
Peleliu State Government	1,899,057	149,758	5,405	169,976	182,800	507,759
Peleliu State Legislature	185,989	14,667	529	16,629	44,417	76,242
Pulo Anna Municipality-Sonsorol State	66,651	5,256	190	5,959	42,252	53,657
Republic of Palau Government	156,146,459	12,313,592	444,446	13,961,198	8,158,726	34,877,962
Social Security Administration	2,696,779	212,666	7,676	241,121	23,116	484,579
Sonsorol State Agency	32,932	2,597	94	2,944	1,964	7,599
Sonsorol State Government	198,089	15,621	564	17,711	43,338	77,234
Sonsorol State Legislature	83,401	6,577	237	7,457	3,264	17,535
	<u>\$ 250,868,784</u>	<u>\$ 19,783,318</u>	<u>\$ 714,055</u>	<u>\$ 22,430,407</u>	<u>\$ 17,924,787</u>	<u>\$ 60,852,567</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

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

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

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer
September 30, 2017

Employer	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	Total Deferred Outflows of Resources
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	
						Employer Contributions and Proportionate Share of Contributions	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 Net Pension Liability Sensitivity by Employer
September 30, 2018

Employer	1% Decrease 3.16%	Current Discount Rate 4.16%	1% Increase 5.16%
Aimeliik State Agency	\$ 233,827	\$ 203,314	\$ 177,868
Aimeliik State Government	948,812	825,000	721,745
Aimeliik State Legislature	202,294	175,897	153,882
Airai State Agency	891,506	775,172	678,154
Airai State Government	549,082	477,431	417,677
Airai State Legislature	449,459	390,808	341,896
Airai State - Pan Fund	265,278	230,661	201,793
Anqaur State Agency	-	-	-
Angaur State Government	1,205,114	1,047,856	916,710
Angaur State Legislature	271,948	236,461	206,867
Civil Service Pension Trust Fund	960,006	834,733	730,261
Dongosaro Municipality - Sonsorol	156,515	136,091	119,059
Fanna Municipality-Sonsorol State	21,737	18,900	16,535
Hatohobe State Agency	339,462	295,165	258,223
Hatohobei State Government	425,252	369,761	323,483
Hatohobei State Legislature	118,970	103,446	90,499
Helen Reef Resource Management - Hatohobei State	449,127	390,520	341,644
Kayangel State Government	1,070,829	931,094	814,562
Kayangel State Legislature	131,157	114,042	99,769
Koror State Government	23,407,553	20,353,060	17,805,739
Koror State Legislature	825,476	717,758	627,926
Melekeok State - PAN 1077	432,249	375,844	328,805
Melekeok State Agency	-	-	-
Melekeok State Government	943,460	820,346	717,674
Melekeok State Legislature	154,129	134,017	117,244
Melekeok Legislature Staff	106,786	92,852	81,231
Merir Municipality-Sonsorol State	63,973	55,625	48,663
National Development Bank of Palau	2,247,290	1,954,037	1,709,476
National Development Bank of Palau - SBDC	190,027	165,230	144,550
Ngaraard State Government	1,257,561	1,093,459	956,606
Ngaraard State Legislature	134,862	117,264	102,587
Ngaraard State Pan Fund	3,624	3,151	2,757
Ngardmau Free Trade Zone Authority	88,096	76,600	67,013
Ngardmau State Agency	-	-	-
Ngardmau State Government	1,970,815	1,713,640	1,499,166
Ngardmau State Legislature	192,661	167,520	146,554
Ngatpang State Government	600,871	522,462	457,072
Ngatpang State Legislature	145,153	126,212	110,416
Ngatpang Pan	113,950	99,081	86,680
Ngchesar State Agency	338,472	294,304	257,470
Ngchesar State Government	531,133	461,824	404,024
Ngchesar State Legislature	89,331	77,674	67,953
Ngerchelong State Agency	491,860	427,676	374,150
Ngerchelong State Government	707,738	615,384	538,364
Ngerchelong State Legislature	192,661	167,520	146,554
Ngerchelong State Operation	160,384	139,455	122,002
Ngeremlengui State Government	1,367,887	1,189,389	1,040,529
Ngeremlengui State Legislature	177,923	154,706	135,343
Ngiwal State - Pan Fund	132,473	115,186	100,770
Ngiwal State Agency	407,139	354,011	309,704
Ngiwal State Government	617,913	537,281	470,036
Ngiwal State Legislature	208,056	180,906	158,265
Palau Community Action Agency	6,730,840	5,852,520	5,120,039
Palau Community College	12,308,432	10,702,283	9,362,821
Palau Housing Authority	360,950	313,849	274,569
Palau International Coral Reef Center	2,183,565	1,898,628	1,661,002
Palau National Communications Corporation	10,019,893	8,712,379	7,621,967
Palau Public Utilities Corporation	13,699,046	11,911,433	10,420,638
Palau Public Utilities Corporation - Waste & Water Operation	9,274,942	8,064,639	7,055,296
Palau Water & Sewer Corporation	152,482	132,584	115,990
Palau Visitors Authority	1,278,063	1,111,286	972,201
Peleliu State Government	2,184,058	1,899,057	1,661,377
Peleliu State Legislature	213,901	185,989	162,711
Pulo Anna Municipality-Sonsorol State	76,653	66,651	58,309
Republic of Palau Government	179,580,202	156,146,459	136,603,691
Social Security Retirement Fund	3,101,499	2,696,779	2,359,259
Sonsorol State Agency	37,874	32,932	28,810
Sonsorol State Government	227,817	198,089	173,296
Sonsorol State Legislature	95,918	83,401	72,963
	<u>\$ 288,518,016</u>	<u>\$ 250,868,784</u>	<u>\$ 219,470,889</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Allocable Pension Amortization by Employer
September 30, 2018

Employer	Net Deferred Outflows (Inflows) of Resources					
	2019	2020	2021	2022	2023	Thereafter
Aimeliik State Agency	\$ 23,943	\$ 16,004	\$ 14,065	\$ 11,511	\$ 473	\$ (5,665)
Aimeliik State Government	8,495	16,180	19,106	14,767	(17,495)	(23,201)
Aimeliik State Legislature	(956)	(954)	(184)	2,070	(2,205)	(3,136)
Airai State Agency	72,597	43,495	34,751	21,545	3,140	(5,776)
Airai State Government	(46,665)	(39,048)	(33,028)	(13,816)	(9,751)	(7,424)
Airai State Legislature	2,944	5,033	4,557	(1,868)	(2,069)	3,561
Airai State - Pan Fund	30,657	28,180	20,803	(12,338)	(8,211)	(3,628)
Angaur State Agency	(1,262)	(254)	-	-	-	-
Angaur State Government	71,099	46,978	39,920	25,555	(1,846)	1,377
Angaur State Legislature	26,778	24,564	24,294	24,299	20,558	16,001
Civil Service Pension Trust Fund	(19,747)	(12,860)	(8,994)	(3,214)	(10,427)	(9,823)
Dongosaro Municipality - Sonsorol	19,199	17,739	17,504	14,346	(2,241)	(4,014)
Fanna Municipality-Sonsorol State	2,304	2,101	1,632	(1,255)	(4,564)	(2,250)
Hatohobe State Agency	36,025	31,635	29,299	19,729	7,162	5,467
Hatohobei State Government	6,069	4,214	4,549	6,303	1,559	(1,405)
Hatohobei State Legislature	1,035	1,727	2,115	2,725	1,018	(4,758)
Helen Reef Resource Management - Hatohobei State	(8,600)	(5,737)	(4,071)	(1,701)	(5,766)	(6,129)
Kayangel State Government	41,912	769	(8,108)	(6,870)	(18,592)	(23,981)
Kayangel State Legislature	6,919	5,904	6,155	7,381	2,200	(2,807)
Koror State Government	866,558	420,475	301,325	111,318	(287,876)	(340,770)
Koror State Legislature	3,865	9,520	11,839	13,827	14,367	16,538
Melekeok State - PAN 1077	49,362	44,730	33,807	(17,364)	(26,445)	(19,066)
Melekeok State Agency	(69,356)	(77,150)	(67,278)	(9,300)	(4,092)	(998)
Melekeok State Government	(10,906)	(15,432)	(12,768)	1,614	(6,749)	(11,079)
Melekeok State Legislature	3,713	546	8	584	(638)	(2,381)
Melekeok Leqislature Staff	12,289	11,292	8,372	(5,264)	(5,283)	1,203
Merir Municipality-Sonsorol State	7,622	7,025	6,728	4,404	(3,002)	(5,651)
National Development Bank of Palau	18,299	14,973	16,576	17,255	(2,908)	2,862
National Development Bank of Palau - SBDC	(1,039)	(5,901)	(6,882)	(5,866)	(3,311)	(1,786)
Ngaraard State Government	51,142	20,001	8,716	(14,932)	(26,966)	(20,216)
Ngaraard State Legislature	8,092	(5,586)	(9,001)	(8,673)	(4,665)	(2,046)
Ngaraard State Pan Fund	433	399	394	389	82	(1,246)
Nqardmau Free Trade Zone Authority	2,318	440	123	400	(429)	(1,017)
Nqardmau State Agency	(4,399)	(861)	-	-	-	(3)
Nqardmau State Government	75,437	35,028	23,908	6,565	(23,944)	(26,166)
Nqardmau State Legislature	14,084	11,969	10,587	5,535	3,177	(697)
Nqatpanq State Government	14,540	(12,215)	(17,686)	(12,249)	(8,395)	(23,781)
Nqatpang State Legislature	6,231	3,501	2,497	(248)	(2,983)	(2,247)
Nqatpang Pan	14,969	13,906	13,735	13,584	12,218	12,452
Ngchesar State Agency	11,174	3,588	2,111	2,581	1,251	(215)
Ngchesar State Government	(7,389)	(19,657)	(22,771)	(23,720)	(16,685)	(6,962)
Nqchesar State Legislature	5,501	4,261	3,955	3,582	3,014	3,355
Ngerchelong State Agency	48,932	33,740	29,444	22,691	8,469	3,062
Nqerchelong State Government	(31,685)	(39,416)	(41,454)	(44,277)	(40,732)	(23,313)
Nqerchelong State Legislature	8,538	7,580	6,654	2,259	(216)	(2,328)
Nqerchelong State Operation	20,423	18,926	18,686	18,474	12,577	(7,210)
Nqeremlengui State Government	35,472	(15,080)	(22,810)	(9,250)	(36,635)	(26,967)
Nqeremlengui State Legislature	(9,636)	(8,362)	(7,145)	(3,393)	(3,605)	(2,475)
Ngiwal State - Pan Fund	16,213	(7,510)	(13,089)	(12,328)	(13,889)	(8,411)
Ngiwal State Agency	49,955	12,992	2,526	(7,117)	(16,898)	(6,707)
Ngiwal State Government	28,932	16,283	14,732	18,101	2,821	(2,782)
Ngiwal State Legislature	(4,394)	709	2,993	6,600	3,678	1,650
Palau Community Action Agency	365,068	170,230	120,412	75,022	(37,582)	(113,883)
Palau Community College	(196,961)	(245,641)	(242,903)	(218,301)	(264,093)	(201,243)
Palau Housing Authority	(8,056)	(8,932)	(8,535)	(7,093)	(9,166)	(8,360)
Palau International Coral Reef Center	74	(21,648)	(17,812)	9,892	(42,412)	(39,479)
Palau National Communications Corporation	50,441	40,798	59,470	111,378	464	(36,896)
Palau Public Utilities Corporation	484,684	401,153	396,875	407,399	230,985	83,424
Palau Public Utilities Corporation - Waste & Water Operation	173,588	210,522	227,050	204,977	62,396	34,199
Palau Water & Sewer Corporation	19,141	17,717	17,489	15,944	5,756	(3,310)
Palau Visitors Authority	21,978	26,679	29,649	32,866	25,646	33,933
Peleliu State Government	92,295	52,235	43,303	35,894	1,345	(22,726)
Peleliu State Legislature	2,563	2,279	2,551	3,629	2,556	(5,466)
Pulo Anna Municipality-Sonsorol State	9,296	8,580	8,342	5,908	(2,954)	(556)
Republic of Palau Government	1,999,667	551,395	353,500	207,236	(1,828,390)	(1,934,718)
Social Security Retirement Fund	(8,093)	(22,327)	(24,658)	(33,959)	(59,713)	(45,919)
Sonsorol State Agency	105	(475)	(391)	465	(273)	(318)
Sonsorol State Government	8,726	(22,295)	(28,844)	(20,605)	(5,444)	(4,153)
Sonsorol State Legislature	(1,328)	(3,026)	(3,041)	(1,589)	(2,892)	(3,370)
	<u>\$ 4,521,224</u>	<u>\$ 1,827,628</u>	<u>\$ 1,395,654</u>	<u>\$ 1,014,014</u>	<u>\$ (2,445,520)</u>	<u>\$ (2,851,830)</u>

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employers' Contributions by Employer
September 30, 2018

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

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

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

Notes to Schedules
September 30, 2018 and 2017

(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, 2018 and 2017

(1) Plan Description, Continued

Pension Benefits

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

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

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

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

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Notes to Schedules
September 30, 2018 and 2017

(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, 2018 and 2017

(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, 2018 and 2017

(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, 2018, the average remaining service life was 7.03 years, 6.83 years as of September 30, 2017, 2016 and 2015, 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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 279,481,890	\$ 288,804,482
Plan fiduciary net position	<u>(28,613,106)</u>	<u>(29,409,477)</u>
Employers' net pension liability	\$ <u>250,868,784</u>	\$ <u>259,395,005</u>
Plan fiduciary net position as a percentage of the total pension liability	10.24%	10.18%

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2018 and 2017

(4) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2018, 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, 2018 and 2017

(4) Actuarial Assumptions, Continued

Refund of Contributions:	80% of terminated vested members elect a refund of contributions
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, 2018, the arithmetic real rates of return for each major investment class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
US Large Cap Equity	20%	8.70%
US Small/Mid Cap Equity	5%	9.13%
International Equity	15%	9.19%
Emerging Markets	10%	12.52%
US Aggregate Fixed Income	35%	3.82%
Global Broad Fixed Income	10%	3.40%
Global REIT	5%	8.33%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.16% at the current measurement date and 3.62% 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 2023 for the 2018 measurement date. For years on or after 2023, a discount rate of 4.09% 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, 2018, calculated using the discount rate of 4.16%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (3.16%) or 1.00% higher (5.16%) from the current rate.

<u>1% Decrease 3.16%</u>	Current Single Discount Rate <u>Assumption 4.16%</u>	<u>1% Increase 5.16%</u>
\$ 288,518,016	\$ 250,868,784	\$ 219,470,889
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REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2018 and 2017

(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, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Total Pension Liability		
Service cost	\$ 9,253,291	\$ 8,610,570
Interest cost	10,615,203	8,422,663
Difference between expected and actual experience	-	27,975,168
Assumption changes	(19,464,397)	(25,315,236)
Benefit payments	<u>(9,726,689)</u>	<u>(9,763,956)</u>
Net change in total pension liability	(9,322,592)	9,929,209
Total pension liability - beginning	<u>288,804,482</u>	<u>278,875,273</u>
Total pension liability - ending	\$ <u>279,481,890</u>	\$ <u>288,804,482</u>
Fund Fiduciary Net Position		
Employer contributions	\$ 3,519,989	\$ 3,412,047
Employee contributions	3,507,075	3,410,992
Pension plan net investment income	2,406,323	3,303,967
Benefit payments	(9,726,689)	(9,763,956)
Pension plan administrative expense	<u>(503,069)</u>	<u>(374,886)</u>
Net change in plan fiduciary net position	(796,371)	(11,836)
Plan fiduciary net position - beginning	<u>29,409,477</u>	<u>29,421,313</u>
Plan fiduciary net position - ending	\$ <u>28,613,106</u>	\$ <u>29,409,477</u>
Net pension liability - ending	\$ <u>250,868,784</u>	\$ <u>259,395,005</u>
Plan fiduciary net position as a percentage of total pension liability	10.24%	10.18%
Covered employee payroll	\$ 58,666,483	\$ 57,893,300
Net pension liability as a percentage of covered employee payroll	427.62%	448.06%

Total employer contributions presented at the Schedule of Employer Contributions does not agree to the employer contributions presented above by \$(15,725) and \$63,965 for the years ended September 30, 2018 and 2017, respectively, due to unallocated employer contributions.

(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, 2018 and 2017, the average of the expected remaining service lives of all employees as calculated by the Fund's independent actuaries was 7.03 and 6.83 years, respectively.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2018 and 2017

(6) Pension Expense

The components of pension expense for the years ended September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Service cost	\$ 9,253,291	\$ 8,610,570
Interest on the total pension liability	10,615,203	8,422,663
Difference between expected and actual experience in the total pension liability	-	4,095,925
Current-period assumption changes	(2,768,762)	(3,706,477)
Employee contributions	(3,507,075)	(3,410,992)
Projected earnings on plan investments	(2,087,781)	(2,084,503)
Difference between actual and projected earnings on plan investments	(63,708)	(243,893)
Pension plan administrative expense	503,069	374,886
Other changes	(15,725)	63,965
Recognition of outflow (inflow) of resources due to liabilities	12,710,481	8,614,556
Recognition of inflow of resources due to assets	<u>(8,394,393)</u>	<u>(4,451,524)</u>
Total pension expense	<u>\$ 16,244,600</u>	<u>\$ 16,285,176</u>

Other changes for the years ended September 30, 2018 and 2017 consist of the difference between employer contributions at the Statement of Fiduciary Net Position and the Schedule of Employer Contributions.

(7) Deferred Outflows and Inflows of Resources

A summary of deferred outflows and inflows of resources as of September 30, 2018 and 2017 are as follows:

	<u>2018</u>		<u>2017</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	\$ 19,783,318	\$ 3,746,133	\$ 23,879,243	\$ 5,069,854
Change of assumptions	22,430,407	34,627,267	30,330,910	24,573,057
Net difference between projected and actual earnings on pension plan investments	714,055	1,093,210	1,428,108	1,267,623
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>17,924,787</u>	<u>17,924,787</u>	<u>16,052,153</u>	<u>16,052,153</u>
	<u>\$ 60,852,567</u>	<u>\$ 57,391,397</u>	<u>\$ 71,690,414</u>	<u>\$ 46,962,687</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>
2019	\$ 4,521,224
2020	1,827,628
2021	1,395,654
2022	1,014,014
2023	(2,445,520)
Thereafter	<u>(2,851,830)</u>
	<u>\$ 3,461,170</u>

REPUBLIC OF PALAU
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Notes to Schedules
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(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, 2018 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.