

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, 2016 AND 2015

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, 2016 and 2015, 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, 2016 and 2015, 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, 2016), the schedule of allocable pension amortization by employer (September 30, 2016), and the schedule of employers' contributions by employer (September 30, 2016 and 2015) (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 and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for the total of all participating entities for the Fund as of and for the years ended September 30, 2016 and 2015, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Fund's actuarial valuation has determined that the Fund has a net pension liability of \$249,453,960 which would cause the Fund's fiduciary net position to become negative in 2019.

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, 2016 and 2015, and our report thereon, dated May 30, 2017, 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

April 9, 2018

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Employer Allocations
September 30, 2016 and 2015

| Employer | 2016 | | 2015 | |
|--|------------------------------|--------------------------------|------------------------------|--------------------------------|
| | Total Employer Contributions | Employer Allocation Percentage | Total Employer Contributions | Employer Allocation Percentage |
| Aimeliik State Agency | \$ 2,182 | 0.0696% | \$ 1,220 | 0.0422% |
| Aimeliik State Government | 11,106 | 0.3543% | 7,990 | 0.2764% |
| Aimeliik State Legislature | 2,230 | 0.0711% | 1,863 | 0.0645% |
| Airai State Agency | 8,507 | 0.2714% | 7,158 | 0.2476% |
| Airai State Government | 6,514 | 0.2078% | 7,130 | 0.2467% |
| Airai State Legislature | 4,854 | 0.1549% | 4,920 | 0.1702% |
| Airai State - Pan Fund | 3,553 | 0.1134% | 3,982 | 0.1378% |
| Angaur State Agency | - | 0.0000% | - | 0.0000% |
| Angaur State Government | 12,407 | 0.3959% | 9,885 | 0.3420% |
| Angaur State Legislature | 702 | 0.0224% | 702 | 0.0243% |
| Civil Service Pension Trust Fund | 10,688 | 0.3410% | 10,293 | 0.3561% |
| Dongosaro Municipality - Sonsorol | 1,753 | 0.0559% | - | 0.0000% |
| Fanna Municipality-Sonsorol State | 701 | 0.0224% | 249 | 0.0086% |
| Hatohobe State Agency | 2,712 | 0.0865% | 1,582 | 0.0547% |
| Hatohobei State Government | 4,080 | 0.1302% | 3,859 | 0.1335% |
| Hatohobei State Legislature | 979 | 0.0312% | 998 | 0.0345% |
| Helen Reef Resource Management - Hatohobei State | 5,070 | 0.1618% | 4,817 | 0.1667% |
| Kayangel State Government | 12,448 | 0.3972% | 11,686 | 0.4043% |
| Kayangel State Legislature | 1,007 | 0.0321% | 634 | 0.0219% |
| Koror State Government | 262,310 | 8.3691% | 228,991 | 7.9223% |
| Koror State Legislature | 7,020 | 0.2240% | 7,585 | 0.2624% |
| Melekeok State - PAN 1077 | 7,023 | 0.2241% | 5,846 | 0.2023% |
| Melekeok State Agency | 454 | 0.0145% | 931 | 0.0322% |
| Melekeok State Government | 10,066 | 0.3212% | 9,682 | 0.3350% |
| Melekeok State Legislature | 1,578 | 0.0503% | 1,560 | 0.0540% |
| Melekeok Legislature Staff | 1,718 | 0.0548% | 1,575 | 0.0545% |
| Merir Municipality-Sonsorol State | 872 | 0.0278% | 115 | 0.0040% |
| National Development Bank of Palau | 23,081 | 0.7364% | 21,858 | 0.7562% |
| National Development Bank of Palau - SBDC | 2,264 | 0.0722% | 2,589 | 0.0896% |
| Ngaraard State Government | 15,388 | 0.4910% | 14,332 | 0.4958% |
| Ngaraard State Legislature | 1,859 | 0.0593% | 2,281 | 0.0789% |
| Ngardmau Free Trade Zone Authority | 917 | 0.0293% | 882 | 0.0305% |
| Ngardmau State Agency | - | 0.0000% | - | 0.0000% |
| Ngardmau State Government | 22,106 | 0.7053% | 19,598 | 0.6780% |
| Ngardmau State Legislature | 1,560 | 0.0498% | 1,517 | 0.0525% |
| Ngatpang State Government | 6,524 | 0.2082% | 7,580 | 0.2622% |
| Ngatpang State Legislature | 1,763 | 0.0562% | 1,492 | 0.0516% |
| Ngchesar State Agency | 3,266 | 0.1042% | 3,343 | 0.1157% |
| Nqchesar State Government | 7,149 | 0.2281% | 7,855 | 0.2718% |
| Nqchesar State Legislature | 624 | 0.0199% | 624 | 0.0216% |
| Nqerchelong State Agency | 4,046 | 0.1291% | 2,911 | 0.1007% |
| Nqerchelong State Government | 11,372 | 0.3628% | 11,403 | 0.3945% |
| Nqerchelong State Legislature | 1,919 | 0.0612% | 1,793 | 0.0620% |
| Nqeremlengui State Government | 17,479 | 0.5577% | 14,611 | 0.5055% |
| Nqeremlengui State Legislature | 2,161 | 0.0689% | 2,176 | 0.0753% |
| Ngiwal State - Pan Fund | 2,769 | 0.0883% | 2,422 | 0.0838% |
| Ngiwal State Agency | 5,928 | 0.1891% | 4,668 | 0.1615% |
| Ngiwal State Government | 5,848 | 0.1866% | 4,621 | 0.1599% |
| Ngiwal State Legislature | 1,708 | 0.0545% | 1,570 | 0.0543% |
| Palau Community Action Agency | 69,828 | 2.2279% | 62,321 | 2.1561% |
| Palau Community College | 150,556 | 4.8036% | 148,371 | 5.1331% |
| Palau Housing Authority | 4,527 | 0.1444% | 4,394 | 0.1520% |
| Palau International Coral Reef Center | 26,111 | 0.8331% | 20,999 | 0.7265% |
| Palau National Communications Corporation | 100,271 | 3.1992% | 94,083 | 3.2550% |
| Palau Public Utilities Corporation | 113,216 | 3.6122% | 106,140 | 3.6721% |
| Palau Public Utilities Corporation - Waste & Water Operation | 87,894 | 2.8043% | 77,233 | 2.6720% |
| Palau Visitors Authority | 10,654 | 0.3399% | 10,534 | 0.3644% |
| Peleliu State Government | 21,393 | 0.6826% | 19,272 | 0.6667% |
| Peleliu State Legislature | 1,743 | 0.0556% | 1,950 | 0.0675% |
| Pulo Anna Municipality-Sonsorol State | 1,105 | 0.0353% | 70 | 0.0024% |
| Republic of Palau Government | 1,982,972 | 63.2675% | 1,838,446 | 63.6040% |
| Social Security Retirement Fund | 37,247 | 1.1884% | 35,205 | 1.2180% |
| Sonsorol State Agency | 407 | 0.0130% | 343 | 0.0119% |
| Sonsorol State Government | 2,842 | 0.0907% | 4,590 | 0.1588% |
| Sonsorol State Legislature | 1,231 | 0.0393% | 1,124 | 0.0389% |
| | <u>\$ 3,134,262</u> | <u>100.0000%</u> | <u>\$ 2,890,454</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, 2016

| Employer | Deferred Outflows of Resources | | | | |
|--|--------------------------------------|---|-----------------------|---|--------------------------------------|
| | Net Pension Liability as of 09/30/16 | 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 |
| 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 |
| Ngerchelongs State Agency | 322,018 | 2,765 | 49,353 | 146,996 | 199,114 |
| Ngerchelongs State Government | 905,091 | 7,772 | 138,715 | 50,201 | 196,688 |
| Ngerchelongs State Legislature | 152,733 | 1,312 | 23,408 | 31,265 | 55,985 |
| 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 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>\$ 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 | 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 Pension Amounts by Employer
September 30, 2015

| Employer | Deferred Outflows of Resources | | | | |
|---|--|---|--------------------------|---|---|
| | Net Pension Liability as of 09/30/15 | 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 | \$ 90,940 | \$ 1,032 | \$ 7,462 | \$ 51,860 | \$ 60,354 |
| Aimeliik State Government | 595,816 | 6,759 | 48,882 | 1,352 | 56,993 |
| Aimeliik State Legislature | 138,927 | 1,576 | 11,398 | 14,130 | 27,104 |
| Airai State Agency | 533,766 | 6,055 | 43,792 | 184,930 | 234,777 |
| Airai State Government | 531,671 | 6,031 | 43,620 | - | 49,651 |
| Airai State Legislature | 366,893 | 4,162 | 30,100 | 46,638 | 80,900 |
| Airai State - Pan Fund | 296,959 | 3,369 | 24,363 | 239,365 | 267,097 |
| Angaur State Agency | - | - | - | 2,892 | 2,892 |
| Angaur State Government | 737,109 | 8,362 | 60,475 | 137,350 | 206,187 |
| Angaur State Legislature | 52,349 | 594 | 4,295 | 1,885 | 6,774 |
| Civil Service Pension Trust Fund | 767,603 | 8,708 | 62,977 | 72,311 | 143,996 |
| Fanna Municipality-Sonsorol State | 18,591 | 211 | 1,525 | 14,985 | 16,721 |
| Hatohobe State Agency | 117,943 | 1,338 | 9,677 | 60,203 | 71,218 |
| Hatohobei State Government | 287,760 | 3,264 | 23,609 | 6,502 | 33,375 |
| Hatohobei State Legislature | 74,417 | 844 | 6,106 | - | 6,950 |
| Helen Reef Resource Management - Hatohobei State | 359,176 | 4,075 | 29,468 | 24,703 | 58,246 |
| Kayangel State Government | 871,415 | 9,885 | 71,494 | 217,283 | 298,662 |
| Kayangel State Legislature | 47,249 | 536 | 3,876 | - | 4,412 |
| Koror State Government | 17,076,244 | 193,716 | 1,401,002 | 2,774,838 | 4,369,556 |
| Koror State Legislature | 565,627 | 6,417 | 46,406 | - | 52,823 |
| Melekeok State - PAN 1077 | 435,926 | 4,945 | 35,765 | 351,504 | 392,214 |
| Melekeok State Agency | 69,455 | 788 | 5,697 | 204,084 | 210,569 |
| Melekeok State Government | 721,985 | 8,190 | 59,234 | - | 67,424 |
| Melekeok State Legislature | 116,332 | 1,320 | 9,545 | 13,137 | 24,002 |
| Melekeok Legislature Staff | 117,447 | 1,332 | 9,635 | 94,669 | 105,636 |
| Merir Municipality-Sonsorol State | 8,549 | 97 | 702 | 6,891 | 7,690 |
| National Development Bank of Palau | 1,630,006 | 18,491 | 133,732 | 23,689 | 175,912 |
| National Development Bank of Palau - SBDC | 193,071 | 2,190 | 15,842 | 20,332 | 38,364 |
| Ngaraard State Government | 1,068,732 | 12,124 | 87,683 | 262,635 | 362,442 |
| Ngaraard State Legislature | 170,068 | 1,929 | 13,953 | 68,921 | 84,803 |
| Ngardmau Free Trade Zone Authority | 65,749 | 746 | 5,394 | 18,867 | 25,007 |
| Ngardmau State Agency | - | - | - | - | - |
| Ngardmau State Government | 1,461,420 | 16,579 | 119,901 | 276,211 | 412,691 |
| Ngardmau State Legislature | 113,113 | 1,283 | 9,279 | 36,407 | 46,969 |
| Ngatpang State Government | 565,226 | 6,412 | 46,373 | 138,964 | 191,749 |
| Ngatpang State Legislature | 111,267 | 1,262 | 9,129 | 59,715 | 70,106 |
| Ngchesar State Agency | 249,285 | 2,828 | 20,452 | 108,153 | 131,433 |
| Ngchesar State Government | 585,772 | 6,645 | 48,059 | 92,258 | 146,962 |
| Ngchesar State Legislature | 46,533 | 528 | 3,818 | 4,578 | 8,924 |
| Ngerchelongs State Agency | 217,071 | 2,462 | 17,809 | 127,694 | 147,965 |
| Ngerchelongs State Government | 850,360 | 9,647 | 69,768 | 68,428 | 147,843 |
| Ngerchelongs State Legislature | 133,726 | 1,517 | 10,971 | 39,749 | 52,237 |
| Ngeremlengui State Government | 1,089,596 | 12,361 | 89,394 | 259,665 | 361,420 |
| Ngeremlengui State Legislature | 162,297 | 1,841 | 13,317 | 1,831 | 16,989 |
| Ngiwal State - Pan Fund | 180,595 | 2,049 | 14,817 | 118,050 | 134,916 |
| Ngiwal State Agency | 348,087 | 3,949 | 28,558 | 227,801 | 260,308 |
| Ngiwal State Government | 344,590 | 3,909 | 28,272 | 37,223 | 69,404 |
| Ngiwal State Legislature | 117,048 | 1,328 | 9,603 | 44,277 | 55,208 |
| Palau Community Action Agency | 4,647,391 | 52,721 | 381,290 | 923,578 | 1,357,589 |
| Palau Community College | 11,064,282 | 125,515 | 907,757 | - | 1,033,272 |
| Palau Housing Authority | 327,702 | 3,718 | 26,885 | 3,870 | 34,473 |
| Palau International Coral Reef Center | 1,565,921 | 17,764 | 128,474 | 33,094 | 179,332 |
| Palau National Communications Corporation | 7,015,927 | 79,590 | 575,615 | - | 655,205 |
| Palau Public Utilities Corporation | 7,915,040 | 89,790 | 649,382 | - | 739,172 |
| Palau Public Utilities Corporation - Waste & Water Operation | 5,759,428 | 65,336 | 472,526 | 495,725 | 1,033,587 |
| Palau Visitors Authority | 785,542 | 8,911 | 64,449 | - | 73,360 |
| Peleliu State Government | 1,437,181 | 16,304 | 117,912 | 142,101 | 276,317 |
| Peleliu State Legislature | 145,415 | 1,650 | 11,930 | 15,318 | 28,898 |
| Pulo Anna Municipality-Sonsorol State | 5,235 | 59 | 430 | 4,220 | 4,709 |
| Republic of Palau Government | 137,096,288 | 1,555,244 | 11,247,923 | 4,754,843 | 17,558,010 |
| Social Security Retirement Fund | 2,625,302 | 29,782 | 215,391 | 68,357 | 313,530 |
| Sonsorol State Agency | 25,606 | 290 | 2,101 | 1,197 | 3,588 |
| Sonsorol State Government | 342,307 | 3,883 | 28,084 | 153,855 | 185,822 |
| Sonsorol State Legislature | 83,848 | 951 | 6,879 | 6,674 | 14,504 |
| | <u>\$ 215,546,176</u> | <u>\$ 2,445,194</u> | <u>\$ 17,684,257</u> | <u>\$ 13,159,792</u> | <u>\$ 33,289,243</u> |

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Pension Amounts by Employer, Continued
September 30, 2015

| 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 |
| \$ (3,256) | \$ - | \$ (3,727) | \$ - | \$ (6,983) | \$ 4,774 | \$ 13,443 | \$ 18,217 |
| (21,332) | - | (24,420) | (94,083) | (139,835) | 31,279 | (21,529) | 9,750 |
| (4,974) | - | (5,694) | (30,364) | (41,032) | 7,293 | (1,238) | 6,055 |
| (19,111) | - | (21,876) | (10,098) | (51,085) | 28,021 | 35,613 | 63,634 |
| (19,036) | - | (21,790) | (200,945) | (241,771) | 27,911 | (40,308) | (12,397) |
| (13,136) | - | (15,037) | (50,762) | (78,935) | 19,261 | (5,839) | 13,422 |
| (10,632) | - | (12,171) | - | (22,803) | 15,590 | 41,057 | 56,647 |
| - | - | - | - | - | - | 673 | 673 |
| (26,391) | - | (30,211) | (2,441) | (59,043) | 38,697 | 27,309 | 66,006 |
| (1,874) | - | (2,146) | (3,599) | (7,619) | 2,748 | (186) | 2,562 |
| (27,483) | - | (31,460) | (128,396) | (187,339) | 40,297 | (3,623) | 36,674 |
| (666) | - | (762) | - | (1,428) | 976 | 2,571 | 3,547 |
| (4,223) | - | (4,834) | - | (9,057) | 6,192 | 11,054 | 17,246 |
| (10,303) | - | (11,794) | (26,246) | (48,343) | 15,106 | (2,982) | 12,124 |
| (2,664) | - | (3,050) | (20,059) | (25,773) | 3,906 | (5,065) | (1,159) |
| (12,860) | - | (14,721) | (56,490) | (84,071) | 18,856 | (4,018) | 14,838 |
| (31,200) | - | (35,715) | (16,003) | (82,918) | 45,746 | 54,130 | 99,876 |
| (1,692) | - | (1,936) | (17,883) | (21,511) | 2,480 | (3,736) | (1,256) |
| (611,388) | - | (699,873) | - | (1,311,261) | 896,455 | 657,601 | 1,554,056 |
| (20,251) | - | (23,183) | (79,560) | (122,994) | 29,694 | (18,703) | 10,991 |
| (15,608) | - | (17,866) | (5,341) | (38,815) | 22,885 | 59,752 | 82,637 |
| (2,487) | - | (2,846) | (400,665) | (405,998) | 3,646 | (4,439) | (793) |
| (25,850) | - | (29,590) | (180,882) | (236,322) | 37,903 | (41,246) | (3,343) |
| (4,165) | - | (4,768) | (4,137) | (13,070) | 6,107 | 2,715 | 8,822 |
| (4,205) | - | (4,814) | - | (9,019) | 6,166 | 16,239 | 22,405 |
| (306) | - | (350) | - | (656) | 448 | 1,182 | 1,630 |
| (58,360) | - | (66,806) | (111,408) | (236,574) | 85,571 | (17,327) | 68,244 |
| (6,913) | - | (7,913) | (2,478) | (17,304) | 10,135 | 4,809 | 14,944 |
| (38,264) | - | (43,802) | - | (82,066) | 56,106 | 52,580 | 108,686 |
| (6,089) | - | (6,970) | - | (13,059) | 8,928 | 16,105 | 25,033 |
| (2,354) | - | (2,695) | (2,299) | (7,348) | 3,452 | 5,426 | 8,878 |
| - | - | - | (46,088) | (46,088) | - | (13,610) | (13,610) |
| (52,323) | - | (59,897) | - | (112,220) | 76,721 | 66,089 | 142,810 |
| (4,050) | - | (4,636) | (2,742) | (11,428) | 5,938 | 5,460 | 11,398 |
| (20,237) | - | (23,166) | (23,732) | (67,135) | 29,673 | 31,672 | 61,345 |
| (3,983) | - | (4,561) | - | (8,544) | 5,841 | 16,584 | 22,425 |
| (8,925) | - | (10,217) | (2,204) | (21,346) | 13,087 | 33,547 | 46,634 |
| (20,973) | - | (24,008) | - | (44,981) | 30,751 | 24,125 | 54,876 |
| (1,666) | - | (1,907) | - | (3,573) | 2,443 | 933 | 3,376 |
| (7,772) | - | (8,897) | - | (16,669) | 11,396 | 32,037 | 43,433 |
| (30,446) | - | (34,852) | - | (65,298) | 44,642 | 18,271 | 62,913 |
| (4,788) | - | (5,481) | (4,598) | (14,867) | 7,020 | 7,446 | 14,466 |
| (39,011) | - | (44,658) | (127,290) | (210,959) | 57,201 | 45,806 | 103,007 |
| (5,811) | - | (6,652) | (41,092) | (53,555) | 8,520 | (7,545) | 975 |
| (6,466) | - | (7,402) | (8,266) | (22,134) | 9,481 | 26,771 | 36,252 |
| (12,463) | - | (14,266) | - | (26,729) | 18,274 | 50,626 | 68,900 |
| (12,338) | - | (14,123) | (102,569) | (129,030) | 18,090 | (18,914) | (824) |
| (4,191) | - | (4,797) | (65,105) | (74,093) | 6,144 | 1,106 | 7,250 |
| (166,393) | - | (190,474) | (51,450) | (408,317) | 243,975 | 187,523 | 431,498 |
| (396,139) | - | (453,472) | (753,116) | (1,602,727) | 580,844 | (191,318) | 389,526 |
| (11,734) | - | (13,430) | (23,824) | (48,988) | 17,203 | (3,727) | 13,476 |
| (56,065) | - | (64,180) | (254,384) | (374,629) | 82,206 | (33,246) | 48,960 |
| (251,194) | - | (287,549) | (931,964) | (1,470,707) | 368,317 | (198,019) | 170,298 |
| (283,386) | - | (324,399) | (504,696) | (1,112,481) | 415,518 | (117,096) | 298,422 |
| (206,207) | - | (236,051) | (656,642) | (1,098,900) | 302,354 | 3,567 | 305,921 |
| (28,125) | - | (32,196) | (129,787) | (190,108) | 41,238 | (30,744) | 10,494 |
| (51,456) | - | (58,903) | - | (110,359) | 75,448 | 33,454 | 108,902 |
| (5,206) | - | (5,960) | (14,431) | (25,597) | 7,633 | 2,074 | 9,707 |
| (187) | - | (215) | - | (402) | 275 | 723 | 998 |
| (4,908,518) | - | (5,618,911) | (7,840,461) | (18,367,890) | 7,197,172 | (831,632) | 6,365,540 |
| (93,996) | - | (107,597) | (77,650) | (279,243) | 137,821 | (3,513) | 134,308 |
| (916) | - | (1,050) | (7,589) | (9,555) | 1,344 | (1,188) | 156 |
| (12,256) | - | (14,029) | (34,744) | (61,029) | 17,971 | 30,891 | 48,862 |
| (3,001) | - | (3,438) | (11,229) | (17,668) | 4,402 | (173) | 4,229 |
| <u>\$ (7,717,295)</u> | <u>\$ -</u> | <u>\$ (8,834,194)</u> | <u>\$ (13,159,792)</u> | <u>\$ (29,711,281)</u> | <u>\$ 11,315,572</u> | <u>\$ -</u> | <u>\$ 11,315,572</u> |

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Net Pension Liability Sensitivity by Employer
September 30, 2016

| Employer | 1% Decrease | Current Discount Rate | 1% Increase |
|--|-----------------------|-----------------------|-----------------------|
| | 1.98% | 2.98% | 3.98% |
| Aimeliik State Agency | \$ 201,516 | \$ 173,665 | \$ 150,609 |
| Aimeliik State Government | 1,025,675 | 883,920 | 766,569 |
| Aimeliik State Legislature | 205,947 | 177,484 | 153,921 |
| Airai State Agency | 785,650 | 677,068 | 587,179 |
| Airai State Government | 601,588 | 518,445 | 449,615 |
| Airai State Legislature | 448,282 | 386,327 | 335,037 |
| Airai State - Pan Fund | 328,131 | 282,781 | 245,238 |
| Angaur State Agency | - | - | - |
| Angaur State Government | 1,145,826 | 987,466 | 856,368 |
| Angaur State Legislature | 64,833 | 55,873 | 48,455 |
| Civil Service Pension Trust Fund | 987,070 | 850,650 | 737,716 |
| Donqosaro Municipality - Sonsorol | 161,894 | 139,520 | 120,997 |
| Fanna Municipality-Sonsorol State | 64,740 | 55,793 | 48,386 |
| Hatohobe State Agency | 250,463 | 215,848 | 187,191 |
| Hatohobei State Government | 376,800 | 324,724 | 281,613 |
| Hatohobei State Legislature | 90,413 | 77,917 | 67,573 |
| Helen Reef Resource Management - Hatohobei State | 468,232 | 403,519 | 349,947 |
| Kayangel State Government | 1,149,612 | 990,729 | 859,197 |
| Kayangel State Legislature | 93,000 | 80,147 | 69,507 |
| Koror State Government | 24,225,156 | 20,877,089 | 18,105,397 |
| Koror State Legislature | 648,319 | 558,717 | 484,540 |
| Melekeok State - PAN 1077 | 648,597 | 558,956 | 484,748 |
| Melekeok State Agency | 41,928 | 36,133 | 31,336 |
| Melekeok State Government | 929,626 | 801,146 | 694,784 |
| Melekeok State Legislature | 145,734 | 125,593 | 108,919 |
| Melekeok Legislature Staff | 158,664 | 136,736 | 118,582 |
| Merir Municipality-Sonsorol State | 80,533 | 69,403 | 60,189 |
| National Development Bank of Palau | 2,131,602 | 1,837,001 | 1,593,117 |
| National Development Bank of Palau - SBDC | 209,088 | 180,191 | 156,268 |
| Ngaraard State Government | 1,421,131 | 1,224,722 | 1,062,125 |
| Ngaraard State Legislature | 171,684 | 147,956 | 128,313 |
| Nqardmau Free Trade Zone Authority | 84,687 | 72,983 | 63,293 |
| Nqardmau State Agency | - | - | - |
| Nqardmau State Government | 2,041,560 | 1,759,404 | 1,525,821 |
| Nqardmau State Legislature | 144,070 | 124,158 | 107,675 |
| Ngatpanq State Government | 602,512 | 519,241 | 450,305 |
| Nqatpanq State Legislature | 162,818 | 140,315 | 121,687 |
| Ngchesar State Agency | 301,625 | 259,939 | 225,428 |
| Ngchesar State Government | 660,233 | 568,985 | 493,445 |
| Ngchesar State Legislature | 57,628 | 49,664 | 43,070 |
| Nqerchelonq State Agency | 373,660 | 322,018 | 279,266 |
| Nqerchelong State Government | 1,050,241 | 905,091 | 784,929 |
| Nqerchelong State Legislature | 177,227 | 152,733 | 132,456 |
| Nqeremlenqui State Government | 1,614,240 | 1,391,142 | 1,206,451 |
| Nqeremlenqui State Legislature | 199,576 | 171,994 | 149,159 |
| Ngiwal State - Pan Fund | 255,725 | 220,383 | 191,124 |
| Ngiwal State Agency | 547,468 | 471,805 | 409,167 |
| Ngiwal State Government | 540,081 | 465,439 | 403,646 |
| Ngiwal State Legislature | 157,738 | 135,937 | 117,890 |
| Palau Community Action Agency | 6,448,837 | 5,557,567 | 4,819,731 |
| Palau Community College | 13,904,322 | 11,982,658 | 10,391,812 |
| Palau Housing Authority | 418,083 | 360,301 | 312,467 |
| Palau International Coral Reef Center | 2,411,434 | 2,078,159 | 1,802,257 |
| Palau National Communications Corporation | 9,260,343 | 7,980,506 | 6,920,995 |
| Palau Public Utilities Corporation | 10,455,855 | 9,010,791 | 7,814,497 |
| Palau Public Utilities Corporation - Waste & Water Operation | 8,117,290 | 6,995,429 | 6,066,700 |
| Palau Visitors Authority | 983,932 | 847,946 | 735,371 |
| Peleliu State Government | 1,975,711 | 1,702,655 | 1,476,607 |
| Peleliu State Legislature | 160,971 | 138,724 | 120,307 |
| Pulo Anna Municipality-Sonsorol State | 102,052 | 87,947 | 76,271 |
| Republic of Palau Government | 183,133,716 | 157,823,499 | 136,870,475 |
| Social Security Retirement Fund | 3,439,879 | 2,964,466 | 2,570,896 |
| Sonsorol State Agency | 37,589 | 32,394 | 28,093 |
| Sonsorol State Government | 262,467 | 226,192 | 196,163 |
| Sonsorol State Legislature | 113,688 | 97,976 | 84,968 |
| | <u>\$ 289,458,992</u> | <u>\$ 249,453,960</u> | <u>\$ 216,335,858</u> |

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Schedule of Allocable Pension Amortization by Employer
September 30, 2016

| Employer | Net Deferred Outflows (Inflows) of Resources | | | | | |
|---|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter |
| Aimeliik State Agency | \$ 24,921 | \$ 24,926 | \$ 21,672 | \$ 14,041 | \$ 12,152 | \$ 9,472 |
| Aimeliik State Government | 17,461 | 17,488 | 27,807 | 34,808 | 37,620 | 32,326 |
| Aimeliik State Legislature | 3,849 | 3,854 | 1,370 | 1,343 | 2,105 | 4,184 |
| Airai State Agency | 54,321 | 54,341 | 65,909 | 37,818 | 29,235 | 15,508 |
| Airai State Government | (43,681) | (43,665) | (34,546) | (27,400) | (21,458) | (2,819) |
| Airai State Legislature | (4,104) | (4,092) | 6,559 | 8,672 | 8,196 | 1,405 |
| Airai State - Pan Fund | 38,200 | 38,208 | 41,652 | 38,599 | 31,132 | (2,367) |
| Angaur State Agency | (311) | (311) | (1,263) | (253) | - | - |
| Angaur State Government | 60,449 | 60,478 | 73,307 | 49,775 | 42,813 | 27,561 |
| Angaur State Legislature | 239 | 241 | 302 | 26 | 61 | 287 |
| Civil Service Pension Trust Fund | 5,883 | 5,909 | (7,519) | (855) | 2,977 | 7,896 |
| Dongosaro Municipality - Sonsorol | 19,686 | 19,690 | 21,389 | 19,883 | 19,642 | 16,341 |
| Fanna Municipality-Sonsorol State | 7,765 | 7,767 | 8,446 | 7,844 | 7,312 | 4,316 |
| Hatohobe State Agency | 24,473 | 24,480 | 26,604 | 23,048 | 20,846 | 11,188 |
| Hatohobei State Government | 1,297 | 1,307 | 3,124 | 1,733 | 2,144 | 3,642 |
| Hatohobei State Legislature | (4,835) | (4,833) | (1,732) | (770) | (337) | 232 |
| Helen Reef Resource Management - Hatohobei State | 1,244 | 1,256 | (1,955) | 742 | 2,384 | 4,341 |
| Kayangel State Government | 68,462 | 68,492 | 62,558 | 20,717 | 11,726 | 11,900 |
| Kayangel State Legislature | 852 | 854 | 2,888 | 2,235 | 2,540 | 3,741 |
| Koror State Government | 1,144,628 | 1,145,256 | 1,189,049 | 736,064 | 615,810 | 404,415 |
| Koror State Legislature | (21,249) | (21,233) | (13,756) | (6,426) | (3,837) | (2,160) |
| Melekeok State - PAN 1077 | 76,774 | 76,791 | 83,244 | 76,613 | 65,373 | 13,367 |
| Melekeok State Agency | (9,404) | (9,403) | (63,579) | (71,768) | (61,953) | (4,068) |
| Melekeok State Government | (32,159) | (32,134) | (4,396) | (8,761) | (6,072) | 7,552 |
| Melekeok State Legislature | 3,778 | 3,782 | 3,949 | 869 | 344 | 809 |
| Melekeok Legislature Staff | 18,621 | 18,625 | 20,290 | 18,813 | 15,818 | 1,978 |
| Merir Municipality-Sonsorol State | 9,744 | 9,747 | 10,592 | 9,842 | 9,521 | 7,103 |
| National Development Bank of Palau | 7,071 | 7,126 | 21,704 | 19,522 | 21,309 | 20,358 |
| National Development Bank of Palau - SBDC | 2,437 | 2,443 | 3,258 | (1,779) | (2,785) | (1,970) |
| Nqaraard State Government | 71,498 | 71,535 | 84,922 | 52,299 | 40,775 | 15,721 |
| Nqaraard State Legislature | 12,554 | 12,558 | 14,358 | 337 | (3,128) | (2,995) |
| Ngardmau Free Trade Zone Authority | 6,206 | 6,208 | 2,638 | 790 | 479 | 689 |
| Ngardmau State Agency | (13,609) | (13,609) | (4,402) | (861) | - | - |
| Ngardmau State Government | 103,824 | 103,877 | 102,787 | 61,777 | 50,564 | 31,410 |
| Ngardmau State Legislature | 6,680 | 6,684 | 9,098 | 7,438 | 6,131 | 1,026 |
| Ngatpang State Government | 23,575 | 23,591 | 20,558 | (6,194) | (11,662) | (6,735) |
| Ngatpang State Legislature | 20,391 | 20,395 | 9,962 | 7,070 | 6,041 | 3,139 |
| Ngchesar State Agency | 34,293 | 34,301 | 9,039 | 1,808 | 387 | 651 |
| Ngchesar State Government | 20,162 | 20,180 | 15,063 | 1,614 | (1,690) | (3,363) |
| Ngchesar State Legislature | 1,241 | 1,242 | 1,839 | 891 | 634 | 254 |
| Ngerchelong State Agency | 46,235 | 46,244 | 36,878 | 22,801 | 18,683 | 11,779 |
| Ngerchelong State Government | 23,497 | 23,524 | 21,978 | 11,082 | 8,538 | 4,379 |
| Ngerchelong State Legislature | 9,685 | 9,690 | 8,141 | 7,335 | 6,429 | 1,907 |
| Ngeremlengui State Government | 85,272 | 85,314 | 81,731 | 28,924 | 20,839 | 32,716 |
| Ngeremlengui State Legislature | (6,567) | (6,562) | (5,068) | (3,994) | (2,807) | 748 |
| Ngiwal State - Pan Fund | 31,783 | 31,790 | 34,473 | 9,609 | 3,846 | 4,228 |
| Ngiwal State Agency | 67,117 | 67,131 | 72,876 | 34,618 | 23,945 | 13,661 |
| Ngiwal State Government | (2,839) | (2,825) | 23,652 | 11,743 | 10,312 | 13,333 |
| Ngiwal State Legislature | 3,356 | 3,360 | (9,548) | (3,969) | (1,609) | 1,936 |
| Palau Community Action Agency | 302,546 | 302,713 | 387,309 | 195,296 | 145,938 | 95,512 |
| Palau Community College | (93,668) | (93,308) | 133,067 | 69,910 | 70,330 | 81,162 |
| Palau Housing Authority | (21) | (10) | 3,103 | 1,705 | 2,020 | 3,036 |
| Palau International Coral Reef Center | 34,505 | 34,568 | 51,148 | 27,369 | 30,878 | 56,258 |
| Palau National Communications Corporation | (82,141) | (81,901) | 33,501 | 31,230 | 51,081 | 96,234 |
| Palau Public Utilities Corporation | 14,658 | 14,929 | 155,711 | 102,774 | 103,399 | 109,446 |
| Palau Public Utilities Corporation - Waste & Water Operation | 161,440 | 161,651 | 93,422 | 141,407 | 159,711 | 131,018 |
| Palau Visitors Authority | (24,307) | (24,281) | (8,236) | (762) | 2,651 | 5,433 |
| Peleliu State Government | 66,664 | 66,715 | 83,120 | 45,063 | 36,456 | 27,662 |
| Peleliu State Legislature | 634 | 639 | (2,710) | (2,494) | (2,144) | (1,134) |
| Pulo Anna Municipality-Sonsorol State | 12,380 | 12,382 | 13,453 | 12,503 | 12,227 | 9,673 |
| Republic of Palau Government | 1,697,801 | 1,702,544 | 4,083,177 | 2,607,311 | 2,404,965 | 2,100,479 |
| Social Security Retirement Fund | 36,880 | 36,969 | 66,200 | 48,913 | 46,089 | 33,460 |
| Sonsorol State Agency | (264) | (263) | 402 | (176) | (91) | 737 |
| Sonsorol State Government | 13,509 | 13,515 | 15,546 | (15,789) | (22,387) | (14,418) |
| Sonsorol State Legislature | 1,650 | 1,653 | 2,024 | 165 | 121 | 1,455 |
| | <u>\$ 4,163,032</u> | <u>\$ 4,170,533</u> | <u>\$ 7,208,139</u> | <u>\$ 4,514,538</u> | <u>\$ 4,082,569</u> | <u>\$ 3,457,035</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% |
| Angaur State Agency | - | - | - | - | 0.00% |
| Angaur State Government | 57,079 | 12,407 | 44,672 | 209,681 | 5.92% |
| Angaur 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% |
| Donqosaro 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% |
| Ngaraard State Government | 70,790 | 15,388 | 55,402 | 260,049 | 5.92% |
| Ngaraard 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 Agency | - | - | - | - | 0.00% |
| 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% |
| Ngatpanq State Government | 30,017 | 6,524 | 23,493 | 110,269 | 5.92% |
| Ngatpanq 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% |
| Ngchesar State Government | 32,886 | 7,149 | 25,737 | 120,809 | 5.92% |
| Ngchesar 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% |
| Nqeremlengui State Government | 80,406 | 17,479 | 62,927 | 295,376 | 5.92% |
| Nqeremlengui State Legislature | 9,934 | 2,161 | 7,773 | 36,492 | 5.92% |
| Ngiwal State - Pan Fund | 12,731 | 2,769 | 9,962 | 46,766 | 5.92% |
| Ngiwal State Agency | 27,263 | 5,928 | 21,335 | 100,153 | 5.92% |
| Ngiwal State Government | 26,903 | 5,848 | 21,055 | 98,829 | 5.92% |
| Ngiwal 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

Schedule of Employers' Contributions by Employer
September 30, 2015

| Employer | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency | Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|------------------------------------|----------------------------|--------------------------------|--|
| Aimeliik State Agency | \$ 4,599 | \$ 1,220 | \$ 3,379 | \$ 20,461 | 5.96% |
| Aimeliik State Government | 30,130 | 7,990 | 22,140 | 134,056 | 5.96% |
| Aimeliik State Legislature | 7,025 | 1,863 | 5,162 | 31,258 | 5.96% |
| Airai State Agency | 26,992 | 7,158 | 19,834 | 120,095 | 5.96% |
| Airai State Government | 26,886 | 7,130 | 19,756 | 119,624 | 5.96% |
| Airai State Legislature | 18,553 | 4,920 | 13,633 | 82,550 | 5.96% |
| Airai State - Pan Fund | 15,017 | 3,982 | 11,035 | 66,815 | 5.96% |
| Angaur State Agency | - | - | - | - | 0.00% |
| Angaur State Government | 37,275 | 9,885 | 27,390 | 165,847 | 5.96% |
| Angaur State Legislature | 2,647 | 702 | 1,945 | 11,778 | 5.96% |
| Civil Service Pension Trust Fund | 38,817 | 10,293 | 28,524 | 172,708 | 5.96% |
| Fanna Municipality-Sonsorol State | 940 | 249 | 691 | 4,181 | 5.96% |
| Hatohobe State Agency | 5,964 | 1,582 | 4,382 | 26,537 | 5.96% |
| Hatohobei State Government | 14,552 | 3,859 | 10,693 | 64,745 | 5.96% |
| Hatohobei State Legislature | 3,763 | 998 | 2,765 | 16,743 | 5.96% |
| Helen Reef Resource Management - Hatohobei State | 18,163 | 4,817 | 13,346 | 80,813 | 5.96% |
| Kayangel State Government | 44,066 | 11,686 | 32,380 | 196,065 | 5.96% |
| Kayangel State Legislature | 2,389 | 634 | 1,755 | 10,631 | 5.96% |
| Koror State Government | 863,524 | 228,991 | 634,533 | 3,842,090 | 5.96% |
| Koror State Legislature | 28,603 | 7,585 | 21,018 | 127,264 | 5.96% |
| Melekeok State - PAN 1077 | 22,044 | 5,846 | 16,198 | 98,082 | 5.96% |
| Melekeok State Agency | 3,512 | 931 | 2,581 | 15,627 | 5.96% |
| Melekeok State Government | 36,510 | 9,682 | 26,828 | 162,444 | 5.96% |
| Melekeok State Legislature | 5,883 | 1,560 | 4,323 | 26,174 | 5.96% |
| Melekeok Legislature Staff | 5,939 | 1,575 | 4,364 | 26,425 | 5.96% |
| Merir Municipality-Sonsorol State | 432 | 115 | 317 | 1,928 | 5.96% |
| National Development Bank of Palau | 82,427 | 21,858 | 60,569 | 366,745 | 5.96% |
| National Development Bank of Palau - SBDC | 9,763 | 2,589 | 7,174 | 43,440 | 5.96% |
| Ngaraard State Government | 54,044 | 14,332 | 39,712 | 240,461 | 5.96% |
| Ngaraard State Legislature | 8,600 | 2,281 | 6,319 | 38,265 | 5.96% |
| Nqardmau Free Trade Zone Authority | 3,325 | 882 | 2,443 | 14,793 | 5.96% |
| Nqardmau State Agency | - | - | - | - | 0.00% |
| Nqardmau State Government | 73,902 | 19,598 | 54,304 | 328,814 | 5.96% |
| Nqardmau State Legislature | 5,720 | 1,517 | 4,203 | 25,450 | 5.96% |
| Ngatpanq State Government | 28,583 | 7,580 | 21,003 | 127,174 | 5.96% |
| Ngatpanq State Legislature | 5,627 | 1,492 | 4,135 | 25,035 | 5.96% |
| Ngchesar State Agency | 12,606 | 3,343 | 9,263 | 56,088 | 5.96% |
| Ngchesar State Government | 29,622 | 7,855 | 21,767 | 131,796 | 5.96% |
| Ngchesar State Legislature | 2,353 | 624 | 1,729 | 10,470 | 5.96% |
| Nqerchelong State Agency | 10,977 | 2,911 | 8,066 | 48,840 | 5.96% |
| Nqerchelong State Government | 43,002 | 11,403 | 31,599 | 191,328 | 5.96% |
| Nqerchelong State Legislature | 6,762 | 1,793 | 4,969 | 30,088 | 5.96% |
| Nqeremlengui State Government | 55,099 | 14,611 | 40,488 | 245,155 | 5.96% |
| Nqeremlengui State Legislature | 8,207 | 2,176 | 6,031 | 36,516 | 5.96% |
| Ngiwal State - Pan Fund | 9,132 | 2,422 | 6,710 | 40,633 | 5.96% |
| Ngiwal State Agency | 17,602 | 4,668 | 12,934 | 78,318 | 5.96% |
| Ngiwal State Government | 17,425 | 4,621 | 12,804 | 77,531 | 5.96% |
| Ngiwal State Legislature | 5,919 | 1,570 | 4,349 | 26,335 | 5.96% |
| Palau Community Action Agency | 235,013 | 62,321 | 172,692 | 1,045,645 | 5.96% |
| Palau Community College | 559,507 | 148,371 | 411,136 | 2,489,421 | 5.96% |
| Palau Housing Authority | 16,571 | 4,394 | 12,177 | 73,732 | 5.96% |
| Palau International Coral Reef Center | 79,187 | 20,999 | 58,188 | 352,326 | 5.96% |
| Palau National Communications Corporation | 354,787 | 94,083 | 260,704 | 1,578,557 | 5.96% |
| Palau Public Utilities Corporation | 400,254 | 106,140 | 294,114 | 1,780,854 | 5.96% |
| Palau Public Utilities Corporation - Waste & Water Operation | 291,247 | 77,233 | 214,014 | 1,295,849 | 5.96% |
| Palau Visitors Authority | 39,724 | 10,534 | 29,190 | 176,744 | 5.96% |
| Peleliu State Government | 72,676 | 19,272 | 53,404 | 323,360 | 5.96% |
| Peleliu State Legislature | 7,353 | 1,950 | 5,403 | 32,718 | 5.96% |
| Pulo Anna Municipality-Sonsorol State | 265 | 70 | 195 | 1,175 | 5.96% |
| Republic of Palau Government | 6,932,790 | 1,838,446 | 5,094,344 | 30,846,144 | 5.96% |
| Social Security Retirement Fund | 132,758 | 35,205 | 97,553 | 590,683 | 5.96% |
| Sonsorol State Agency | 1,295 | 343 | 952 | 5,759 | 5.96% |
| Sonsorol State Government | 17,310 | 4,590 | 12,720 | 77,018 | 5.96% |
| Sonsorol State Legislature | 4,240 | 1,124 | 3,116 | 18,866 | 5.96% |
| | <u>\$ 10,899,899</u> | <u>\$ 2,890,454</u> | <u>\$ 8,009,445</u> | <u>\$ 48,497,067</u> | |

See accompanying notes to schedules.

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2016 and 2015

(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 multi-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, 2015 (the valuation date):

| | |
|---|--------------|
| Inactive members currently receiving benefits | 1,507 |
| Inactive members entitled to but not yet receiving benefits | 1,151 |
| Active members | <u>3,120</u> |
| Total members | <u>5,778</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, 2016 and 2015

(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, 2016 and 2015

(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 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, 2016 and 2015

(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, 2016 and 2015

(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 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.

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, 2016 and 2015 were as follows:

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------|-----------------------|
| Total pension liability | \$ 278,875,273 | \$ 243,661,316 |
| Plan fiduciary net position | <u>(29,421,313)</u> | <u>(28,115,140)</u> |
| Employers' net pension liability | \$ <u>249,453,960</u> | \$ <u>215,546,176</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 10.55% | 11.54% |

(4) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2016, 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 |

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2016 and 2015

(4) Actuarial Assumptions, Continued

| Asset valuation method: | Market Value of Assets | | | | | | | | | | | | | | | | | | |
|---|--|------------|-------------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Investment Income: | 7.5% per year, net of investment expenses | | | | | | | | | | | | | | | | | | |
| Expenses: | \$300,000 each year | | | | | | | | | | | | | | | | | | |
| Inflation: | 3.0% | | | | | | | | | | | | | | | | | | |
| Salary Increase: | 3.0% per year | | | | | | | | | | | | | | | | | | |
| Mortality: | RP 2000 Combined Healthy Mortality Table, set forward four years for all members except disability recipients, where the table is set forward ten years | | | | | | | | | | | | | | | | | | |
| Termination of Employment: | 5% per year prior to age 35; none after age 35 | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | |
| Duty vs Non-duty related disability: | 100% Duty related | | | | | | | | | | | | | | | | | | |
| Pre-retirement Beneficiary Benefit Members: | Present value of accrued benefit earned by the member. 80% of the workers are assumed to be married and males are assumed to be 3 years older than their spouses | | | | | | | | | | | | | | | | | | |
| Post Retirement Survivor's Benefit: | 100% of the benefit the retiree was receiving prior to death. 80% of the workers are assumed to be married when they retire. Males are assumed to be 3 years older than their spouses | | | | | | | | | | | | | | | | | | |

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2016 and 2015

(4) Actuarial Assumptions, Continued

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, 2016, 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 2.98% at the current measurement date and 3.83% 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 2019 for the 2016 measurement date. For years on or after 2019, a discount rate of 2.93% 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, 2016, calculated using the discount rate of 2.98%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (1.98%) or 1.00% higher (3.98%) from the current rate.

| <u>1% Decrease 1.98%</u> | <u>Current Single Discount Rate Assumption 2.98%</u> | <u>1% Increase 3.98%</u> |
|--------------------------|--|--------------------------|
| \$ 289,458,992 | \$ 249,453,960 | \$ 216,335,858 |

Schedule of Changes in Net Pension Liability and Related Ratios

The changes in net pension liability for the years ended September 30, 2016 and 2015, were as follows:

| | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-----------------------|
| Total Pension Liability | | |
| Service cost | \$ 6,858,499 | \$ 6,086,938 |
| Interest cost | 9,414,565 | 10,085,993 |
| Difference between expected and actual experience | - | (9,041,017) |
| Assumption changes | 28,447,659 | 8,361,854 |
| Benefit payments | <u>(9,506,766)</u> | <u>(9,403,007)</u> |
| Net change in total pension liability | 35,213,957 | 6,090,761 |
| Total pension liability - beginning | <u>243,661,316</u> | <u>237,570,555</u> |
| Total pension liability - ending | \$ <u>278,875,273</u> | \$ <u>243,661,316</u> |

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2016 and 2015

(4) Actuarial Assumptions, Continued

Schedule of Changes in Net Pension Liability and Related Ratios, Continued

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------|-----------------------|
| Fund Fiduciary Net Position | | |
| Employer contributions | \$ 3,177,790 | \$ 2,909,824 |
| Employee contributions | 3,149,619 | 2,920,101 |
| Pension plan net investment income (loss) | 2,337,406 | (1,946,369) |
| Benefit payments | (9,506,766) | (9,403,007) |
| Pension plan administrative expense | (426,021) | (381,902) |
| Recovery and other income | <u>2,574,145</u> | <u>727,170</u> |
| Net change in plan fiduciary net position | 1,306,173 | (5,174,183) |
| Plan fiduciary net position - beginning | <u>28,115,140</u> | <u>33,289,323</u> |
| Plan fiduciary net position - ending | \$ <u>29,421,313</u> | \$ <u>28,115,140</u> |
| Net pension liability - ending | \$ <u>249,453,960</u> | \$ <u>215,546,176</u> |
| Plan fiduciary net position as a percentage of total pension liability | 10.55% | 11.54% |
| Covered employee payroll | \$ 52,963,167 | \$ 48,497,067 |
| Net pension liability as a percentage of covered employee payroll | 471.00% | 444.45% |

Total employer contributions presented at the Schedule of Employer Contributions does not agree to the employer contributions presented above by \$43,528 and \$19,370 for the years ended September 30, 2016 and 2015, respectively, due to unallocated employer contributions.

Certain 2015 balances in the fund fiduciary net position have been reclassified to conform to the 2016 presentation.

(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, 2016 and 2015, 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, 2016 and 2015 are as follows:

REPUBLIC OF PALAU
CIVIL SERVICE PENSION TRUST FUND

Notes to Schedules
September 30, 2016 and 2015

(6) Pension Expense, Continued

| | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|
| Service cost | \$ 6,858,499 | \$ 6,086,938 |
| Interest on the total pension liability | 9,414,565 | 10,085,993 |
| Difference between expected and actual experience in the total pension liability | - | (1,323,721) |
| Current-period assumption changes | 4,165,104 | 1,224,285 |
| Member contributions | (3,149,619) | (2,920,101) |
| Projected earnings on plan investments | (2,070,664) | (2,351,068) |
| Difference between actual and projected earnings on plan investments | (53,348) | 714,053 |
| Pension plan administrative expense | 426,021 | 381,902 |
| Other changes | (2,617,673) | (19,370) |
| Recognition of outflow (inflow) of resources due to liabilities | 4,449,452 | 2,511,116 |
| Recognition of inflow of resources due to assets | <u>(4,398,176)</u> | <u>(3,074,455)</u> |
| Total pension expense | <u>\$ 13,024,161</u> | <u>\$ 11,315,572</u> |

Other changes consist of \$43,528 and \$19,370 for the years ended September 30, 2016 and 2015, respectively, from the difference between employer contributions at Fiduciary Net Position Statement and 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, 2016 and 2015 are as follows:

| | <u>2016</u> | | <u>2015</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 | \$ - | \$ 6,393,575 | \$ - | \$ 7,717,295 |
| Change of assumptions | 38,231,413 | 5,899,246 | 17,684,257 | 8,834,194 |
| Net difference between projected and actual earnings on pension plan investments | 2,142,161 | 484,907 | 2,445,194 | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | <u>15,354,439</u> | <u>15,354,439</u> | <u>13,159,792</u> | <u>13,159,792</u> |
| | <u>\$ 55,728,013</u> | <u>\$ 28,132,167</u> | <u>\$ 33,289,243</u> | <u>\$ 29,711,281</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> |
|--------------------|---|
| 2017 | \$ 4,163,032 |
| 2018 | 4,170,533 |
| 2019 | 7,208,139 |
| 2020 | 4,514,538 |
| 2021 | 4,082,569 |
| Thereafter | <u>3,457,035</u> |
| | <u>\$ 27,595,846</u> |

REPUBLIC OF PALAU
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Notes to Schedules
September 30, 2016 and 2015

(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, 2015 and 2016. 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.