GOVERNMENT OF GUAM RETIREMENT FUND

FINANCIAL STATEMENTS

September 30, 2019 and 2018

(Together with Independent Auditors' Report Thereon)

GOVERNMENT OF GUAM RETIREMENT FUND

September 30, 2019 and 2018

Table of Contents

Table of Contents	Pages
FINANCIAL STATEMENTS	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4- 24
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Footnotes to Financial Statements	27 - 62
GASB 67/68 - Schedule of Changes in Net Pension Liability – DB and DC Plan	63 - 64
GASB 67/68 - Schedule of Net Pension Liability by Agency – DB and DC Plan	65 – 66
GASB 67/68 – Net Pension Liability Schedule of Contributions	67
GASB 67/68 - Net Pension Liability Schedule of Investment Returns	68
GASB 75 - Schedule of Changes in Total Other Post Employment Benefits Liability	69
GASB 75 - Schedule of Other Post Employment Benefits Liability by Agency	70
GASB 75 – Schedule of Employer Contributions – Other Post Employment Benefits	71
Supplementary Schedule of Administrative and General Expenses	72
Supplementary Schedule of Personnel Costs	73
Supplementary Schedule of Personnel Count	74
Supplementary Schedule of Other Receivables – Defined Benefit Plan (DB)	75
Supplementary Schedule of Receivables by Agency – DB 2019	76
Supplementary Schedule of Receivables by Agency – DB 2018	77
Supplementary Schedule of Deferred Compensation Plan	78
INTERNAL CONTROLS AND COMPLIANCE	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	1-2

BURGER & COMER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Government of Guam Retirement Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of the Government of Guam Retirement Fund (the "Fund"), a component unit of the Government of Guam, administered by the Government of Guam Retirement Fund Board of Trustees (the "Board") which comprise the statement of plan net position and statement of changes in plan net position as of and for the year ended September 30, 2019, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

P.O. Box 504053 Saipan, MP 96950 Phone: (670) 235-8722 · Fax: (670) 235-6905
http://www.saipancpa.com

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Government of Guam Retirement Fund as of September 30, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in note 14 to the financial statements, the Fund determined that the worldwide COVID-19 situation may negatively affect its investments and the changes in net assets available for pension benefits. Due to the significant uncertainties caused by COVID-19, the Fund is unable to reasonably estimate the ultimate financial impact. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 24, the Schedule of Changes in Net Pension Liability on pages 63 and 64, the Schedule of Employer Allocations by Component Unit on pages 65 and 66, the Schedule of Contributions on page 67, the Schedule of Investment Returns on page 68, the Schedule of Changes in Total Other Post Employment Benefits (OPEB) Liability on page 69, the Schedule of Other Post Employment Benefits (OPEB) Liability on page 70, and the Schedule of Employer Contributions (OPEB) on page 71 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information listed as supplemental schedules on pages 72 to 77 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules on pages 72 to 77 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules on pages 72 to 77 are fairly stated in all material respects in relation to the financial statements as a whole.

The schedule on page 78 presents information about the Government of Guam Deferred Compensation Plan. This information is not a required part of the financial statements and is not included in the financial statements. The assets of this plan belong solely to the plan participants, and they are fully vested in such assets. We have not audited this information and we do not express an opinion or provide any assurance on the information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2020, on our consideration of the Government of Guam Retirement Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Government of Guam Retirement Fund's internal control over financial reporting and compliance.

Burger & Comer, P.C.

Tamuning, Guam
May 19, 2020

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis

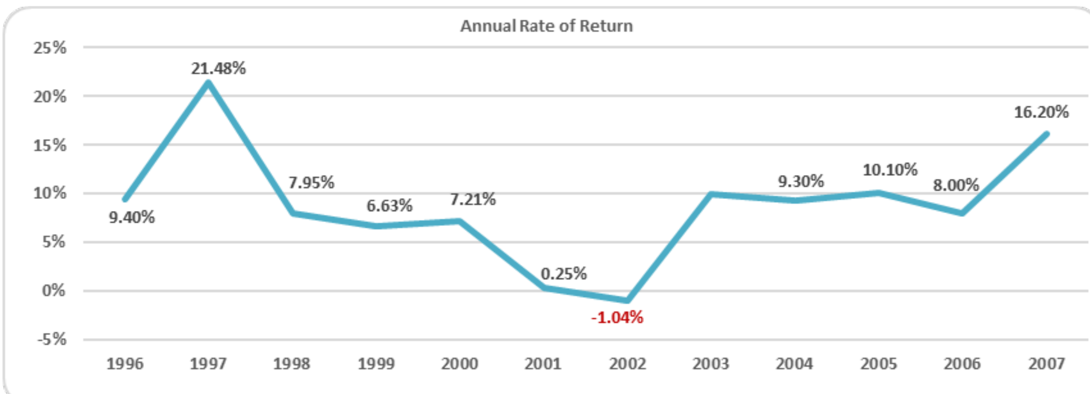
September 30, 2019

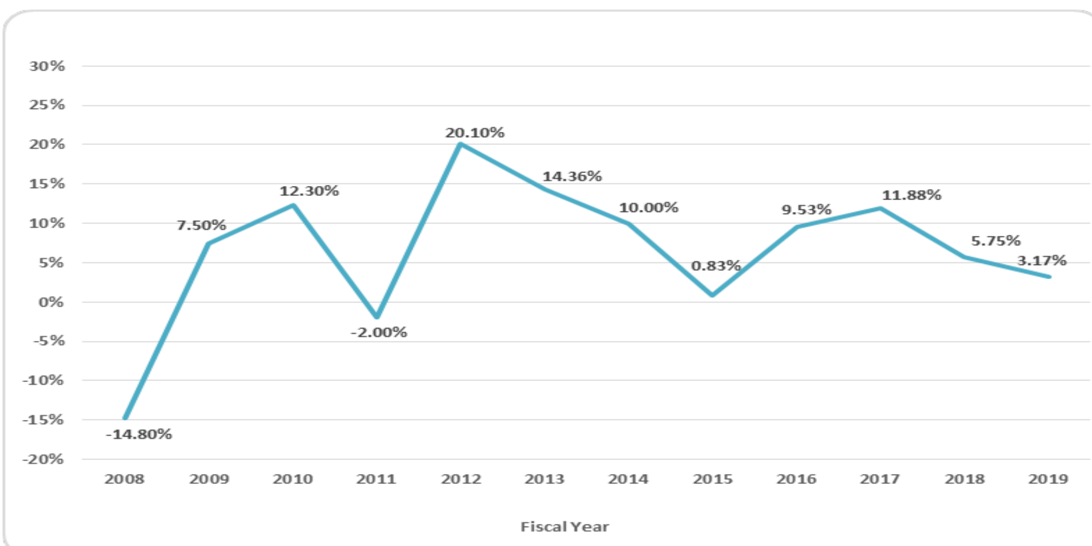
Management of the Government of Guam Retirement Fund ("GGRF") offers readers of the financial statements the following discussion and analysis of GGRF's financial activities for the fiscal year ended September 30, 2019. This narrative should be reviewed in conjunction with the financial statements and related notes, which follow this section. It provides management's insight into the results of operations of the last two fiscal years, and highlights specific factors that contributed to those results.

(1) Financial Highlights

For 2019, **DC Plan** investments totaled $354M compared to $347M in 2018.

For 2019, the **DB Plan** investment portfolio posted a positive return of 3.17%, compared to 2018's return of 5.75%.





GGRF investment returns averaged 8.16% percent from 1995 through 2019. Over that period, there have been three years with negative returns, all of which occurred in the last sixteen years.

(1) Financial Highlights, continued

- **Critical Issue – Impact of Market Volatility on the DB Plan Unfunded Liability**

  The unfunded liability is the present value of future benefits payable that are not covered by the actuarial value of assets as of the valuation date. The unfunded liability decreased from $1.27 billion (based on the 2017 actuarial valuation) to $1.18 billion (based on the 2018 actuarial valuation), and the actuarially determined contribution rate decreased from 26.56% to 26.28%.

  The primary reason for the decrease in the contribution rate was the 1.0% reduction in total payroll, versus the assumption of a 3.0% increase in total payroll. There was also a slight increase in the contribution rate due to the net recognition of investment gains and losses over the last three years. These increases were partially offset by some actuarial gains due to demographic experience that differed from the actuarial assumptions, and due to assumption changes adopted from the 2011 to 2015 experience study.

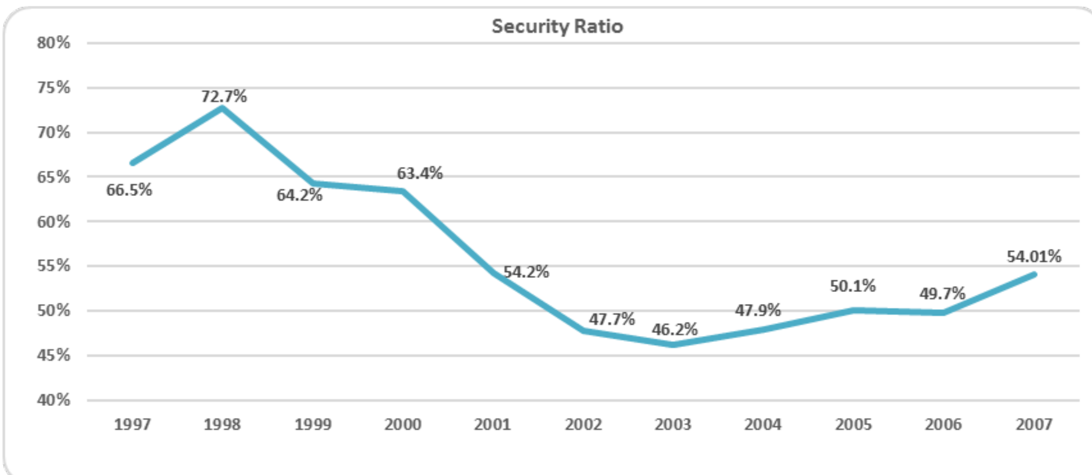
  The defined benefit payroll for the 2017-18 fiscal year was $249.4 million compared with $131.5 million for the 2016-17 fiscal year. The $249.4 million incudes $127.2 million for the DB 1.75 Plan Payroll. The total defined benefit and defined contribution payroll for the 2017-18 fiscal year was $513.9 million compared with $508.3 million for the 2016-17 fiscal year, an increase of 0.2%.

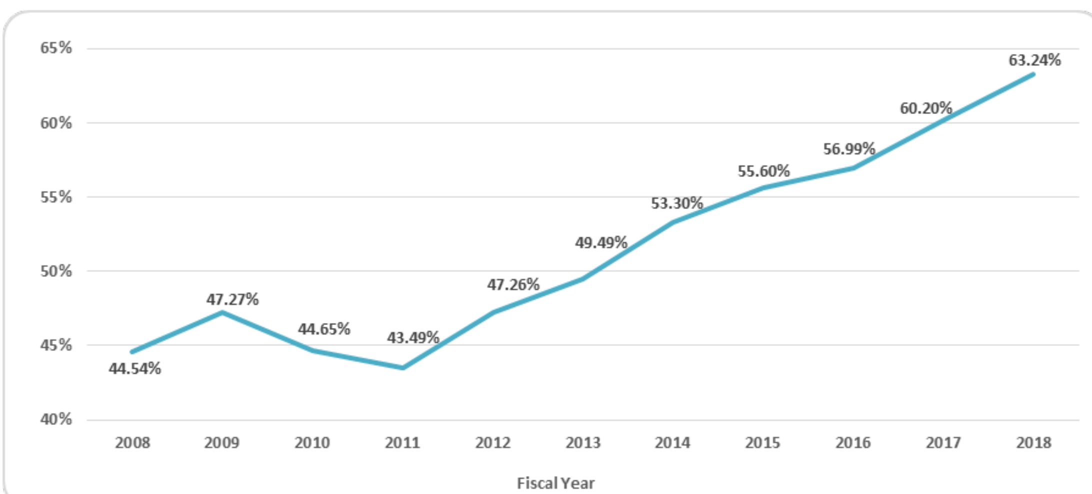
  As noted in prior year reports, underfunding of the DB Plan continues to be an ongoing concern. The unfunded liability has grown from $552 million at September 30, 1995 to $1.18 billion at September 30, 2018. This represents a decrease in the security ratio, from 66.5% in 1997 to 63.24% in 2018, and an increase in the unfunded liability ratio from 33.5% in 1995 to 36.76% in 2018. However, the security ratio has consistently risen in the last seven years, from 43.49% in 2011 to 63.24% in 2018. The security ratio is the ratio of assets to liabilities.

(1) Financial Highlights, continued

- **Critical Issue – Impact of Market Volatility on the DB Plan Unfunded Liability, Continued**

  As indicated below, the **security ratio** (fund assets as a percentage of accrued liability) for the past twenty-three years has ranged from 43.49% to 72.7%, representing an average of 51.82% per year.





According to our actuary Milliman Inc., security ratios for public pension funds vary depending upon the assumed rate of future investment returns as well as the period over which investment gains and losses are recognized. In addition, security ratios for public pension plans in the U.S. tend to be between 60% to 90%, with many concentrated around 70%. GGRF has a lower security ratio than most U.S. funds.

(1) Financial Highlights, continued

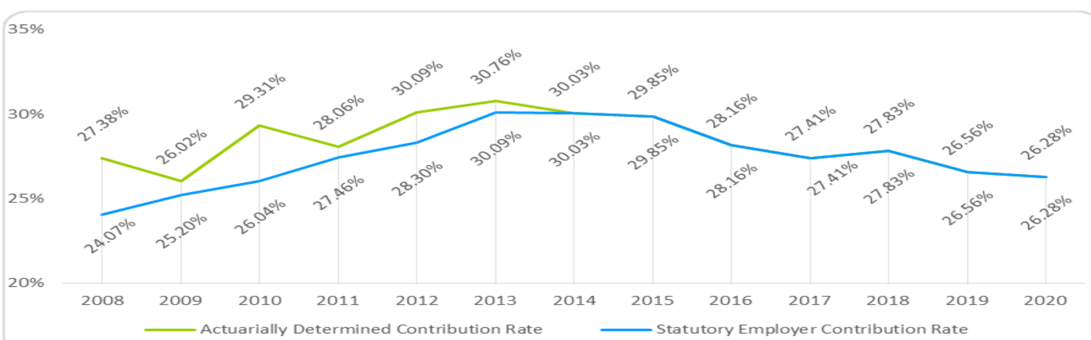
- **Critical Issue – Impact of Market Volatility on the DB Plan Unfunded Liability, Continued**

  Pursuant to 4 GCA Chapter 8, Section 8137, the unfunded liability is to be completely funded within 80 years from May 1, 1951. Based on the 2018 valuation, there are 14.58 years remaining in the funding period.

  Management continues to recommend that the Guam Legislature fully fund the actuarially determined contribution rate each year. The uncertainties in the investment markets, and the years remaining in the funding period underscores the need for the Guam Legislature to continue to provide full funding each year.

  According to Milliman Inc., employer contribution rates vary widely among public pension funds due to the level of benefits provided, the security ratio (funded percentage), the assumed rate of future investment returns, and the period of time over which unfunded liabilities are amortized. In addition, typical employer contribution rates range from 12.5% to 35% or more. GGRF's contribution rate is at the high end of the range, due to a lower security ratio (funded percentage) than most other funds.

  A comparison of the actuarially determined contribution rates versus the statutory employer contribution rates for 2007 to 2019 are reflected below.



  Pursuant to 4GCA Chapter 8, Section 8137, if future contributions equal the actuarially determined contribution rate, and plan investments earn 7% each year, the DB Plan is expected to become fully funded in 2031. Public Law 33-186 extended this period by 2 years to 2033. The Guam Legislature's efforts toward full funding since 2007 have definitely narrowed the gap between the statutory and actuarially determined contribution rate. The increase in the gap from .82% in 2009 to 3.27% in 2010 is due largely to the negative return of 14.8% in 2008. For 2014 to 2019, the statutory rate is equal to the actuarially determined contribution rate. Management encourages the Guam Legislature to continue to set the statutory rate at the actuarially determined contribution rate until full funding is achieved.

(1) Financial Highlights, continued

- **DB 1.75 Plan**

Public Law 33-186 which was passed into law on September 20, 2016 and became effective on January 1, 2018:

1. Created as alternatives to the DC Plan, a new "Defined Benefit 1.75" retirement system "(DB 1.75"); and "Guam Retirement Security Plan", a cash balance plan ('GRSP").

2. Increased the DC Plan member and employer contributions from five percent (5%) to six and two-tenths percent (6.2%), effective January 1, 2018.

3. Extended the period used to amortize the unfunded actuarial accrued liability (UAAL) of GGRF by two years, from an end date of May 1, 2031 to an end date of May 1, 2033, effective January 1, 2018.

4. Provided that the GRSP will be the default plan effective January 1, 2018, with an option to transfer to the DC Plan within 60 days from their date of hire.

5. Provided that if the Government of Guam is authorized to extend Social Security coverage to Government of Guam employees on a prospective basis, then all employees hired on or after the effective date shall be enrolled into Social Security.

DB 1.75 Plan:
DB 1.75 Plan members are required to contribute 9.5% of their base salary to the DB 1.75 Plan and 1% of base salary to the 457 Plan, and are fully vested for benefits upon attaining five (5) years of credited service. Members may retire with full benefits at age 62 and 5 years of credited service, or at age 55 with 25 years of credited service with reduced benefits, or at age 60 and 5 years of credited service without survivor benefits.

Plan Documents:
On February 27, 2017, the draft Plan Documents for the Defined Benefit 1.75 (DB 1.75) Plan, Guam Retirement Security Plan (GRSP), Defined Contribution Retirement System (DCRS or DC Plan), and 457 Deferred Compensation (457) Plan were approved by the Board of Trustees, and adjudicated on March 14, 2017. The finalized Plan Documents were transmitted to the Legislature on March 31, 2017, and accepted by the Legislature during their June 2017 session.

(1) Financial Highlights, continued

- **DB 1.75 Plan**

  Education:
  In March 2017, a team was established to produce and communicate the educational materials. GGRF provided at least one (1) on-site seminar at all Government of Guam departments and agencies, and multiple sessions at GGRF, for a total of 143 seminars. As the schedule permitted, GGRF continued to provide educational seminars at GGRF for new employees. The educational video presented during the department/agency and GGRF seminars was also available on the GGRF website. The education seminars concluded on August 14, 2017. However, the video remained on the website until January 31, 2018.

  Election Period:
  The election to participate in the DB 1.75 Plan was for a limited time period.
  - Commencing April 1, 2017, eligible employees in the DC Plan had the opportunity to voluntarily elect to transfer to the DB 1.75 Plan or the GRSP.
  - The conclusion of the election period - contingent on the member's employment or re-employment date - was on September 30, 2017, October 31, 2017, December 31, 2017, January 31, 2018, or 30 days from the member's re-employment date.

  Comparison Letters:
  Prior to making an election, DC Plan members were given the opportunity to request and review: (a) a comparison illustrating the member's estimated (1) required bi-weekly contributions under each plan, (2) monthly retirement income under each plan, and (3) cost to transfer to the DB 1.75 Plan; and (b) copies of the Plan Documents and Summary Plan Descriptions for each Plan, effective as of January 1, 2018.

  During the election period, GGRF management and staff reviewed members' contribution and distribution data, performed calculations and composed retirement income comparisons to assist members in making a potential Election with respect to their future plan participation. The estimates were based on assumptions with respect to the member's age, salary, years of credited service, and account balance under the DC Plan, using information as of March 31, 2017.

  Elections to Transfer:
  As of the December 31, 2017 deadline for participants to elect to transfer to the DB1.75 Plan or GRSP, approximately three thousand three hundred seventy-nine (3,379) of the approximately eight thousand nine hundred forty-seven (8,947) DC Plan participants, elected to transfer to the DB 1.75 Plan. Only six (6) participants elected to participate in the GRSP.

(1) Financial Highlights, continued

- **DB 1.75 Plan**

GRSP:

Given the level of GRSP assets expected to fund administrative costs and potential benefit obligations, the Board of Trustees:

- Determined that it is reasonable to expect that there could be a shortfall of GRSP assets to cover GRSP liability, but with no designated funding source.

- Agreed that implementation of the GRSP remained subject to the timely enactment of appropriate legislation to comply with IRC requirements applicable to governmental plans; and compliance with the "Lamorena Order".

- Determined that pending enactment of such legislation, the implementation of the GRSP would violate the Code and the Lamorena Order.

- GGRF notified the six (6) DCRS participants who elected to transfer to the GRSP that the implementation of the GRSP is uncertain and remains subject to the enactment of appropriate legislation to comply with IRC requirements and the Lamorena Order. As a result, the six (6) participants were allowed to evaluate their options and change their elections by November 30, 2017.

Default Plan:

To ensure that eligible Government of Guam new employees were enrolled in a retirement plan on or after January 1, 2018, the GGRF Board of Trustees determined the DCRS is appropriate to serve as a default plan until such time as the GRSP can be properly implemented.

GRSP – Subsequent Event:

On February 4, 2020, Article 6 of Chapter 8, Title 4, Guam Code Annotated, relative to the GRSP was repealed with the passage of Public Law 35-72.

DC Plan Funds Transferred to DB 1.75 Plan:

On January 23, 2018, the DC Plan funds of employees who elected to transfer to the DB 1.75 Plan, totaling approximately $229 million, were deposited into GGRF's Northern Trust Administrative Account, and allocated to GGRF's managers/cash account based on the asset reallocation.

(1) Financial Highlights, continued

- **Implementation of Governmental Accounting Standards Board (GASB) Statement No. 73.**

  Due to the implementation of GASB Statement No. 73, in 2017 a prior year adjustment was made to include COLA and Supplemental Payments in net pension liability.

  The Government of Guam and all component units must present pension information related to supplemental benefits and cost of living allowances (COLA). These benefits are not funded through the accumulation of assets purchased with employer of member contributions; rather, they are funded by Legislative appropriations with the General Fund as funding source. The supplemental benefit is an amount which, when added to a retiree's annuity, increases the annual annuity to Forty Thousand Dollars ($40,000). This supplemental annuity only applies to retirees who retired under the defined benefit plan. The COLA payment has increased from an annual amount of $1,800 in fiscal year 2014 to $2,000 per retiree starting in fiscal year 2015. The COLA benefit applies to both defined benefit retirees and defined contribution retirees.

  As of September 30, 2019 and 2018, GGRF has recorded net pension liability of $5,670,345 and $5,660,719, respectively.

- **Implementation of Governmental Accounting Standards Board (GASB) Statement No. 74.**

  Due to the implementation of GASB Statement No. 74, a prior year adjustment was made to include postemployment medical, dental, and life insurance benefits of retirees, spouses, children, and survivors in net pension liability.

  The Government of Guam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Retirees and surviving spouses do not share in the cost of the basic life insurance benefit. This benefit applies to both defined benefit retirees and defined contribution retirees.

  As of September 30, 2019 and 2018, GGRF has recorded net OPEB liability of $8,466,261 and $11,237,415, respectively.

(2) Description of the Financial Statements

This section of the MD&A is intended to serve as an introduction to the GGRF financial statements, which include the following components:

1. Basic Financial Statements,
2. Notes to the Basic Financial Statements,
3. Required Supplementary Information,
4. Other Supplementary Schedules.

(2) Description of the Financial Statements, continued

Collectively, this information presents the net position held in trust for pension benefits. This financial position also summarizes the changes in net position held in trust for pension benefits for the year then ended. The information in these components is briefly summarized as follows:

- **Basic Financial Statements**

The Fiduciary Net Position is presented for September 30, 2019, with comparative information at September 30, 2018 and 2017. These financial statements reflect resources available to pay benefits to members, including retirees and beneficiaries, at the end of the years reported. The Statement of Changes in Fiduciary Net Position is presented for the year ended September 30, 2019, with comparative information for the years ended September 30, 2018 and 2017. These financial statements reflect the changes in resources available to pay benefits to members, including retirees and beneficiaries, for fiscal years 2019, 2018 and 2017.

- **Notes to the Basic Financial Statements**

  The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Information in the Notes to the Basic Financial Statements includes the following: a general description of GGRF, a summary of significant accounting policies, a description of deposit and investment risk, an explanation of property and equipment, information about net pension liability of the Agencies and information about pension plan participation.

- **Required Supplementary Information**

  The Required Supplementary Information consists of the following schedules: changes in net pension liability, net pension liability by agency, employer contributions, and the annual money-weighted rate of return, net of investment expense.

- **Other Supplementary Schedules**

  Other schedules include schedules of administrative and general expenses, personnel costs, personnel count, receivables by GovGuam Agency, and other receivables.

(3) Defined Benefit Plan

The DB Plan provides for retirement, disability, and survivor benefits to members of the Plan prior to October 1, 1995. All new employees whose employment commences on or after October 1, 1995 are required to participate in the DC Plan.

(3) Defined Benefit Plan, continued

DB Plan Net Position as of September 30, 2019, 2018 and 2017 are as follows:

	2019	2018	2017	Increase (Decrease) From 2018 to 2019	
				$	%
Cash and Equivalents	4,785,288	4,803,854	2,865,211	(18,566)	-0.4%
Receivables	36,966,752	46,480,374	45,444,762	(9,513,622)	-20.5%
Investments	2,030,169,954	2,011,346,795	1,746,881,829	18,823,159	0.9%
Prepaid expenses	0	6,415	12,116	(6,415)	-100.0%
Property and Equipment	590,963	651,708	728,973	(60,745)	-9.3%
Deferred Outflows	1,294,716	1,471,110	383,152	(176,394)	-12.0%
Total Assets	2,073,807,673	2,064,760,256	1,796,316,043	9,047,417	0.4%
Total Liabilities	69,273,337	27,006,733	15,743,326	42,266,604	156.5%
Deferred Inflows	8,538,207	4,875,248	795,868	3,662,959	75.1%
Net Assets, End of Year	**1,995,996,129**	**2,032,878,275**	**1,779,776,849**	**(36,882,146)**	**-1.8%**
Net Assets, Beginning of Year	2,032,878,275	1,768,849,322	1,673,929,845		
Transfers from DC	0	229,076,137	-		
Net Increase (Decrease) in Net Position	**-36,882,146**	**34,952,816**	**105,847,004**		

During 2019, DB Plan net position decreased by $37 million or 1.8% from the prior year. As of September 30, 2019, the supplemental/COLA benefits advanced receivable totaled approximately $14.4 million. Over $130 million in supplemental/COLA benefits were advanced to GovGuam by GGRF in the late 1990s. During 2019 and 2018, the outstanding balance of the supplemental/COLA benefits advanced was reduced by 1.2016% of the employer contributions of covered payroll. These receivables are being collected by GGRF over a twenty year period, without interest. Had these funds remained with GGRF's investment managers, they would have grown substantially.

DB Plan Investments as of September 30, 2019, 2018 and 2017 are as follows:

	2019	2018	2017	Increase (Decrease) From 2018 to 2019	
				$	%
Common Stocks	1,290,830,469	1,363,025,724	1,110,502,896	-72,195,255	-5.3%
U.S. Government Securities	227,713,814	207,209,221	232,829,593	20,504,593	9.9%
Corporate Bonds and Notes	378,643,717	341,684,213	303,153,981	36,959,504	10.8%
Money Market Funds	70,248,164	26,130,425	23,864,447	44,117,739	168.8%
Mutual Funds	62,733,790	73,297,212	76,530,912	-10,563,422	-14.4%
Total	**2,030,169,954**	**2,011,346,795**	**1,746,881,829**	**18,823,159**	**0.9%**

The DB Plan investments provide for long-term growth, while also ensuring a reliable cash flow that meets current pension benefit payments. Equity investments are included for their long-term return and growth characteristics, while fixed income assets control investment risk.

(3) Defined Benefit Plan, continued

In line with the Board's long-term goal of achieving, at a minimum, a 7.0% rate of return, investments are allocated amongst various asset classes. Each asset class reacts differently under the same market conditions. Often when one asset class has strong returns, another will have lower or even negative returns. This diversification of investments across a number of asset classes ensures a better return under a range of market conditions, while lowering the overall portfolio risk.

GGRF's target allocation versus the market allocation as of September 30, 2019, is as follows:

	Target Allocation	Market Allocation	Over/(Under)
Domestic Large Cap Equity	30%	29.40%	-0.60%
International Equity	25%	24.90%	-0.10%
Fixed Income	24%	23.40%	-0.60%
Global Real Estate (REITs)	5%	5.20%	0.20%
Risk Parity	8%	9.30%	1.30%
High Yield	8%	7.70%	-0.30%
Cash	0%	0.10%	0.10%
Total	100%	100%	0.00%

The table below shows portfolio returns and indices, which are reflective of the market environment for 2019 and 2018.

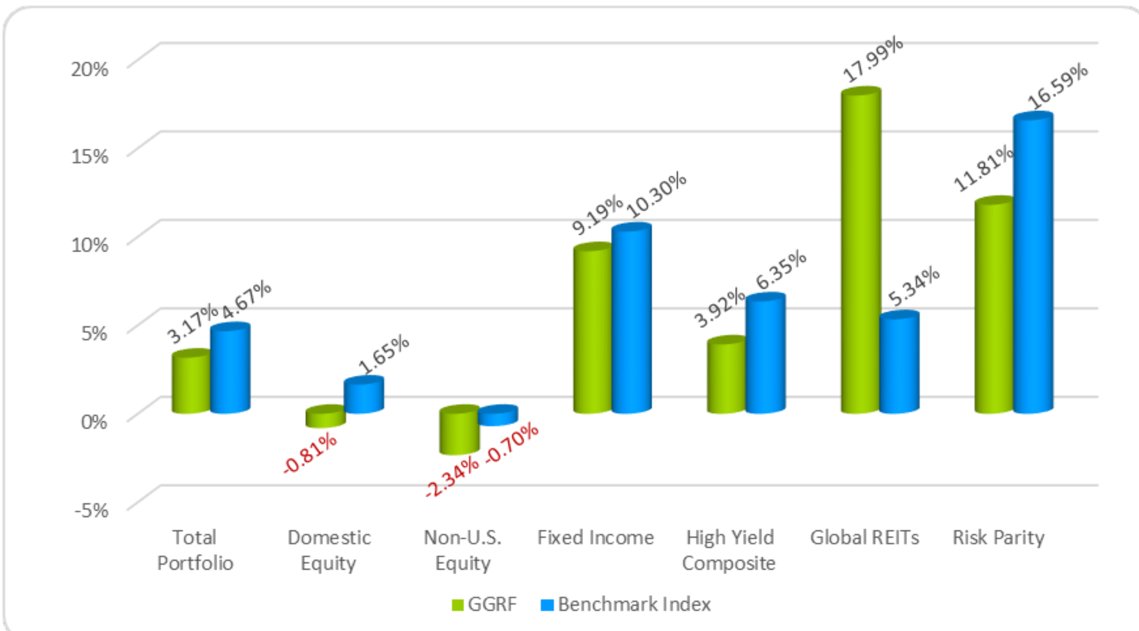
	2019	2018
Total Portfolio	**-3.17%**	**5.75%**
Blended Index	4.67%	6.91%
Total Domestic Equity	**-0.81%**	**15.87%**
Benchmark: S&P 500 Index	1.65%	17.60%
International Equity	**-2.34%**	**0.66%**
Benchmark: MSCI EAFE	-0.07%	1.76%
Total Fixed Income	**9.19%**	**0.01%**
Benchmark: Barclays Capital Aggregate	10.30%	-1.22%
High Yield	**3.92%**	**2.99%**
Barclays High Yield	6.35%	3.05%
Global REITs	**17.99%**	**5.21%**
Wilshire Global REIT	5.34%	3.88%
Risk Parity	**11.81%**	**2.37%**
	16.59%	3.06%

(3) Defined Benefit Plan, continued

Total Portfolio Return

For 2019, the total performance of the GGRF Portfolio 3.17% underperformed the benchmark index with a return of 4.67%. The GGRF Portfolio ranked at the 50th percentile of Wilshire's peer group universe.

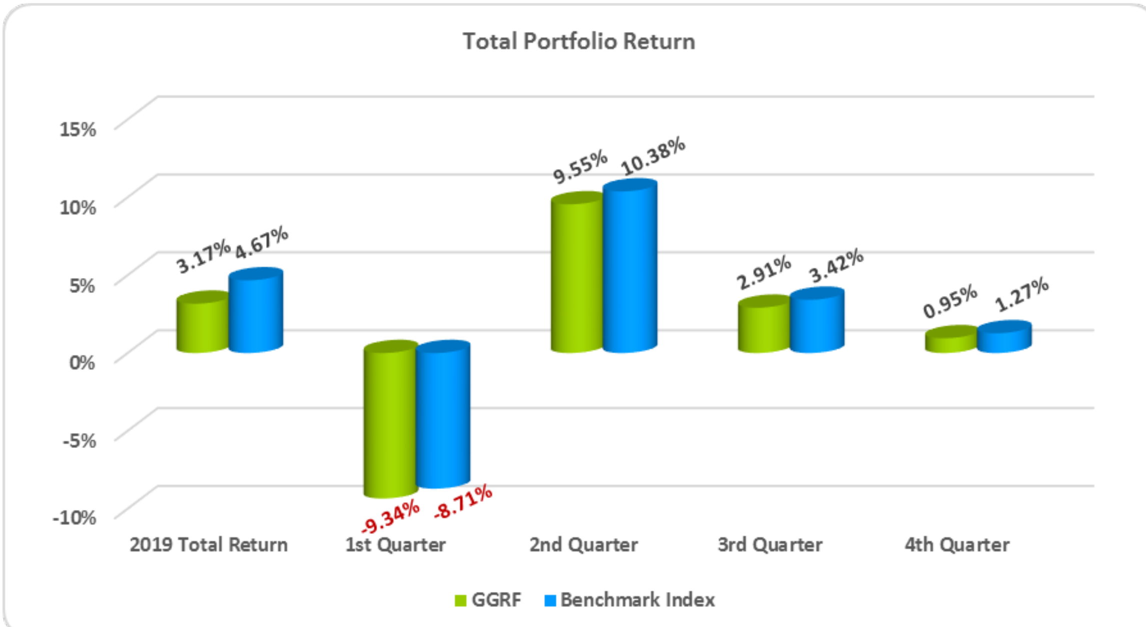
For 2019, all mandates underperformed their respective benchmark indices, except Global REITs. The following reflects the 2019 investment performance for the total portfolio and for each investment mandate.



(3) Defined Benefit Plan, continued

2019 Portfolio Returns by Quarter

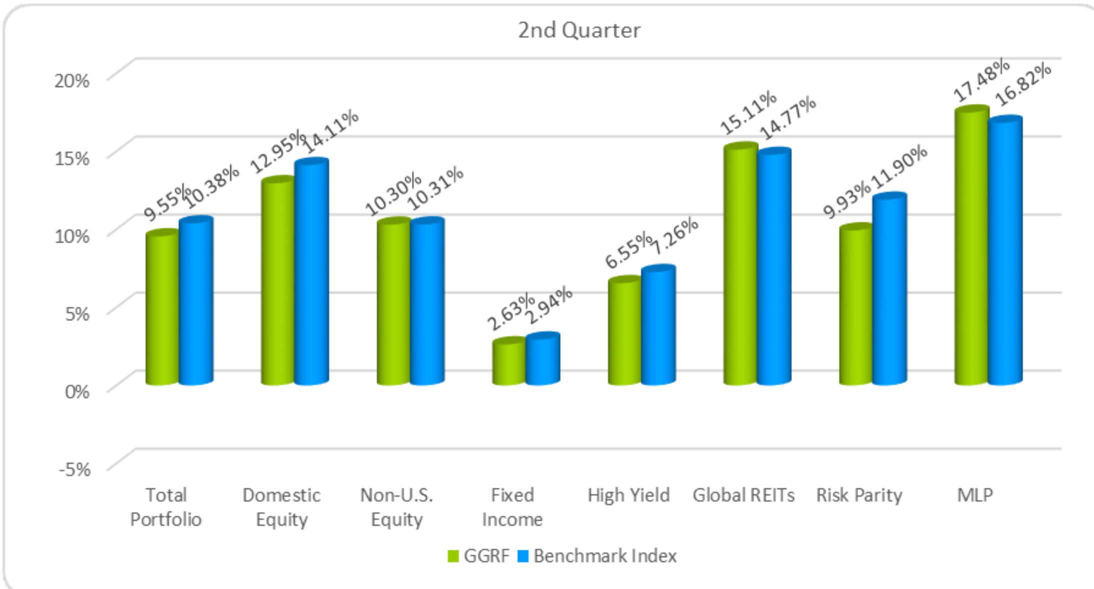
The following reflects the 2019 total and quarterly returns. The portfolio return for all quarters were below their respective benchmark indices.



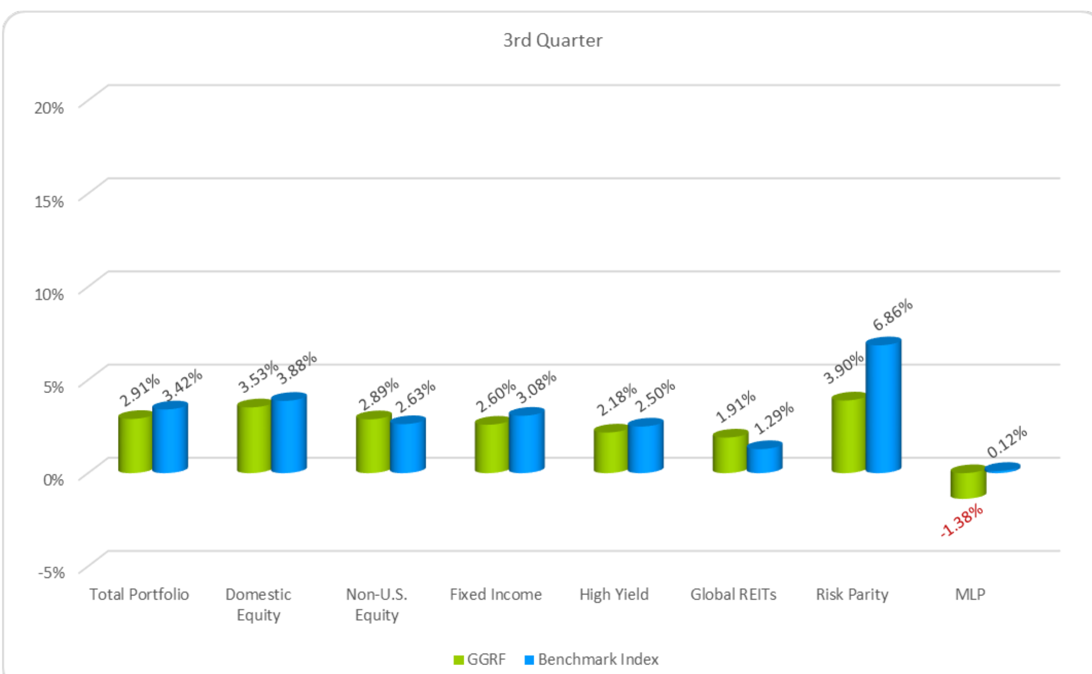
- During the **first quarter** of 2019, the GGRF Portfolio underperformed its benchmark index, and ranked at the 84th percentile of Wilshire's peer group universe.

(3) Defined Benefit Plan, continued

- During the **second quarter**, the GGRF portfolio underperformed its benchmark ranking at the 14th percentile of Wilshire's peer group universe for the quarter.

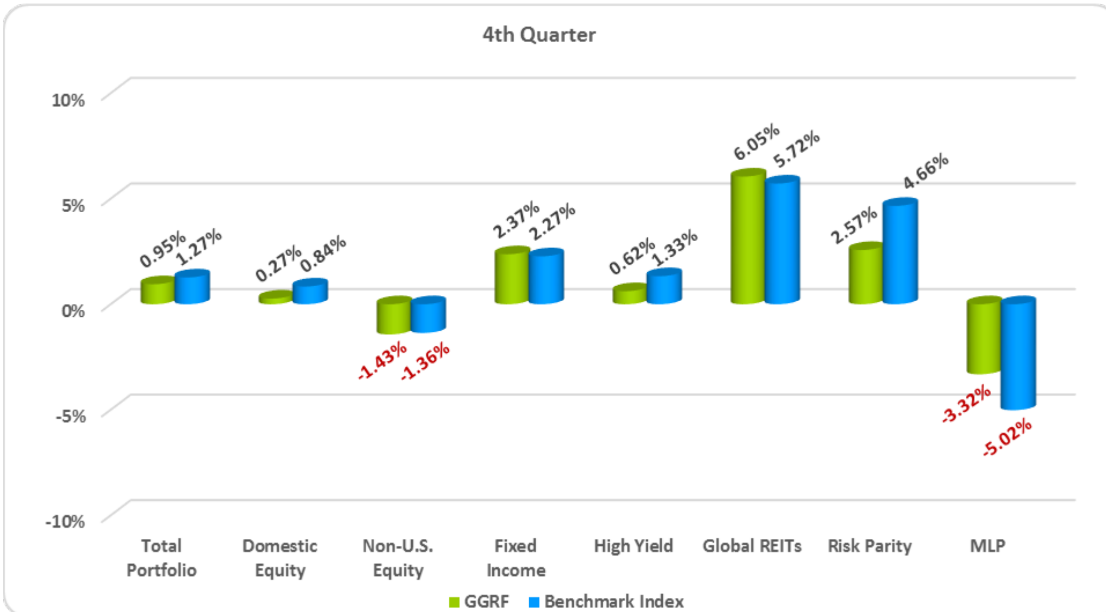


- During the **third quarter**, the GGRF portfolio underperformed its benchmark index ranking at the 14th percentile of Wilshire's peer group universe for the quarter.



(3) Defined Benefit Plan, continued

- During the **fourth quarter**, the GGRF portfolio had a 0.95% return ranking at the 50th percentile of Wilshire's peer group universe for the quarter.



Mitigating the Effects of Market Volatility through Diversification

GGRF's portfolio remains fully diversified across the different asset classes. A number of investment managers are utilized within each asset class, allowing the portfolio to achieve broad exposure to the market while minimizing overall risk. This broad diversification serves as the best defense against the uncertainty of volatile investment markets.

To mitigate other risks, the Board, with the guidance of GGRF's investment consultant, Wilshire Consulting consistently evaluates the relative performance of each mandate and individual managers, and rebalances the portfolio accordingly. Wilshire Associates Incorporated replaced Mercer Investment Consulting, Inc. in June of 2011.

(3) Defined Benefit Plan, continued

Additions and Deductions to DB Plan Net Position for the years ended September 30, 2019, 2018 and 2017 are as follows:

	2019	2018	2017	Increase (Decrease) From 2018 to 2019	
				$	%
Net Appreciation in Fair Value of Investments	18,763,630	70,558,548	161,667,955	(51,794,918)	-73.4%
Interest, Dividends & Other Investment Income	43,397,011	39,497,620	36,005,188	3,899,391	9.9%
Less Investment Expenses	5,402,151	5,574,493	4,907,570	(172,342)	-3.1%
Net Investment Income	**56,758,490**	**104,481,675**	**192,765,573**	**(47,723,185)**	**-45.7%**
Employer Contributions	114,278,095	127,072,864	119,211,434	(12,794,769)	-10.1%
Member Contributions	27,012,032	28,895,275	13,476,517	(1,883,243)	-6.5%
Total Contributions	**141,290,127**	**155,968,139**	**132,687,951**	**(14,678,012)**	**-9.4%**
Total Additions	**198,048,617**	**260,449,814**	**325,453,524**	**(62,401,197)**	**-24.0%**
Benefit Payments	227,829,152	219,043,804	213,745,250	8,785,348	4.0%
Refunds	2,717,659	1,793,906	1,113,513	923,753	51.5%
Interest on Refunds	617,745	516,037	831,859	101,708	19.7%
Administrative Expenses	3,766,207	4,143,251	3,915,898	(377,044)	-9.1%
Transfers to DC Plan	0	0	0	0	0.0%
Total Deductions	**234,930,763**	**225,496,998**	**219,606,520**	**9,433,765**	**4.2%**
Net Increase (Decrease) in Net Position	**-36,882,146**	**34,952,816**	**105,847,004**		

Additions to DB Plan Net Position

During 2019, the net appreciation in fair value of investments decreased by $51.8 M from the 2018 total, while interest, dividends and other investment income increased by $3.9 M from the 2018 total. The $14.7 M decrease in contributions in 2019, is due to the decrease in the contribution rate from 27.83% in 2018 to 26.56% in 2019.

(3) Defined Benefit Plan, continued

Deductions to DB Plan Net Position
GGRF was created to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, elective refunds of contributions to employees who terminate employment, and the cost of administering the Plan. For 2019, deductions totaled $235 million, an increase of 4.2% over 2018.

Benefit payments to current retirees and their beneficiaries over the last two years averaged 97% of total deductions. For 2019, benefit payments increased by $8.8 million or 4%, consisting of a $8.0 million increase in age and service annuities, a $900,000 increase in survivor annuities, and a $100,000 decrease in disability annuities. Benefit payments for DB Plan retirees are not affected by the market downturn as they are based on a formula reflecting years of service and average annual salary. DB Plan investments, combined with future earnings and additional member and employer contributions, will be used to pay retirement benefits.

DB Plan membership as of September 30, 2019, 2018 and 2017 is as follows:

	2019	**2018**	**2017**	**Increase (Decrease) From 2018 to 2019**
Retirees and Beneficiaries Receiving Benefits	7,360	7,252	7,236	108
Terminated Members entitled to, but not yet Receiving Benefits	3,162	3,134	4,230	28
Active Plan Members-DB	1,605	1,845	2,067	(240)
Active Plan Members-DB 1.75	3,040	3,226	0	(186)
Total Membership	15,167	15,457	13,533	(290)

Liquidations

During 2019, $86 million in investments were liquidated in order to meet benefit payment obligations, compared to $72 million in 2018. The $86M and $72M included $41.7M and $41.8M of interest and dividend income, respectively. The increase in 2019 liquidations is due largely to the $8M increase in pension payroll compare to 2018, and the inclusion of approximately $4 million in contributions for service credit purchases in 2018 as a result of the implementation of the DB 1.75.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2019

(4) Defined Contribution Plan

The DC Plan was created by Public Law 23-42:3. All new employees whose employment commences on or after October 1, 1995 are required to participate in the DC Plan.

DC Plan Net Position as of September 30, 2019, 2018 and 2017 are as follows:

	2019	**2018**	**2017**	**Increase (Decrease) From 2018 to 2019**	
				$	**%**
Cash and Equivalents	3,940,460	3,936,893	2,682,345	3,567	0.1%
Receivables	1,317,026	1,279,430	1,673,771	37,596	2.9%
Investments	354,007,009	346,567,620	533,689,745	7,439,389	2.1%
Prepaid expenses	0	0	0	0	0.0%
Property and Equipment	13,942	14,948	9,567	-1,006	-6.7%
Deferred Outflows	158,706	156,007	0	2,699	100.0%
Total Assets	359,437,143	351,954,898	538,055,428	7,482,245	2.1%
Total Liabilities	1,427,757	1,892,122	1,489,361	-464,365	-24.5%
Deferred Inflows	149,600	74,644	0	74,956	100.0%
Net Assets, End of Year	**357,859,786**	**349,988,132**	**536,566,067**	**7,871,654**	**2.2%**
Net Assets, Beginning of Year	349,988,132	536,566,067	457,272,548		
Transfers to DB	0	(229,076,137)	-		
Net Increase (Decrease) in Net Assets	**7,871,654**	**(42,498,202)**	**79,293,519**		

During 2019, DC Plan net position increased by approximately $7.9 million or 2.2%. During 2018, approximately $229 million was transferred from the DC Plan to the DB 1.75 Plan for employees who elected to transfer to the DB 1.75 Plan effective January 1, 2018.

DC Plan investments include core mutual funds, and target date funds. The core mutual funds allow members to create their own portfolios based on the type of investments that best fit their time horizon, risk tolerance and investment goals.

Employee contributions to the DC Plan are based on an automatic deduction of 5% of the member's regular base pay. Statutory contributions are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular base pay is deposited into the member's individual account. The remaining amount is contributed towards the unfunded liability of the DB Plan. Members who have completed five years of service are fully vested in employer contributions plus any earnings thereon.

(4) Defined Contribution Plan, continued

Additions and Deductions to DC Plan Net Position for the years ended September 30, 2019, 2018 and 2017 are as follows:

	2019	2018	2017	Increase (Decrease) From 2018 to 2019	
				$	%
Net Appreciation in Fair Value of Investments	-29,958,355	18,863,481	44,510,428	(48,821,836)	-258.8%
Interest, Dividends & Other Investment Income	37,815,522	25,252,853	18,391,102	12,562,669	49.7%
Less Investment Expenses	153,266	124,098	121,664	29,168	23.5%
Net Investment Income	**7,703,901**	**43,992,236**	**62,779,866**	**-36,288,335**	**-82.5%**
Employer Contributions	14,974,134	15,917,364	20,171,815	(943,230)	-5.9%
Member Contributions	14,875,867	15,824,443	19,949,072	(948,576)	-6.0%
Total Contributions	**29,850,001**	**31,741,807**	**40,120,887**	**-1,891,806**	**-6.0%**
Total Additions	**37,553,902**	**75,734,043**	**102,900,753**	**(38,180,141)**	**-50.4%**
Refunds	28,088,482	31,159,183	21,539,127	(3,070,701)	-9.9%
Administrative Expenses	1,593,766	2,076,658	2,068,107	(482,892)	-23.3%
Transfer from DB Plan	0	0	0	0	0.0%
Total Deductions	**29,682,248**	**33,235,841**	**23,607,234**	**(3,553,593)**	**-10.7%**
Net Increase (Decrease) in Net Position	**7,871,654**	**42,498,202**	**79,293,519**		

Additions (deductions) to DC Plan Net Position

During 2019, the net appreciation in fair value of investments decreased by $48.8 million from the 2018 total, while interest dividends and other investment income increased by $12.6 million from the 2018 total. During 2019, refunds totaled $28 million, a decrease of 9.9% from 2018. Refunds of member contributions are at the discretion of the member and vary from year to year.

DC Plan membership as of September 30, 2018, 2017 and 2016 is as follows:

	2019	2018	2017	Increase (Decrease) from 2018 to 2019
Active (Contributing) Members	6,286	5,921	9,027	365
Inactive (Non-Contributing) Members with Account Balances	6,505	6,270	4,546	235
Total Membership	**12,791**	**12,191**	**13,573**	**600**

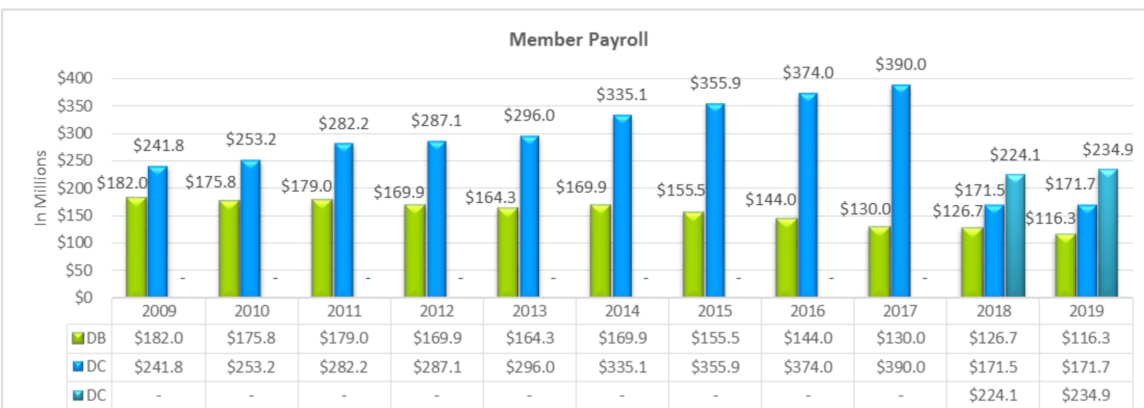
Increase in inactive members by 1,724 from 2017 to 2018 is due largely to former active members, with excess account balances who transferred to DB 1.75 Plan effective January 1, 2018.

(5) Future Outlook

Membership

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DB	3,952	3,732	3,361	3,090	2,872	2,692	2,459	2,234	2,067	1,845	1,605
DC	7,107	7,471	7,690	7,766	7,885	8,181	8,697	8,947	9,027	5,921	6,286
DB 1.75	-	-	-	-	-	-	-	-	-	3,226	3,040

Active membership in the DB Plan decreased from 2,067 in 2017 to 1,605 in 2019. DC plan active membership decreased from 9,027 in 2017 to an estimated 6,286 in 2019. The decrease is primarily due to the transfer of DC Plan participants to the DB 1.75 Plan, of which there were 3,226 active members in 2018.



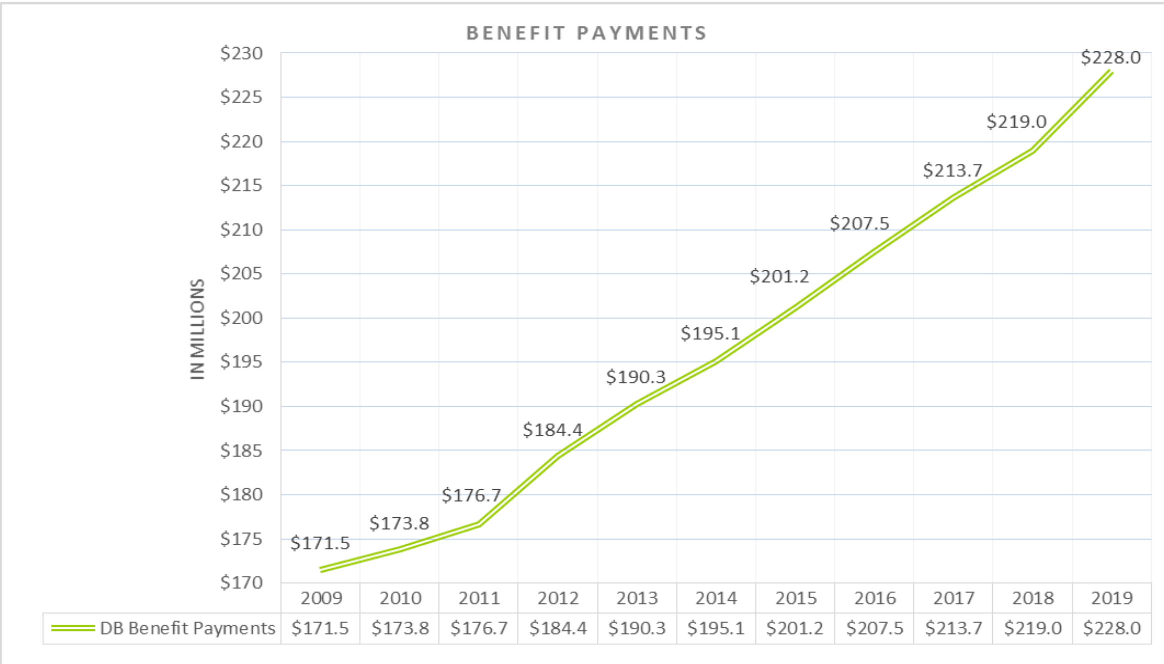
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DB	$182.0	$175.8	$179.0	$169.9	$164.3	$169.9	$155.5	$144.0	$130.0	$126.7	$116.3
DC	$241.8	$253.2	$282.2	$287.1	$296.0	$335.1	$355.9	$374.0	$390.0	$171.5	$171.7
DC	-	-	-	-	-	-	-	-	-	$224.1	$234.9

The payroll for DB members decreased from $182 million in 2009, to an estimated $116.3 million in 2019. The payroll for DC members has decreased from $241.8 million in 2009, to an estimated $171.7 million in 2019. The payroll for DB 1.75 members is $224.1 million in 2018 and $234.9 million in 2019.

Total payroll, including DB, DC, and DB 1.75 members, has increased from $423.8 million in 2009, to an estimated $522.9 million in 2019.

(5) Future Outlook, continued

DB Benefit Payments



The number of retired DB members has increased from 7,085 in 2009, to an estimated 7,360 in 2019. Annual benefit payments have also increased from $171.5 million in 2009, to an estimated $228 million in 2019. **Looking ahead**, benefit payments for DB retirees are expected to increase as active members continue to retire.

Defined Benefit Plan
The GGRF Board will revisit on an annual basis the asset allocation policy, related statutes, and the overall structure for managing GGRF assets, to ensure assets are managed in accordance with the following objectives:

1. Ensuring payment of all benefit and expense obligations when due.
2. Maximizing expected return within reasonable and prudent risk levels.
3. Maximizing the probability of achieving the actuarial rate of return assumption.
4. Controlling costs of administering GGRF and managing the investments.

Relative to the above objectives, the Board will perform quarterly investment performance reviews and rebalance GGRF's investment portfolio accordingly.

GOVERNMENT OF GUAM RETIREMENT FUND

Statement of Fiduciary Net Position

September 30, 2019 with Comparative Totals for 2018

ASSETS	Defined Benefit	Defined Contribution	2019 Total	2018 Total
Investments, at fair value:				
Common and preferred stocks	$ 1,290,830,469	-	1,290,830,469	1,363,025,724
U.S. Government securities	227,713,814	-	227,713,814	207,209,221
Corporate bonds and notes	378,643,717	-	378,643,717	341,684,213
Money market funds	70,248,164	-	70,248,164	26,130,425
Mutual funds	62,733,790	347,248,835	409,982,625	413,368,875
DC plan forfeitures	-	6,758,174	6,758,174	6,495,957
Total investments	2,030,169,954	354,007,009	2,384,176,963	2,357,914,415
Receivables:				
Contributions, Interest & Penalties:				
Employer contributions, net	3,618,867	589,937	4,208,804	5,351,169
Employer contributions, unfunded liability	1,947,253	-	1,947,253	2,831,437
Member contributions	1,338,071	588,456	1,926,527	2,271,935
Interest and penalties on contributions	259,126	-	259,126	202,039
Supplemental/Insurance benefits advanced	1,996,097	-	1,996,097	1,996,097
	9,159,414	1,178,393	10,337,807	12,652,677
Member Notes:				
Early Retirement Incentive Program (ERIP)	-	-	-	-
Service Credits	2,394,104	-	2,394,104	3,185,369
	2,394,104	-	2,394,104	3,185,369
Other:				
Deferred receivables - Supplemental/COLA benefits	14,339,393	-	14,339,393	20,456,178
Accrued interest and dividends on investments	6,204,386	-	6,204,386	5,882,874
Other receivables	594,863	138,633	733,496	759,627
Due from brokers for unsettled trades	3,589,381	-	3,589,381	4,096,366
Due from DC plan	685,211	-	685,211	726,713
	25,413,234	138,633	25,551,867	31,921,758
Total receivables	36,966,752	1,317,026	38,283,778	47,759,804
Cash and cash equivalents	4,785,288	3,940,460	8,725,748	8,740,747
Prepaid expenses	-	-	-	6,415
Property and equipment	590,963	13,942	604,905	666,656
Total assets	2,072,512,957	359,278,437	2,431,791,394	2,415,088,037
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from pension	458,634	158,706	617,340	791,550
Deferred outflows - OPEB	836,082	-	836,082	835,567
Total assets and deferred outflows from pension	2,073,807,673	359,437,143	2,433,244,816	2,416,715,154
LIABILITIES				
Accounts payable and accrued expenses	4,451,606	479,246	4,930,852	4,365,181
Due to brokers for unsettled trades	50,948,425	-	50,948,425	6,908,827
Due to DB plan	-	685,211	685,211	726,713
Total current liabilities	55,400,031	1,164,457	56,564,488	12,000,721
Net pension liability	5,407,045	263,300	5,670,345	5,660,719
Net OPEB Liability	8,466,261	-	8,466,261	11,237,415
Total liabilities	69,273,337	1,427,757	70,701,094	28,898,855
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue for service credits	4,606,105	-	4,606,105	3,444,429
Deferred inflows from pension	136,217	149,600	285,817	286,614
Deferred inflows - OPEB	3,795,885	-	3,795,885	1,218,849
Total deferred inflows of resources	8,538,207	149,600	8,687,807	4,949,892
Net position restricted for pensions (See required supplemental schedule of funding progress)	$ 1,995,996,129	$357,859,786	$2,353,855,915	$2,382,866,407

The accompanying notes are an integral part of these financial statements.

GOVERNMENT OF GUAM RETIREMENT FUND

Statement of Changes in Fiduciary Net Position

Year ended September 30, 2019 with Comparative Totals for 2018

	Defined Benefit	Defined Contribution	2019 Total	2018 Total
Investment income				
Net appreciation (decrease) in fair value of investments	$ 18,763,630	(29,958,355)	(11,194,725)	89,422,029
Interest	27,006,116	37,053,703	64,059,819	49,312,213
Dividends	15,833,624	-	15,833,624	14,442,841
Other investment income	557,271	761,819	1,319,090	995,419
	62,160,641	7,857,167	70,017,808	154,172,502
Less investment expenses	5,402,151	153,266	5,555,417	5,698,591
Net investment income	56,758,490	7,703,901	64,462,391	148,473,911
Contributions				
Employer	114,278,095	14,974,134	129,252,229	142,990,228
Member	27,012,032	14,875,867	41,887,899	44,719,718
Total contributions	141,290,127	29,850,001	171,140,128	187,709,946
TOTAL ADDITIONS	198,048,617	37,553,902	235,602,519	336,183,857
Benefit payments				
Age and service annuities	192,223,728	-	192,223,728	184,232,873
Survivor annuities	30,369,206	-	30,369,206	29,461,972
Disability annuities	5,236,218	-	5,236,218	5,348,959
Total benefit payments	227,829,152	-	227,829,152	219,043,804
Refunds to separated employees and withdrawals	2,717,659	28,088,482	30,806,141	32,953,089
Administrative and general expenses	3,766,207	1,593,766	5,359,973	6,219,909
Interest on refunded contributions	617,745	-	617,745	516,037
TOTAL DEDUCTIONS	234,930,763	29,682,248	264,613,011	258,732,839
Net increase (decrease) in plan net position	(36,882,146)	7,871,654	(29,010,492)	77,451,018
Net position restricted for pensions, beginning of year	2,032,878,275	349,988,132	2,382,866,407	2,305,415,389
Net position restricted for pensions, end of year	$ 1,995,996,129	$ 357,859,786	$ 2,353,855,915	$ 2,382,866,407

The accompanying notes are an integral part of these financial statements.

(1) Description of the Fund

The following brief description of the Government of Guam Retirement Fund (GGRF) is provided for general information purposes only. Members should refer to Title 4, Chapter 8, Articles 1 and 2 of the Guam Code Annotated (GCA) for more complete information.

Purpose

The Government of Guam Retirement Fund was established and became operative on May 1, 1951 to provide retirement annuities and other benefits to employees of the Government of Guam. The Board of Trustees (the "Board") is responsible for the general administration and proper operation of the Fund. With the passage of Public Law 27-43, effective November 14, 2003 the Board of Trustees comprises seven members, four of whom are elected and three of whom are appointed by the Governor with the advice and consent of the Legislature. Two of the elected members must be GGRF retirees domiciled in Guam. These two members are elected by GGRF retirees. The other two elected members must be GGRF members with at least five years of employment by the Government of Guam. These two members are elected by GGRF active members. The GGRF is accounted for as a blended component unit, fiduciary fund type, pension trust fund of the Government of Guam.

(2) Description of the Defined Benefit Plan

Membership

The Defined Benefit Plan (DB) is a single-employer defined benefit pension plan and membership is mandatory for all employees in the service of the Government of Guam on the operative date. The DB plan provides for retirement, disability, and survivor benefits to members of the Plan prior to October 1, 1995. All new employees whose employment commences on or after October 1, 1995 are required to participate in the Defined Contribution Plan.

The following employees have the option of accepting or rejecting membership and become members only upon submission of a written request to the Board for membership:

1. Employees hired for a definite agreed term or who at the time of employment are not domiciled on Guam.
2. Employees of a public corporation of the Government of Guam or of the University of Guam.
3. Any employee whose employment is purely temporary, seasonal, intermittent or part time.

(2) Description of the Defined Benefit Plan, continued

Ineligible Persons

The following employees are not eligible for membership:

1. Persons whose services are compensated on a fee basis.
2. Independent contractors.
3. Persons whose employment is for a specific project.
4. Persons who are employed in the Senior Citizens Community Employment Program.

At September 30, 2019, membership is as follows:

Retirees and beneficiaries receiving benefits	7,360
Terminated members entitled to, but not yet receiving benefits	3,162
Active plan members-DB	1,605
Active plan members-DB 1.75	3,040
	15,167

Contributions

Contributions are set by law. Member contributions are required at 9.5% of base pay.

Based on the actuarial valuation as of September 30, 2017, which was issued in July 20, 2018, the actuarially determined contribution rate for the fiscal year ended September 30, 2018 was 27.83% of covered payroll.

Based on the actuarial valuation as of September 30, 2018, which was issued in April 2019, the actuarially determined contribution rate for the fiscal year ended September 30, 2019 was 26.56% of covered payroll.

The established statutory rates at September 30, 2019 and 2018, were 26.56% and 27.83%, respectively, of covered payroll.

Retirement, Disability and Survivor Benefits

Under the defined benefit plan, retirement benefits are based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater.

(2) Description of the Defined Benefit Plan, continued

Members who joined the DB plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 25 years of service at any age.

Members who joined the DB plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 30 years of service at any age.

Members who joined the DB plan after August 22, 1984 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or completion of 30 years of service at any age.

Service Benefit Formula

The basic retirement benefit is computed as the sum of the following:

1. An amount equal to two percent (2%) of the average annual salary for each of the first ten years of credited service and two and one-half percent (2.5%) of average annual salary for each year or part thereof of credited service over ten years.
2. An amount equal to twenty dollars ($20) multiplied by each year of credited service, the total of which is reduced by an amount equal to a hundredth of one percent (.01%) of said total for each one dollar ($1) that a member’s average annual salary exceeds six thousand dollars ($6,000).

The basic annuity is limited to a maximum of eighty-five percent (85%) of the average annual salary, and cannot be less than one thousand two hundred dollars ($1,200) per year.

Disability

Members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds percent (66-2/3%) of the average of their three highest annual salaries received during years of credited service.

(2) Description of the Defined Benefit Plan, continued

Survivor

In the event of death of a member who completed at least 3 years of total service, the following benefits are payable:

1. Spouse – annual benefit is equal to sixty percent (60%) of the disability or service retirement benefit earned by the member.

2. Minor children – Basic benefit is $2,880 per year for a minor child up to 18 years of age (age 24 if a full-time student).

Separation from the DB Plan

Upon complete separation from service before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. Public Law 27-68 raised the time frame under which a refund was available from 20 years to 25 years, effective February 6, 2004.

A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years.

DB 1.75 Plan

In accordance with Public Law 33-186:

The Defined Benefit 1.75% Plan became effective on January 1, 2018. DB 1.75 Plan members are required to contribute 9.5% of their base salary to the DB 1.75 Plan and 1% of base salary to the 457 Plan, and are fully vested for benefits upon attaining five (5) years of credited service. Members may retire with full benefits at age 62 and 5 years of credited service, or at age 55 with 25 years of credited service with reduced benefits, or at age 60 and 5 years of credited service without survivor benefits.

The DC Plan member and employer contribution rates increased from five percent (5%) to six and two-tenths percent (6.2%), effective January 1, 2018.

(3) Description of the Defined Contribution Retirement System

Purpose

The Defined Contribution Retirement System (DCRS) was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed in the Government of Guam. The GGRF Board of Trustees is responsible for the general administration and operation of the fund. The DCRS, by its nature, is fully funded on a current basis from employer and member contributions.

Membership

The DCRS is a single-employer pension plan and shall be the single retirement program for all new employees whose employment commences on or after October 1, 1995.

Existing members of the DB plan with less than 20 years of service credit may, upon written election, voluntarily elect membership in the DCRS. This option was available for sixty five (65) months after enactment of the legislation, and is available between March 1 and May 31 of every year, beginning in the year 2002. After making the election to transfer, the employee may not change the election or again become a member of the DB plan.

At September 30, 2019, membership is as follows:

Active contributing members	6,286
Inactive members with account balances	6,505
	12,791

The 6,505 inactive members includes approximately 1,200 Active DC Plan members, with excess account balances who transferred to the DB 1.75 Plan effective January 1, 2018.

Contributions

Member and employer contributions are set by law at five percent (5%) of base pay.

Separation from the DCRS

Any member who leaves government service after attaining 5 years of total service is entitled to receive their total contribution plus 100% of the employer contribution and any earnings thereon.

Any member who leaves government service with less than 5 years of total service is entitled to receive their total contribution plus any earnings thereon.

(4) Summary of Significant Accounting Policies

Method of Accounting

The financial statements presented herein have been prepared on the accrual basis of accounting under which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned.

Employee contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Contributions from employees and employers for service through September 30, 2019 are accrued.

These contributions are considered fully collectible; accordingly, no allowance for uncollectible receivables is reflected in the financial statements. Benefits and refunds are recognized when due and payable in accordance with provisions set forth in the Guam Code Annotated.

Estimates

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

Cash

At September 30, 2019, the GGRF has cash balances in banks of approximately $7.7 million, of which $250,000 is insured by the Federal Deposit Insurance Corporation, and of which includes approximately $1.0M in outstanding checks. The remaining balances are collateralized by securities held by a trustee in the name of the financial institution.

Investments

Investments include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, mutual funds, and equity instruments. Investments are reported at fair value. Securities transactions and any resulting gains or losses are accounted for on a trade date basis.

(4) Summary of Significant Accounting Policies, continued

Investments other than real estate, commercial mortgages and other loans, and municipal revenue bonds are reported at market values determined by the custodial agents. The agent's determination of market values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Commercial mortgages and other loans and municipal revenue bonds have been valued on an amortized cost basis, which approximates market or fair value. No allowance for loan loss has been provided as all loans and bonds are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates market value.

For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

Northern Trust Company held the investments as custodian in the Fund's name through September 30, 2018. In addition, the Fund has selected investment managers who are given authority to purchase and sell securities in accordance with the following guidelines:

A. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities.

1. U.S. equities:

    a. Equity holdings are restricted to readily marketable securities of corporations that are actively traded on the major U.S. exchanges and over the counter.

    b. Common and preferred stock:

        i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment.

(4) Summary of Significant Accounting Policies, continued

ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment.

iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment.

iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidence of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full.

v. Preferred stock must also adhere to the following:
The net earnings of the institution available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year, and during either of the last two years have been, after depreciation and income taxes, no less than:

1. Two times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any public utility company; or,

2. Three times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any other company.

2. U.S. Fixed Income:

a. All fixed income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. Government agencies are qualified for inclusion in the portfolio.

(4) Summary of Significant Accounting Policies, continued

b. No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed income portfolio must be in bonds of credit quality of no less than "A".

c. Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating.

d. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:

   i. Two times its average annual fixed charges over the same period, in the case of any public utility company;
   ii. One and one-half times its average annual fixed charges over the same period, in the case of any financial company; or,
   iii. Three times its average annual fixed charges over the same period, in the case of any other company.

e. With the written petition and subsequent written approval of the Trustees, opportunistic investment bonds issued by national governments other than the United States or foreign corporations may comprise up to six percent (6%) of each fixed-income manager's portfolio. In no case shall these investments exceed three and one-half percent (3.5%) of the total GGRF investments. All non-U.S. securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above.

3. Non-U.S. Equities

a. Common or capital stock of any institution or entity created or existing under the laws of any foreign country are permissible investments, provided that:

(4) Summary of Significant Accounting Policies, continued

i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment.

ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment.

iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment.

iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidences of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full.

b. Consistent with the desire to maintain broad diversification, allocations to any country, industry or other economic sector should not be excessive.

4. Cash and Cash Equivalents

a. Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above.
b. No single issue shall have a maturity of greater than two years.
c. The cash portfolio shall have a maturity of less than one year.
d. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.

B. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.

(4) Summary of Significant Accounting Policies, continued

C. No individual security of any issuer, other than that of the United States government or Government of Guam, shall constitute more than five percent (5%), at cost, of the total GGRF or of any investment manager's portfolio.

D. Holdings of any issuer must constitute no more than five percent (5%) of the outstanding securities of such issuer.

E. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the Board of Trustees.

F. The following securities and transactions are not authorized: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; and, short sales origin transactions. Options and futures are restricted, except by petition to the Trustees for approval.

Investment policy

GGRF's investment policy in regard to the allocation of invested assets is established by mandates of public laws as enacted from time to time, as codified at 4GCA Title 4, Chapter 9, Article 1. GGRF's strategic asset allocation is based on the Fund's time horizon, risk tolerances, investment objectives, and asset class preferences.

The following was the Board's adopted asset allocation policy as of September 30, 2019:

Asset Class	Target Allocation
U.S. Equities (Large Cap)	26.00%
U.S. Equities (Small Cap)	4.00%
Non-U.S. Equities	23.00%
Non-U.S. Equities (Emerging Markets)	2.00%
U.S. Fixed Income (Aggregate)	24.00%
High Yield Bonds	8.00%
Risk Parity	8.00%
Global Real Estate (REITs)	5.00%
	100.00%

(4) Summary of Significant Accounting Policies, continued

Rate of return

Based on the September 30, 2018 Actuarial Valuation, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.54%. The money-weighted rate of return expresses investment performance, net of investment expense.

Due to/from Brokers

Amounts due to/from brokers for unsettled trades consists of securities purchased or sold, which have not yet settled.

Income Taxes

The Fund is a public employees' retirement system and an autonomous agency of the Government of Guam. Accordingly, the Fund is not subject to income taxes.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Fund's provisions to the service members have rendered through the most recent actuarial valuation date (September 30, 2018).

Accumulated plan benefits include benefits expected to be paid to (i) retired, disabled, and terminated employees and their beneficiaries, (ii) beneficiaries of employees who have died, and to (iii) present employees and their beneficiaries. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered through September 30, 2018.

The actuarial present value of accumulated plan benefits is determined by an independent actuarial firm and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawals, or retirement) between the most recent actuarial valuation date (September 30, 2018), and the expected date of payment.

(4) Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

During the years ended September 30, 2018 and 2019, the Fund implemented the following GASB pronouncements:

- In June 2015, GASB issued statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This Statement replaces the requirement of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, as amended, and No. 57, OPEB *Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 was effective for the Fund for fiscal year ending September 30, 2018.

- In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 81 was effective for the fiscal year ending September 30, 2018. The implementation of this statement did not have a material impact on the Fund's financial statements.

- In March 2016, GASB issued Statement No. 82, *Pension Issues*. This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions,* and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No .82 was effective for the fiscal year ending September 30, 2018.

(4) Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

- In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 83 was effective for the fiscal year ending September 30, 2019. The implementation of this statement did not have a material impact on the Fund's financial statements.

- In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 was effective for the fiscal year ending September 30, 2018. The implementation of this statement did not have a material impact on the Fund's financial statements.

- In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 was effective for the fiscal year ending September 30, 2018. The implementation of this statement did not have a material impact on the Fund's financial statements.

Upcoming Accounting Pronouncements

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 will be effective for reporting periods after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

(4) Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

- In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 will be effective for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The Statement's objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

(4) Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

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

(4) Summary of Significant Accounting Policies, continued

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture and fixtures	3 years
Automobiles	5 years
Buildings	30 years
Improvements	5-10 years
Equipment	1-5 years

Administrative expenses include depreciation and amortization expense of $65,924 in 2019, and $86,464 in 2018.

(5) Net Pension Liability and Funded Status

Funded Status

The unfunded actuarial accrued liability is used to determine funding requirements. As of the most recent actuarial valuations (September 30, 2018 and 2017), the DB plan had the following funded status:

	2019	2018
Actuarial value of assets	$ 2,021,908,019	$ 1,916,407,224
Actuarial accrued liability (AAL)	3,197,101,503	3,183,171,580
Unfunded actuarial accrued liability (UAAL)	$ 1,175,193,484	$ 1,266,764,356
Security Ratio (Funded ratio)	63.20%	60.20%

GASB 67

GASB 67 introduced some new terms for government sponsored pension plans. These are similar to the terms previously used, but have new names:

- Total Pension Liability (TPL) = Actuarial Accrued Liability
- Fiduciary Net Position (FNP) = Market Value of Assets
- Net Pension Liability (NPL) = Total Pension Liability (TPL) less Fiduciary Net Position (FNP)

(5) Net Pension Liability and Funded Status, continued

The Net Pension Liability is similar to what was previously called the Unfunded Actuarial Accrued Liability. However, the Net Pension Liability is calculated using the Market Value of Assets instead of the Actuarial Value of Assets. For GGRF, the Actuarial Value of Assets recognizes excess investment gains and losses over a 3 year period while the Market Value of Assets recognizes gains and losses immediately.

As reflected above, the Security Ratio for GGRF is calculated as the Actuarial Value of Assets divided by the Actuarial Accrued Liability. The security ratio based on the 2018 valuation was 63.24%.

GASB 67 requires the disclosure of the Fiduciary Net Position as a percentage of Total Pension Liability. This is similar to the security ratio, but uses the Market Value of Assets instead of the Actuarial Value of Assets.

Net Pension Liability

The components of the collective net pension liability of the participating component units at September 20, 2019 (based on the 2018 valuation) were as follows:

DEFINED BENEFIT PLAN

	Retirement Annuity	COLA and Supplemental Annuity	Combined
Total pension liability	$ 3,211,537,542	289,875,668	3,501,413,210
Plan fiduciary net position	2,032,344,992	-	2,032,344,992
Net pension liability	$ 1,179,192,550	289,875,668	1,469,068,218
Plan fiduciary net position as a percentage of total pension liability	63.28%	-0-%	58.04%

DEFINED CONTRIBUTION PLAN

	Retirement Annuity	COLA and Supplemental Annuity	Combined
Total pension liability	$ -	49,342,424	49,342,424
Plan fiduciary net position	-	-	-
Net pension liability	$ -	49,342,424	49,342,424
Plan fiduciary net position as a percentage of total pension liability	-0-%	-0-%	-0-%

(5) Net Pension Liability and Funded Status, continued

The actuarial valuation of the Fund involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Employers' Net Pension Liability presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Total Pension Liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below and are based on the assumption that the Fund will continue in operation. If the Fund were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Actuarial Cost Method:	Entry age normal
Valuation of Assets:	3-year phase in of gains/losses relative to interest rate assumption.
Investment Income:	7% per year.
Salary Increase:	Graduated based on service with the Government ranging from 4.0% for service in excess of 20 years to 7.5% for service from zero to five years
Total Payroll Growth:	2.75%
Mortality:	RP 2000 Healthy table set forward 3 years for males and set forward 2 year for females
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females
Retirement Age:	50% probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75
Return of Contributions:	100% withdrawing before retirement with less than 20 years of service assumed to elect a return of contributions. All those who have previously withdrawn assumed to elect a return of contributions. Contributions earn 4.5% interest.
Amortization Method:	Constant percentage of total payroll, which is assumed to grow at 2.75% per year.
Amortization Period:	In accordance with 4GCA§8137, complete funding is to be achieved by April 30, 2031. Public Law 33-186 extended this period by 2 years to 2033. At September 30, 2018 the remaining period is 14.58 years.

(5) Net Pension Liability and Funded Status, continued

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Fund has a target asset allocation based on the investment policy adopted by the Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Nominal Return	Component Return
U.S. Equities (large cap)	29%	7.47%	2.17%
U.S. Equities (small cap)	7%	8.73%	0.61%
Non-U.S. Equities	16.5%	9.27%	1.53%
Non-U.S. Equities (emerging markets)	2%	11.09%	0.22%
U.S. Fixed Income (aggregate)	21.5%	4.67%	1.00%
Risk parity	8%	6.50%	0.52%
High yield bonds	8%	6.59%	0.53%
Global Real Estate (REITs)	5%	8.60%	0.43%
Master Limited Partnerships	3%	6.56%	0.20%
Expected average return for one year			7.21%
Expected geometric mean (30 years)			6.69%

Discount rate – Pension Liability For Retirement Benefits

The discount rate used to measure the total pension liability for retirement benefits was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(5) Net Pension Liability of Employers, continued

Discount rate – Ad hoc Supplemental Benefits and Cost of Living Allowance (COLA)

The discount rate used to measure the Ad hoc Supplemental Benefits and Cost of Living Allowance (COLA) was a municipal bond rate of 4.18%. This rate was used as these two benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam

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

The following presents the net pension liability as of September 30, 2018, calculated using the current discount rate of 7.0% for the defined benefit plan retirement annuities and 4.18% for the Supplement/COLA benefits in both the defined benefit plan and the defined contribution plan, as well as the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DEFINED BENEFIT PLAN - Retirement Benefits:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Total Pension Liability	$3,535,944,062	$3,211,537,542	$2,933,071,975
Plan Fiduciary Net Position	2,032,344,992	2,032,344,992	2,032,344,992
Net Pension Liability	$1,503,599,070	$1,179,192,550	$900,726,983

DEFINED BENEFIT PLAN - Ad Hoc COLA and Supplemental Annuity:

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Total Pension Liability	$317,113,644	$289,875,668	$266,334,012
Plan Fiduciary Net Position	-	-	-
Net Pension Liability	$317,113,644	$289,875,668	$266,334,012

DEFINED CONTRIBUTION PLAN - Ad Hoc COLA and Supplemental Annuity:

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Total Pension Liability	$55,509,043	$49,342,424	$44,075,394
Plan Fiduciary Net Position	-	-	-
Net Pension Liability	$55,509,043	$49,342,424	$44,075,394

(5) Net Pension Liability of Employers, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the Fund reported a liability of $5,670,345 for its proportionate share of the net pension liability. The Fund's proportion of the net pension liability was based on projection of the Fund's long-term share of contributions to the pension plan relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2018 the Fund's proportion of the GovGuam overall liability was .38%.

At September 30, 2019 and 2018, the Fund reported deferred outflows of resources and deferred inflows of resources as follows:

	Total 2019		Total 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$37,829	$2,406	$17,237	$2,947
Net difference between projected and actual earnings on pension plan investments		80,059	-	211,970
Changes of assumptions	31,359	66,381	38,316	25,231
Contributions subsequent to the measurement date	537,397		537,534	-
Changes in proportion and difference between GGRF contributions and proportionate share	10,755	136,971	198,463	46,466
	$617,340	$285,817	$791,550	$286,614

(5) Net Pension Liability of Employers, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2019 will be recognized in pension expense (recovery) as follows:

Year Ending September 30,	Amount
2019	($172,934)
2020	(47,351)
2021	49,409
2022	(34,998)
2023	-
Thereafter	-
	($205,874)

(6) Deposit and Investment Risk Disclosure

Cash and investments as of September 30, 2019 are classified in the accompanying statement of plan net assets as follows:

	DB Plan	DC Plan
Cash and cash equivalents	$ 4,785,288	3,940,460
Common stocks	1,290,830,469	-
U.S. government securities	227,713,814	-
Corporate bonds and notes	378,643,717	-
Money market funds	70,248,164	-
Mutual funds	62,733,790	354,007,009
Total cash and investments	$ 2,034,955,242	357,947,469

Cash and investments as of September 30, 2018 are classified in the accompanying statement of plan net assets as follows:

	DB Plan	DC Plan
Cash and cash equivalents	$ 4,803,854	3,936,893
Common stocks	1,363,025,724	-
U.S. government securities	207,209,221	-
Corporate bonds and notes	341,684,213	-
Money market funds	26,130,425	-
Mutual funds	73,297,212	346,567,620
Total cash and investments	$ 2,016,150,649	350,504,513

(6) Deposit and Investment Risk Disclosure, continued

Investments Authorized by the Guam Code Annotated and the Fund's Investment Policy

Investments that are authorized by the Guam Code Annotated and by the Fund's investment policy are described in Note 4 above. There are no maximum maturities set for investments, with the exception of cash and cash equivalents as specified in Note 4 above. The only limitation on the maximum percentage of the portfolio that may be invested in any one type is with international government or corporate bonds as specified in Note 4 above. The maximum percentage of each issue that may be made is five percent, as specified in Note 4 above.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Fund manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Fund's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund's DB plan investments at September 30, 2019 by maturity:

	Remaining Maturity in Years				
Investment Type	Less than 1	1 to 5	6 to 10	Greater than 10	Total
U.S. Treasury securities	$ -	45,604,968	13,021,879	73,924,849	132,551,696
Federal Agency securities	2,784,756	35,201,105	3,783,767	53,392,490	95,162,118
Corporate bonds and notes	7,549,202	250,344,258	70,308,753	50,441,504	378,643,717
Totals	$ 10,333,958	331,150,331	87,114,399	177,758,843	606,357,531

(6) Deposit and Investment Risk Disclosure, continued

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Fund's investments are typically made in corporate equities, U.S. Treasury obligations, and commercial paper. These types of investments are not more sensitive to interest rate fluctuations than as already indicated above. Investments that are highly sensitive to interest rate fluctuations include Federal agency securities with coupon multipliers that are reset frequently, mortgage-backed securities, and Federal agency securities with interest rates that vary inversely to a benchmark set quarterly.

The Fund has invested in mortgage backed securities, which are more sensitive to fluctuations in interest rates than already indicated in the information provided above. Such securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

At September 30, 2019, the Fund held mortgage-backed securities valued at approximately $34.7 million.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Guam Code Annotated and the Fund's investment policy, and the actual rating as of September 30, 2019 for each investment type.

Investment Type	Minimum Legal Rating	Amount	Rating as of Year End
U.S. Treasury securities	N/A	$ 132,551,696	Exempt from disclosure
Federal agency securities	N/A	95,162,118	Exempt from disclosure
Money market funds	A-2	70,248,164	AAAm
Corporate medium term notes and	BBB	184,966,506	AAA
U.S. Municipal Obligations		123,429,047	BBB
		$ 606,357,531	

(6) Deposit and Investment Risk Disclosure, continued

Concentration of Credit Risk

The Fund's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2019, the Fund did not hold any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total Fund investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. At September 30, 2019, the Fund held approximately $33 million in corporate bonds issued by companies organized in various foreign countries.

The countries of incorporation and the dollar amount of the bonds issued were as follows at September 30, 2019:

Canada	$ 12 million
United Kingdom	3
Netherlands	4
Ireland	2
Germany	2
Others – 22 countries	10
Total	$ 33 million

At September 30, 2019, the Fund held investments (generally U.S. dollar denominated ADRs) in corporate stocks issued by companies organized in various foreign countries. These ADRs are indirectly affected by fluctuations in currency exchange rates.

The market value of these investments at September 30, 2019 was approximately $179 million. The functional currencies of the companies that issued the stocks (and the market value in millions of U.S. dollars) were as follows at September 30, 2019:

Euros	$ 69 million
Japanese Yen	30
British Pound	21
Australian Dollar	15
Swiss Franc	11
Hong Kong Dollar	8
Canadian Dollar	7
Others – 6 countries	18
Total	$ 179 million

(6) Deposit and Investment Risk Disclosure, continued

Investments at Fair Value

GASB 72 requires all investments be categorized under a fair value hierarchy. The Fund determines fair value of its investments based upon both observable and unobservable inputs. The Fund categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America – levels within the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
- Level 3 – unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Investment	Fair Value Sep. 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity Securities:			
Domestic equity	954,206,137	954,206,137	0
International Equity	336,624,332	336,624,332	0
Total equity securities	1,290,830,469	1,290,830,469	0
Debt Securities:			
U.S. Treasury Securities	132,551,696	0	132,551,696
Federal Agency Securities	95,162,118	0	95,162,118
Corporate Bonds and Notes	378,643,717	0	378,643,717
	606,357,531	0	606,357,531
Other	132,981,954	132,981,954	0
Total Investments By Fair Value Level	2,030,169,954	1,423,812,423	587,373,714

(6) Deposit and Investment Risk Disclosure, continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Guam Code Annotated and the Fund's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits and investments, as follows:

The Guam Code Annotated requires that a financial institution secure deposits made by Government of Guam agencies by pledging securities in: "(a) Treasury notes or bonds of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, (b) any evidence of indebtedness of the government of Guam, (c) Investment certificates of the Federal Home Loan Bank, or (d) such other securities as may be … approved by the Director of Administration and the Governor of Guam.". The fair market value of the pledged securities must be at least ten percent (10%) in excess of the amount of monies deposited with the bank.

Further, to address custodial risk, the Guam Code Annotated requires the custodian to have been in the business of rendering trust custody services for ten or more years, to be organized under the laws of the United States or a state or territory thereof, to have capital and surplus in excess of ten million dollars ($10,000,000), and to be a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation. Regardless of the above, any locally chartered bank may act as custodian for the Fund.

(7) Related Party Transactions

At September 30, 2019 and 2018, GGRF was owed employer and member contributions, and interest and penalties receivable by various Government of Guam agencies. At September 30, 2019 and 2018, employer contributions receivable including the unfunded liability totaled $6,156,057 and $8,182,606, respectively; member contributions receivable totaled $1,926,527 and $2,271,935, respectively; and interest and penalties receivable totaled $259,126 and $202,039, respectively.

(8) Property, Equipment and Land

Property, equipment and land at September 30, 2019 and 2018 were as follows:

	2019	2018
Building	$ 1,290,889	$ 1,290,889
Improvements	825,985	825,985
Land	439,428	439,428
Equipment	503,898	499,725
Automobiles	22,732	22,732
Furniture and fixtures	15,887	15,887
Other	7,000	7,000
	3,105,819	3,101,646
Less: Accumulated depreciation	(2,500,914)	(2,434,990)
	$ 604,905	$ 666,656

(9) Supplemental Annuities and COLA Payments

Public Law 25-72, passed in September 1999, required the payment of supplemental annuities and cost of living allowances (COLA) to retirees. P.L. 25-72 also specified that these payments were an obligation of the employer and not of the GGRF. The cost of these benefits is to be paid through increased contributions over a period of twenty years.

The GGRF paid certain of these benefits on behalf of the General Fund and autonomous agencies, and collected certain amounts from the General Fund and from autonomous agencies. The excess of the amount paid out over the amount collected was recorded as "Supplemental/COLA benefits receivable" by the GGRF.

During fiscal year 1999, the Government of Guam appropriated $12 million to pay for a portion of the $31.4 million that the GGRF paid for supplemental annuities and COLA payments.

However, Public Law 25-122, passed in May 2000, reallocated the $12 million appropriation collected by GGRF to regular employer contributions. Since the $12 million reduced the receivable balance in fiscal year 1999, this reallocation resulted in a $12 million increase in the receivable balance in fiscal year 2000. The offset was recorded as a reduction of employer contributions receivable from the Government of Guam for fiscal year 2000.

Beginning in fiscal year 2000, the receivable for supplemental annuities and COLA payments is being reduced by a portion of the employer contributions received. The percentage used for fiscal years 2019 and 2018 was 1.2016% of covered payroll.

(9) Supplemental Annuities and COLA Payments, continued

At September 30, 2019 and 2018, the GGRF had Supplemental/COLA benefits receivable of $14,339,393, and $20,456,178, respectively. Since the GGRF is simply acting as a paying agent for these benefits, the payment of the benefits and their subsequent collection should not increase or decrease plan net assets.

For financial statement presentation purposes these receivables are reflected as Deferred Assets in the Statements of Fiduciary Net Position.

A history of the transactions follows (amounts rounded to the nearest hundred thousand):

Fiscal Year	Payment of Benefits by GGRF	Collections	Other	Balance
1999	$ 31,400,000	$ (4,500,000)	$ (12,000,000)	$ 14,900,000
2000	32,300,000	(4,300,000)	12,000,000	54,900,000
2001	34,000,000	(4,700,000)		84,200,000
2002	27,500,000	(3,600,000)		108,100,000
2003		(4,400,000)		103,700,000
2004		(7,200,000)		96,500,000
2005		(4,300,000)		92,200,000
2006		(4,600,000)		87,600,000
2007		(4,600,000)		83,000,000
2008		(5,000,000)		78,000,000
2009		(5,100,000)		72,900,000
2010		(5,300,000)		67,600,000
2011		(5,800,000)		61,800,000
2012		(5,500,000)		56,300,000
2013		(5,500,000)		50,800,000
2014		(6,000,000)		44,800,000
2015		(6,200,000)		38,600,000
2016		(6,000,000)		32,600,000
2017		(6,100,000)		26,500,000
2018		(6,000,000)		20,500,000
2019		(6,200,000)		14,300,000
	$ 125,200,000	$ (110,900,000)	$ -	

(10) DB 1.75 Repayment of Contributions for Service Credit

Relative to the implementation of the DB 1.75 Plan effective January 1, 2018, members who elected to participate in the Plan were allowed to repay contributions, which were previously withdrawn as members of the DC Plan, in order to obtain credit for service to which the withdrawals relate. To reclaim such service, members are required to repay to the Retirement Fund the a) total amount(s) withdrawn, plus b) interest commencing on the date(s) of the withdrawal(s) to the date of repayment. The repayment shall be made by (1) single cash payment, (2) transfer of the members' Excess Account Balance in the DC Plan, if any, (3) transfer of funds from the members Deferred Compensation account, if applicable, (4) installment payments to the Retirement Fund in accordance with established rules, or (5) any combination of option numbers 2, 3, and 4. By no later than June 30, 2018, as applicable, full payment or arrangements for repayment in installments, were required to be made with the Retirement Fund.

At September 30, 2019 and 2018, the amount owed under these notes was $2,394,104 and $3,185,369, respectively. There is a corresponding unearned revenue account to offset these notes receivable, since contribution income is recognized on a cash basis as amounts are collected from the members.

(11) Supplemental/COLA Benefit Owed by Government of Guam Agencies

All Government of Guam agencies are obligated to pay retirees for supplemental and COLA benefits. GGRF paid certain supplemental and COLA benefits for other Government of Guam agencies. GGRF will be reimbursed for these benefit payments; accordingly, these benefit payments are reflected as "Supplemental/insurance benefits advanced" in the accompanying statement of net assets.

At September 30, 2019 and 2018, the GGRF had $1,996,097 in Supplemental/insurance benefits receivable from three Government of Guam agencies.

(12) Risk Management

The Government of Guam Retirement Fund is subject to various risks in the normal course of operations. The Fund protects itself against such risks by purchasing liability insurance from a private company in Guam.

Further, the Fund purchases Directors and Officers Liability insurance from a private company in Guam to protect the Board of Trustees against liability for official actions they take in their capacities as Board members.

(13) Other Post-Employment Benefits (OPEB) Liability

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

During the years ended September 30, 2019 and 2018, the Fund's required contributions to this plan totaled approximately $47,749 and $922,018 for each year, respectively.

The effective date for GASB 75 is for fiscal years beginning after June 15, 2017, which is the fiscal year ending September 30, 2018 for the Government of Guam.

GASB 75 allows for measurement of the Total OPEB Liability no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. The Government of Guam has elected to report results under GASB 75 with a measurement date of September 30, 2018 for the September 30, 2019 reporting date, the earliest measurement date permitted.

Plan Administration

The Government of Guam administers the retiree health care benefits program – an agent-multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees.

Plan Membership

At September 30, 2018, OPEB membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments[1]	8,207
Inactive plan members entitled to put not yet receiving benefit payments	0
Active plan members	10,136
	18,343

[1]Per paragraph 34a of GASB 74 and further clarified by Question 4.67 of the 2017-2 GASB 74 Implementation Guide, the total shown for inactive plan members or beneficiaries currently receiving benefit payments does not include covered spouses or other dependents.

(13) Other Post-Employment Benefits (OPEB) Liability, continued

Benefits Provided

The Government of Guam provides postemployment medical, dental and life insurance benefits to Government retirees, spouses, children, and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GovGuam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums.

Contributions

No employer contributions are assumed to be made since an OPEB trust has not been established.

Actuarial assumptions

The total OPEB liability determined by an actuarial valuation as of September 30, 2018, rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount rate	4.18%, net of investment expenses, including inflation
Healthcare cost trend rate (Non-Medicare)	13.5% for FY2019, 6.75% for FY2020, decreasing 0.25% per year to an ultimate rate of 4.25% for FY2030 and later years.
Healthcare cost trend rate (Medicare)	-25% for FY2019, 6.75% for FY2020, decreasing 0.25% per year to an ultimate rate of 4.25% for FY2030 and later years.
Healthy Retiree mortality rates	RP-2000 Combined Healthy Mortality table, set forward 3 years and 2 years for males and females, respectively.
Disabled Retiree mortality rates	RP-2000 Disabled Mortality Table for males and females.

Discount rate

The discount rate used to measure the total OPEB liability was 4.18%. The projection of cash flows used to determine the discount rate assumed that contributions from the Government will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 4.18% municipal bond rate was applied to all periods to determine the total OPEB liability.

(13) Other Post-Employment Benefits (OPEB) Liability, continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the current discount rate of 4.18%, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (3.18%) or 1-percentage point higher (5.18%) than the current rate:

	1% Decrease 3.18%	Discount Rate 4.18%	1% Increase 5.18%
Total OPEB Liability	$ 2,211,191,181	1,874,970,335	1,604,889,825

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 1,563,531,324	1,874,970,335	2,278,113,130

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2019, the Fund reported a liability of $8,466,261 for its proportionate share of the OPEB Liability. The basis of the Fund's allocation of the collective OPEB amount is based on the Total OPEB Liability as of the end of the measurement period. At September 30, 2019, the Fund's proportion of the Total OPEB Liability was .45%.

(13) Other Post-Employment Benefits (OPEB) Liability, continued

At September 30, 2019 and 2018, the Fund reported deferred outflows of resources and deferred inflows of resources as follows:

	Total 2019		Total 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$836,082	$1,405,096	835,567	962,858
Differences between expected and actual experience	-	1,935,203	-	-
Changes in proportion and difference between GGRF contributions and proportionate share	-	455,586	-	255,891
	$836,082	$3,795,885	$835,567	$1,218,749

The OPEB Expense and deferred outflows and inflows of resources primarily result from changes in the components of the Total OPEB liability (TOL). Most changes in the TOL are included in the OPEB Expense in the period of the change, including service cost, interest on total OPEB liability and changes in benefit terms. Other changes in the total OPEB liability are included in OPEB Expense over the current and future periods. These include the effects on the total OPEB liability of changes of economic and demographic assumptions and differences between expected and actual experience.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2019 will be recognized in OPEB expense (recovery) as follows:

Year Ending September 30,	Amount
2018	($473,568)
2019	(473,568)
2020	(473,568)
2021	(1,183,923)
2022	(355,176)
	($2,959,803)

(14) Subsequent Events

Management has reviewed events from October 1, 2019 to May 19, 2020 for their possible impact on the financial statements and the notes thereto. There are two items that management believes are necessary to disclose, as follows:

Investments
The market value of the Fund's invested assets in the DB plan decreased from $2.0 billion at September 30, 2019 to approximately $1.78 billion at April 30, 2020. This is a decrease of $220 million, or about 11.0%. DC plan assets decreased from $354 million at September 30, 2019 to $349 million at April 30, 2020. This is a decrease of $5 million, or about 1.41%. These decreases are due largely to market fluctuations as a result of COVID-19, as further discussed below.

COVID-19
On March 11, 2020, the World Health Organization (WHO) officially declared the Coronavirus (COVID-19) a global pandemic amid a rapid escalation in the number of affected countries, confirmed cases, and deaths. The WHO recommended that containment measures be adopted globally. On March 13, 2020, President Donald J. Trump declared a national emergency in the United States. In response to the Presidents' declaration, on March 14, 2020, Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. On March 16, 2020, the Governor issued Executive Order 2020-04 ordering the closure of all non-essential Government of Guam offices, prohibiting large gatherings, and restricting entry into Guam from countries with confirmed COVID-19 cases. As such, schools and non-essential government agencies and businesses were closed. The Fund has closed but is providing limited services to its Members and Retirees, while implementing social distancing measures. While the disruption is currently expected to be temporary, there is uncertainty around the duration. This matter is expected to negatively impact the Fund's investments and net position. However, the ultimate financial impact cannot be reasonably estimated at this time.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Changes in Net Pension Liability - DB Plan

September 30, 2013 to 2018

	2013 Valuation	2014 Valuation (See Note 1)	2015 Valuation	2016 Valuation	2017 Valuation	2018 Valuation
Total Pension Liability - Beginning of Year	$ 2,811,399,525	$ 2,829,439,663	$ 3,112,295,398	$ 3,249,042,023	$ 3,245,313,070	$ 3,189,586,194
Service cost	21,089,199	22,323,496	23,167,161	22,042,055	19,309,007	38,775,474
Member contributions	-	-	-	-	-	-
Interest on the total pension liability	190,558,974	191,594,023	213,116,889	210,570,472	210,182,547	206,798,237
Changes of benefit terms	-	-	-	-	-	313,869,755
Differences between actual and expected experience with regard to economic or demographic factors	-	27,739,034	58,338,457	-19,460,258	-11,851,500	11,243,579
Changes of assumptions	-	-	71,752,411	17,912,379	-33,969,738	-14,202,705
Benefit payments	-193,608,035	-199,534,108	-229,628,293	-234,793,601	-239,397,192	-244,657,324
Total changes	18,040,138	42,122,445	136,746,625	-3,728,953	-55,726,876	311,827,016
Total Pension Liability - End of Year	$ 2,829,439,663	$ 2,871,562,108	$ 3,249,042,023	$ 3,245,313,070	$ 3,189,586,194	$ 3,501,413,210
Fiduciary Net Position - Beginning of Year	$ 1,391,421,887	$ 1,526,135,027	$ 1,625,255,354	$ 1,576,428,084	$ 1,647,181,257	$ 1,759,189,680
Contributions from employers	121,940,930	134,106,867	159,053,013	148,395,481	148,981,296	159,154,291
Member contributions	16,290,014	16,626,009	15,245,935	13,812,825	13,476,517	28,895,275
Net investment income	192,776,061	150,599,955	9,560,987	146,235,031	192,765,573	93,616,115
Benefit payments	(193,608,035)	(199,534,108)	(229,628,293)	(234,793,601)	(239,397,192)	(244,657,324)
Administrative expense	(2,685,830)	(2,678,396)	(3,058,912)	(2,896,563)	(3,817,771)	(3,794,742)
Changes of benefit terms	-	-	-	-	-	239,941,697
Total changes	134,713,140	99,120,327	-48,827,270	70,753,173	112,008,423	273,155,312
Fiduciary Net Position - End of Year	$ 1,526,135,027	$ 1,625,255,354	$ 1,576,428,084	$ 1,647,181,257	$ 1,759,189,680	$ 2,032,344,992
Net Pension Liability - End of Year	$ 1,303,304,636	$ 1,246,306,754	$ 1,672,613,939	$ 1,598,131,813	$ 1,430,396,514	$ 1,469,068,218
Fiduciary Net Position as a % of Total Pension Liability	53.94%	56.60%	48.52%	50.76%	55.15%	58.04%
Covered employee payroll	$ 460,347,780	$ 504,943,471	$ 511,366,411	$ 506,322,283	$ 508,300,483	$ 513,866,473
Net Pension Liability as a % of Covered Employee Payroll	283.11%	246.82%	327.09%	315.64%	281.41%	285.89%

Note 1 - Liabilities are shown in this column as originally reported as of 9/30/14, without regards to Ad Hoc COLAs or Supplemental Annuity Payments.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Changes in Net Pension Liability - DC Plan

September 30, 2013 to 2018

	2013 Valuation	2014 Valuation	2015 Valuation	2016 Valuation	2017 Valuation	2018 Valuation
Total Pension Liability - Beginning of Year	$ n/a	$ n/a	$ 46,880,986	$ 52,115,736	$ 61,688,067	$ 62,445,490
Service cost	n/a	n/a	2,623,748	3,074,446	3,136,456	1,963,058
Member contributions	n/a	n/a	-	-	-	-
Interest on the total pension liability	n/a	n/a	1,885,957	1,851,695	1,957,356	2,310,669
Changes of benefit terms	n/a	n/a	-	-	-	(17,328,556)
Differences between actual and expected experience	n/a	n/a				
with regard to economic or demographic factors	n/a	n/a	(587,552)	1,265,643	1,904,493	5,034,446
Changes of assumptions	n/a	n/a	2,510,997	4,802,047	(4,594,882)	(3,208,683)
Benefit payments	n/a	n/a	(1,198,400)	(1,421,500)	(1,646,000)	(1,874,000)
Total changes	n/a	n/a	5,234,750	9,572,331	757,423	(13,103,066)
Total Pension Liability - End of Year	$ n/a	$ n/a	$ 52,115,736	$ 61,688,067	$ 62,445,490	$ 49,342,424
Fiduciary Net Position - Beginning of Year	$ n/a	$ n/a	$ -	$ -	$ -	$ -
Contributions from employers	n/a	n/a	1,198,400	1,421,500	1,646,000	1,874,000
Member contributions	n/a	n/a	-	-	-	-
Net investment income	n/a	n/a	-	-	-	-
Benefit payments	n/a	n/a	(1,198,400)	(1,421,500)	(1,646,000)	(1,874,000)
Administrative expense	n/a	n/a	-	-	-	-
Total changes	n/a	n/a	-	-	-	-
Fiduciary Net Position - End of Year	$ n/a	$ n/a	$ -	$ -	$ -	$ -
Net Pension Liability - End of Year	$ n/a	$ n/a	$ 52,115,736	$ 61,688,067	$ 62,445,490	$ 49,342,424
Fiduciary Net Position as a % of Total Pension Liability	n/a	n/a	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	n/a	n/a	355,895,521	365,069,550	376,785,976	264,475,579
Net Pension Liability as a % of Covered Employee Payroll	n/a	n/a	14.64%	16.90%	16.57%	18.66%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Employer Allocations by Component Unit - DB Plan

For the year ended September 30, 2018

	DEFINED BENEFIT PLAN						
Component Unit (Employer)	Expected Defined Benefit Plan Contributions	% Share	Allocated Net Pension Liability for Retirement Annuity Only	Ad hoc COLA/ Supplemental Annuity Contributions	% Share	Allocated Net Pension for Ad Hoc COLA and Supplemental Annuity	Combined Allocated Net Pension Liability
Government of Guam General Fund	$ 35,535,880	27.89%	$ 328,901,152	$ 8,730,220	37.46%	$ 108,596,122	$ 437,497,274
Office of the Attorney General	2,748,831	2.16%	25,441,714	134,957	0.58%	1,678,750	27,120,464
Mayors' Council of Guam	1,709,862	1.34%	15,825,571	120,852	0.52%	1,503,293	17,328,864
Department of Chamorro Affairs	354,279	0.28%	3,279,017	125,649	0.54%	1,562,964	4,841,981
Guam Educational Telecommunications Corporation	66,265	0.05%	613,313	4,000	0.02%	49,756	663,069
Government of Guam Retirement Fund	482,510	0.38%	4,465,855	75,664	0.32%	941,190	5,407,045
Guam Community College	3,122,043	2.45%	28,895,965	617,054	2.65%	7,675,606	36,571,571
Guam Department of Education	37,393,301	29.35%	346,092,450	6,547,739	28.10%	81,448,019	427,540,469
Guam Economic Development Authority	464,661	0.36%	4,300,654	30,713	0.13%	382,043	4,682,697
Guam Housing and Urban Renewal Authority	1,177,443	0.92%	10,897,784	162,529	0.70%	2,021,716	12,919,500
Guam Housing Corporation	305,080	0.24%	2,823,658	51,798	0.22%	644,322	3,467,980
Guam International Airport Authority	3,239,970	2.54%	29,987,434	223,945	0.96%	2,785,670	32,773,104
Guam Legislature	489,039	0.38%	4,526,284	407,535	1.75%	5,069,374	9,595,658
Guam Memorial Hospital Authority	11,216,699	8.80%	103,815,783	1,493,749	6.41%	18,580,907	122,396,690
Guam Power Authority	7,004,012	5.50%	64,825,399	1,136,100	4.88%	14,132,063	78,957,462
Guam Visitors Bureau	486,491	0.38%	4,502,701	20,000	0.09%	248,782	4,751,483
Guam Waterworks Authority	4,029,190	3.16%	37,292,034	900,007	3.86%	11,195,277	48,487,311
Judiciary of Guam	5,214,230	4.09%	48,260,132	474,924	2.04%	5,907,636	54,167,768
Port Authority of Guam	4,434,334	3.48%	41,041,830	936,272	4.02%	11,646,387	52,688,217
Office of Public Accountability	238,073	0.19%	2,203,477	4,000	0.02%	49,756	2,253,233
University of Guam	7,692,788	6.04%	71,200,343	1,105,870	4.75%	13,756,035	84,956,378
	$ 127,404,981	100.00%	$1,179,192,550	$ 23,303,577	100.00%	$ 289,875,668	$1,469,068,218

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Employer Allocations by Component Unit - DC plan

For the year ended September 30, 2018

Component Unit (Employer)	Actual DC Ad hoc COLA Contributions	Allocation Percentage	Allocated Net Pension Liability
Government of Guam General Fund	$ 630,000	33.62%	$ 20,992,881
Office of the Attorney General	28,000	1.49%	933,017
Mayors' Council of Guam	54,000	2.88%	1,799,390
Department of Chamorro Affairs	12,000	0.64%	399,864
Guam Educational Telecommunications Corporation	2,000	0.11%	66,644
Government of Guam Retirement Fund	10,000	0.53%	333,220
Guam Community College	28,000	1.49%	933,017
Guam Department of Education	488,000	26.04%	16,261,152
Guam Economic Development Authority	6,000	0.32%	199,932
Guam Housing and Urban Renewal Authority	24,000	1.28%	799,729
Guam Housing Corporation	6,000	0.32%	199,932
Guam International Airport Authority	40,000	2.13%	1,332,881
Guam Legislature	14,000	0.75%	466,508
Guam Memorial Hospital Authority	142,000	7.58%	4,731,729
Guam Power Authority	108,000	5.76%	3,598,780
Guam Visitors Bureau	6,000	0.32%	199,932
Guam Waterworks Authority	42,000	2.24%	1,399,525
Judiciary of Guam	36,000	1.92%	1,199,593
Port Authority of Guam	96,000	5.12%	3,198,915
Office of Public Accountability	-	0.00%	-
University of Guam	102,000	5.44%	3,398,847
	$ 1,874,000	100.00%	$ 62,445,490

See notes to GASB 68/73 schedules.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Contributions

September 30, 2013 to 2018

Plan Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2018	$ 135,851,000	$ 135,851,000	$ -	$ 513,866,000	26.44%
2017	125,275,000	125,275,000	-	508,300,000	24.65%
2016	124,419,000	124,419,000	-	506,322,000	24.57%
2015	134,506,000	134,506,000	-	511,366,000	26.30%
2014	134,107,000	134,107,000	-	504,943,000	26.56%
2013	121,698,000	121,941,000	-243,000	460,348,000	26.49%

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	May 1, 2031 (14.58 years remaining as of September 30, 2016)
Asset valuation method	3-year smoothed market value (effective September 30, 2009)
Inflation	2.75% per year
Total payroll growth	2.75% per year
Salary increases	7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.0% for service over 15 years.
Investment rate of return	7.00%, net of investment expenses, including inflation of 2.75%
Retirement age	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 70.
Mortality	RP-2000 healthy morality table (males + 3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.
Other information	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2011-2015.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Investment Returns

September 30, 2013 to 2018

	2013	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment	14.14%	10.04%	0.60%	9.51%	11.99%	5.54%

This schedule is intended to show information for 10 years. Additional years will displayed as they become available.

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Changes in Total Other Post Employment Benefits (OPEB) Liability

September 30, 2016 to 2018 Measurement Dates

	2016 Valuation	2017 Valuation	2018 Valuation
Total OPEB Liability - Beginning of Year	$ 2,133,923,275	$ 2,532,753,040	$ 2,431,048,672
Service cost	87,158,663	108,634,675	96,368,122
Interest	81,647,699	80,151,782	90,927,141
Changes of benefit terms	-	-	-
Differences between actual and expected experience	-	-	(522,357,892)
Changes of assumptions	270,694,071	(249,820,157)	(175,941,955)
Benefit payments	(40,670,668)	(40,670,668)	(45,073,753)
Total Changes	398,829,765	(101,704,368)	(556,078,337)
Total OPEB Liability - End of Year	$ 2,532,753,040	$ 2,431,048,672	$ 1,874,970,335
Covered payroll as of valuation date	$ 474,098,955	$ 474,098,955	$ 494,595,522
Total OPEB liability as a percentage of covered payroll	534.22%	512.77%	379.09%
Discount rate	3.058%	3.63%	4.18%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Other Post Employment Benefits (OPEB) Liability

For the year ended September 30, 2018

Component Unit (Employer)	Proportionate Share	Total OPEB Share
Primary Government:		
GovGuam Line Agencies	33.43%	$ 626,729,047
GovGuam Retirement Fund	0.45%	8,466,261
Guam Legislature	0.52%	9,739,340
Guam Department of Education	29.31%	549,588,821
Public Defender Service Corporation	0.56%	10,493,657
Unified Courts of Guam	3.35%	62,698,664
Guam Telephone Authority	0.84%	15,801,498
Total Primary Government	68.46%	1,283,517,288
Component Units:		
Antionio B. Won Pat International Airport Authority	2.40%	45,048,838
Guam Community College	2.26%	42,285,436
Guam Economic Development Authority	0.12%	2,250,969
Guam Housing Corporation	0.30%	5,676,959
Guam Housing and Urban Renewal Authority	0.62%	11,630,596
Guam Memorial Hospital Authority	7.16%	134,276,729
Guam Power Authority	6.42%	120,278,683
Guam Visitors Bureau	0.28%	5,292,875
Guam Waterworks Authority	3.34%	62,656,405
Port Authority of Guam	3.59%	67,314,364
University of Guam	4.93%	92,474,461
KGTF	0.12%	2,266,732
Total Component Units	31.54%	591,453,047
	100.00%	$ 1,874,970,335

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Employer Contributions (OPEB)

September 30, 2016 to 2018

Plan Year Ending September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2018	$ 234,228,724	$ 45,073,753	$ 189,154,971	$ 494,595,522	9.11%
2017	$ 242,141,492	$ 40,670,668	$ 201,470,824	$ 474,098,955	8.58%
2016	$ 209,503,758	$ 40,670,668	$ 168,833,090	$ 474,098,955	8.58%

Actuarially determined contributions are determined as of October 1, one year prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contributions are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount over 30 years on an open amortization period
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates (Non-Medicare)	13.5% for FY2019, 6.75% for FY2020, decreasing 0.25% per year to an ultimate rate of 4.25% for FY2030 and later years.
Healthcare cost trend rates (Medicare)	-25% for FY2019, 6.75% for FY2020, decreasing 0.25% per year to an ultimate rate of 4.25% for FY2030 and later years.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Administrative and General Expenses

September 30, 2019 and 2018

	Defined Benefit Plan	Defined Contribution Plan	Total 2019	Total 2018
Salaries and wages	$ 1,769,851	276,220	2,046,071	1,908,451
Third party administrator fees	-	817,025	817,025	914,017
Pension expense	674,738	26,080	700,818	468,934
Insurance	365,212	271,145	636,357	657,073
Computer program services/maintenance	297,000	33,000	330,000	422,400
Actuary fees	156,249	-	156,249	188,810
Legal fees	105,545	8,226	113,771	202,164
Utilities	44,466	45,113	89,579	73,511
Repairs and maintenance	53,856	26,804	80,660	75,179
Depreciation	62,832	3,092	65,924	86,464
Audit fees	42,750	14,250	57,000	57,000
OPEB expense	28,271	19,478	47,749	922,018
Medicare contribution	25,105	3,918	29,023	26,970
Printing and publications	23,615	4,283	27,898	18,385
Proxy voting services	25,000	-	25,000	25,000
Travel and transportation	7,243	16,706	23,949	32,074
Postage	15,892	7,154	23,046	27,805
Communications	16,748	1,402	18,150	19,124
Board of trustees expenses	12,370	5,335	17,705	14,289
Equipment rental	10,920	5,378	16,298	16,491
Training	6,574	3,833	10,407	9,740
Medical exams	7,642	-	7,642	4,480
Office supplies	6,461	1,045	7,506	37,344
Miscellaneous	1,972	4,279	6,251	7,058
Bad debt related to notes receivable	3,443	-	3,443	4,066
Computers supplies and software	2,452	-	2,452	1,062
	$ 3,766,207	1,593,766	5,359,973	6,219,909

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Personnel Costs

September 30, 2019 and 2018

	2019	2018
Salaries and wages	$ 2,046,071	$ 1,908,451
Employer's retirement contribution	700,818	468,934
Medicare contribution	29,023	26,970
	$ 2,775,912	$ 2,404,355
Average number of employees	45	43
Average cost per employee	$ 61,687	$ 55,915

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Personnel Count - Public Law 28-150: Section 45

September 30, 2019 and 2018

	Full Time Employees		
	During FY 2019	As of September 30, 2019	Total Salaries & Wages Expended
Director's Office	3	2	$ 162,907
Administrative Services	6	5	179,206
Accounting / Investments	26	24	1,244,012
Members and Benefits Services	14	13	459,946
	49	44	$ 2,046,071

	Full Time Employees		
	During FY 2018	As of September 30, 2018	Total Salaries & Wages Expended
Director's Office	3	2	$ 180,340
Administrative Services	5	5	213,586
Accounting / Investments	17	22	887,905
Members and Benefits Services	18	18	626,620
	43	47	$ 1,908,451

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Other Receivables - Defined Benefit Plan

September 30, 2019 and 2018

	2019	2018
Benefit overpayments	$ 451,889	$ 453,833
Member rate differential	142,974	172,395
	$ 594,863	$ 626,228

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Receivables by Agency - Defined Benefit Plan

September 30, 2019

Agency	Employer Contributions	Employer Contributions (Unfunded Liability)	Member Contributions	Interest & Penalties	Retiree Supplemental Benefits & Insurance	TOTAL
Department of Administration (General Fund)	1,764,537	556,789	649,406	161,062	1,963,804	5,095,598
Guam Department of Education	701,471	631,227	254,776	73,876	-	1,661,350
Guam Memorial Hospital Authority	182,059	232,254	80,507	5,654	-	500,474
University of Guam	191,691	133,550	69,834	18,534	-	413,609
Guam Power Authority	195,260	65,364	70,888	-	32,293	363,805
Supreme Court of Guam	106,536	70,486	39,996	-	-	217,018
Port Authority of Guam	117,557	61,411	42,578	-	-	221,546
Guam Waterworks Authority	75,556	77,607	27,430	-	-	180,593
Guam Airport Authority	83,255	32,535	30,082	-	-	145,872
Guam Community College	78,020	35,496	28,127	-	-	141,643
Guam Housing & Urban Renewal Authority	70,491	12,228	25,429	-	-	108,148
Public Defender	16,738	13,282	6,093	-	-	36,113
Guam Visitors Bureau	9,762	4,359	3,492	-	-	17,613
Guam Legislature	10,027	9,799	3,586	-	-	23,412
Guam Housing Corp	6,514	3,788	2,487	-	-	12,789
Guam Economic Development Authority	9,393	7,078	3,360	-	-	19,831
Total	$ 3,618,867	$ 1,947,253	$ 1,338,071	$ 259,126	$ 1,996,097	$ 9,159,414

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Receivables by Agency - Defined Benefit Plan

September 30, 2018

Agency	Employer Contributions	Employer Contributions (Unfunded Liability)	Member Contributions	Interest & Penalties	Retiree Supplemental Benefits & Insurance	TOTAL
Department of Administration (General Fund)	2,081,125	580,166	739,019	89,496	1,963,804	5,453,610
Guam Department of Education	1,185,267	1,267,669	413,619	63,575	-	2,930,130
Guam Memorial Hospital Authority	398,011	449,332	153,783	30,434	-	1,031,560
University of Guam	203,712	133,287	71,549	18,534	-	427,082
Guam Power Authority	227,143	70,348	79,672	-	32,293	409,456
Supreme Court of Guam	148,980	77,052	56,640	-	-	282,672
Port Authority of Guam	123,627	60,402	42,592	-	-	226,621
Guam Waterworks Authority	82,923	81,976	29,917	-	-	194,816
Guam Airport Authority	95,982	30,562	33,066	-	-	159,610
Guam Community College	87,491	35,426	30,297	-	-	153,214
Guam Housing & Urban Renewal Authority	74,497	9,552	25,687	-	-	109,736
Public Defender	19,009	13,548	6,595	-	-	39,152
Guam Visitors Bureau	15,092	4,540	5,152	-	-	24,784
Guam Legislature	12,369	6,901	4,222	-	-	23,492
Guam Housing Corp	12,142	3,938	4,421	-	-	20,501
Guam Economic Development Authority	10,043	6,738	3,429	-	-	20,210
Total	$ 4,777,413	$ 2,831,437	$ 1,699,660	$ 202,039	$ 1,996,097	$ 11,506,646

See accompanying independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Deferred Compensation Plan

Statement of Fiduciary Net Position

September 30, 2019

	Total
ASSETS	
Investments, at fair value:	$ 83,804,346
Employee loans receivable	3,686,964
Cash and cash equivalents	61,600
Total assets	87,552,910
LIABILITIES	
Accounts payable and accrued expenses	-
	-
Net position - Held in trust for benefits	$ 87,552,910

Statement of Changes in Fiduciary Net Position

Year ended September 30, 2019

	Total
Additions:	
Member contributions	$ 12,351,864
Net appreciation (decrease) in fair value of investments	(4,444,845)
Interest	6,394,755
	1,949,910
Less investment expenses	157,962
Net investment income	1,791,948
Total Additions	14,143,812
Deductions:	
Benefits	6,057,438
Total Deductions	6,057,438
Change in net position	8,086,374
Net position - beginning of year	79,466,536
Net position - end of year	$ 87,552,910

See accompanying independent auditors' report.

BURGER & COMER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Government of Guam Retirement Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of Guam Retirement Fund, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Government of Guam Retirement Fund's basic financial statements, and have issued our report thereon dated May 19, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Burger & Comer, P.C.

Tamuning, Guam
May 19, 2020