

Messages & Communications Doc. No. 38GL-26-2985 through 2990.

From 38th Committee On Rules <committeeonrules@guamlegislature.gov>
Date Mon 10/12/2026 2:22 PM
To Guam Legislature Clerks <clerks@guamlegislature.gov>
Cc Frank Blas Jr. <speakerblas@guamlegislature.gov>

6 attachments (24 MB)

101226COMM Doc. No. 38GL-26-2985.pdf; 101226COMM Doc. No. 38GL-26-2986.pdf; 101226COMM Doc. No. 38GL-26-2987.pdf; 101226COMM Doc. No. 38GL-26-2988.pdf; 101226COMM Doc. No. 38GL-26-2989.pdf; 101226COMM Doc. No. 38GL-26-2990.pdf;

Håfa Adai Clerks Office,

Please see attached, **Messages & Communications Doc. No. 38GL-26-2985 through 2990** for processing:

✓	38GL-26-2985	Office of the Mayor - Municipality of Malesso'	FY2026 Appropriated Funds (VOMBS-GF- GEFF) Account for 4th Quarter*
✓	38GL-26-2986	Department of Public Health and Social Services	Guam Board of Allied Health Examiners Regular Board Meeting Packet for October 9, 2026*
✓	38GL-26-2987	Office of Public Accountability - Guam	Government of Guam Retirement Fund FY2025 Financial Statements, Reports on Compliance and Internal Controls, Management Letter and the Auditor's Communication with Those Charged with Governance*
✓	38GL-26-2988	Guam Department of Education	Guam Education Board's FY 2026 4th Quarter Attendance Report*
✓	38GL-26-2989	Department of Administration	Amendment of Position Re: Vocational Rehabilitation Counselor Supervisor*
✓	38GL-26-2990	Mayors Council of Guam	FY2024 Citizen-Centric Report*

Kindly reply to this email.



Si Yu'os ma'åse',

Marie Crisostomo

Committee on Rules Assistant

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

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38th Committee On Rules <committeeonrules@guamlegislature.gov>

Messages and Communications 38GL-26-2987*

2 messages

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Mon, Oct 12, 2026 at 10:25 AM

To: 38th Committee On Rules <committeeonrules@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>

Håfa adai,

Please see attached M&C Doc. No. 38GL-26-2987

38GL-26-2987	Office of Public Accountability-Guam	Government of Guam Retirement Fund FY2025 Financial Statements, Reports on Compliance and Internal Controls, Management Letter and the Auditor's Communication with Those Charged with Governance*
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Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant



Office of Speaker Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

(671)969-6456

speakerblas@guamlegislature.gov

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----- Forwarded message -----

From: **Office of Public Accountability - Guam** <admin@guamopa.com>

Date: Fri, Oct 9, 2026 at 5:11 PM

Subject: Transmittal: Government of Guam Retirement Fund FY 2025 Financial Statements

To: Governor of Guam <governor@guam.gov>, Lt. Governor of Guam <joshua.tenorio@guam.gov>, <lt.governor@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, Senator Telo T. Taitague <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, Senator Sabina F. Perez <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, Joe S. San Agustin <senatorjoessanagustin@gmail.com>, V. Anthony Ada <vicespeakertoniyada@guamlegislature.gov>, Office of Senator Frank Blas, Jr. <speakerblas@guamlegislature.gov>

Cc: Benjamin Cruz <bjcruz@guamopa.com>, Thomas Quichocho <lquichocho@guamopa.com>, Mariella Cruz <mcruz@guamopa.com>

Håfa adai:

Transmitted herewith are the Government of Guam Retirement Fund's FY 2025 Financial Highlights, Financial Statements, Report on Internal Controls, and Letter to Those Charged with Governance. You may view the reports in their entirety at www.opaguam.org.

Si Yu'os ma'åse

4 attachments

3. ggrf fy25 arc.pdf
158K

GGRF FY 2025 Final Financial Highlights.pdf
115K

2. ggrf fy25 fs.pdf
1401K

38GL-26-2987.pdf
1661K

38th Committee On Rules <committeeonrules@guamlegislature.gov>

Mon, Oct 12, 2026 at 10:58 AM

To: "Speaker Frank Blas Jr." <speakerblas@guamlegislature.gov>

Håfa Adai,

Received, and thank you.



Si Yu'os ma'ãse',

Kamarin J. A. Nelson

Committee on Rules Director

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guahan

38th Guam Legislature

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Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Transmittal: Government of Guam Retirement Fund FY 2025 Financial Statements

3 messages

Office of Public Accountability - Guam <admin@guamopa.com>

Fri, Oct 9, 2026 at 5:10 PM

To: Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Lt.governor@guam.gov, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, "Office of Senator Frank Blas, Jr." <speakerblas@guamlegislature.gov>
Cc: Benjamin Cruz <bjcruz@guamopa.com>, Thomas Quichocho <tquichocho@guamopa.com>, Mariella Cruz <mcruz@guamopa.com>

Håfa adai:

Transmitted herewith are the Government of Guam Retirement Fund's FY 2025 Financial Highlights, Financial Statements, Report on Internal Controls, and Letter to Those Charged with Governance. You may view the reports in their entirety at www.opaguam.org.

Si Yu'os ma'åse

Doc Type: 38GL-26-2987
OFFICE OF THE SPEAKER
FRANK F. BLAS, JR.

October 9, 2026

Time: 5:10 PM

Received:

3 attachments

3. ggrf fy25 arc.pdf
158K

GGRF FY 2025 Final Financial Highlights.pdf
115K

2. ggrf fy25 fs.pdf
1401K

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Mon, Oct 12, 2026 at 9:37 AM

To: Office of Public Accountability - Guam <admin@guamopa.com>

Cc: Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Lt.governor@guam.gov, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, Benjamin Cruz <bjcruz@guamopa.com>, Thomas Quichocho <tquichocho@guamopa.com>, Mariella Cruz <mcruz@guamopa.com>

Håfa Adai,

Confirming receipt of your email.

Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant



Office of Speaker Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

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Office of Senator Shelly Calvo <officeofsenatorshellycalvo@guamlegislature.gov>

Mon, Oct 12, 2026 at
9:39 AM

To: Office of Public Accountability - Guam <admin@guamopa.com>

Cc: Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Lt.governor@guam.gov, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawngumataotao@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajegum@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, "Office of Senator Frank Blas, Jr." <speakerblas@guamlegislature.gov>, Benjamin Cruz <bjcruz@guamopa.com>, Thomas Quichocho <tquichocho@guamopa.com>, Mariella Cruz <mcruz@guamopa.com>

Hafa adai,

Acknowledged receipt of your email. Thank you.

Respectfully,

Jacqueline Munoz



Office of the People | Senator Shelly V. Calvo

Majority Whip & Chairwoman

Committee on Child Welfare, Youth Affairs, Senior Citizens, Women's Affairs, Disability Services, the Arts, Culture, Historic Preservation & Hagåtña Restoration

38th Guam Legislature

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On Fri, Oct 9, 2026 at 5:11 PM Office of Public Accountability - Guam <admin@guamopa.com> wrote:

[Quoted text hidden]



RECEIVED
COMMITTEE ON RULES
October 12, 2026
10:25 a.m.

Marie Crisostomo

Financial Highlights
Government of Guam Retirement Fund Financial Audit
Fiscal Year 2025

October 09, 2026

The Government of Guam Retirement Fund (the Fund) received an unmodified (clean) opinion from independent auditors, Burger & Comer P.C. (BC), on its fiscal year (FY) 2025 financial statements. FY 2025 is the 20th consecutive year that the Fund's Report on Internal Control and Compliance has neither material weaknesses nor significant deficiencies.

The Fund closed FY 2025 with a combined increase of \$278.3 million (M) in net position, from \$2.9 billion (B) in FY 2024 to \$3.1B in FY 2025. Significant highlights in the Fund's financial audit include:

- Defined Benefit (DB) Plan Net Position increased by \$216M;
- Defined Contribution (DC) Plan Net Position increased by \$62.3M;
- DB and DC Plan Investments increased by \$215.7M and \$62.8M;
- Fund total Receivables and total Liabilities Decreased by \$3.2M and \$1.7M;
- Fund's administrative and general expenses decreased by \$600 thousand (K);
- Impact of market volatility on the DB Plan's unfunded liability;
- Net pension liability and OPEB liability and related party transactions;
- Future outlook on DB payment contingencies; and
- Subsequent Events - Investments.

DB Plan Net Position Increased by \$216M

The DB Plan's FY 2025 net position of \$2.6B increased by \$216.M from its FY 2024 net position of \$2.4B. The increase was primarily due to a \$215.7M rise in total assets, driven largely by market fluctuations in total investments.

During FY 2025, the net appreciation (increase) in the fair value of the investment was \$222.1M, compared to the \$419.5M appreciation in FY 2024, a decrease of \$197.4M (or 47.06%). This was largely due to market fluctuations, which resulted in an 11.31% return on the investment portfolio in 2025. In FY 2025, employer contributions increased by \$15.5M, and member contributions decreased by \$ 1.0 M. The increase in Employer contributions reflects 12 months of DB 1.75 contributions in 2025 versus 2024.

The increase in the unfunded liability in 2025 resulted from the increase in active Defined Contribution Plan members from 5,796 in 2024 to 6,066 in 2025. The decrease in Member contributions is due largely to the increase in Defined Benefit Plan retirees in 2025, as reflected in the \$6.1M increase in Benefit Payments (of which \$5M represented the increase in age and service annuities).

Deductions from the DB Plan increased by \$3.7M. This included a \$6.1M increase in benefit payments related to age and service annuities (\$5M), survivor annuities (\$1.4M), and a decrease in disability annuities (\$312K). The \$6.1M was offset by a \$764K decrease in refunds and interest on refunds and a \$1.9M bad debts expense recorded in 2024. The GGRF recorded a \$1.9M allowance for receivables, primarily from the Government of Guam General Fund, in FY 2024; these receivables have been outstanding for years and appear uncollectible. The GGRF wrote off the \$1.9M in FY 2025. DB Plan membership decreased by 257 due to more DB Plan retirees.

DC Plan Net Position Increased by \$62.3M

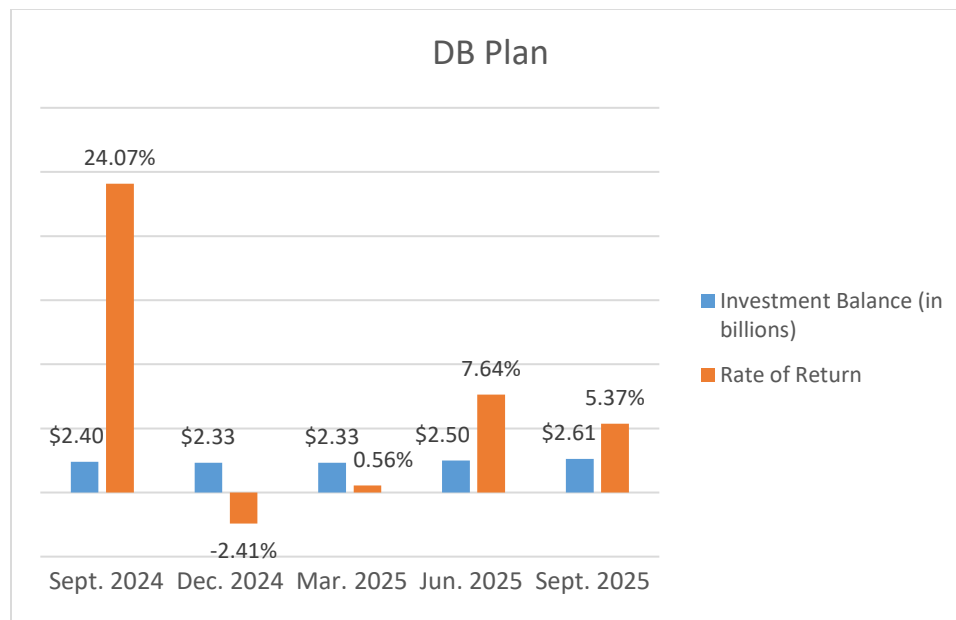
The DC Plan's FY 2025 net position of \$515M was a \$62.3M increase compared with FY 2024's net position of \$452.7M. Net appreciation (increase) in the fair value of investments for FY 2025 was \$36.3M, compared with \$80.3M in FY 2024, a decrease of \$43.9M. The depreciation in investments was due largely to market fluctuations.

Deductions from the DC Plan increased by \$1.8M primarily due to an increase in refunds to separated employees and withdrawals of \$2.7M, which was offset by a \$924K decrease in administrative expenses. Total active DC membership increased by 323 from 15,449 in FY 2024 to 15,772 in FY 2025.

DB and DC Plan Investments Increased by \$215.7M and \$62.8M

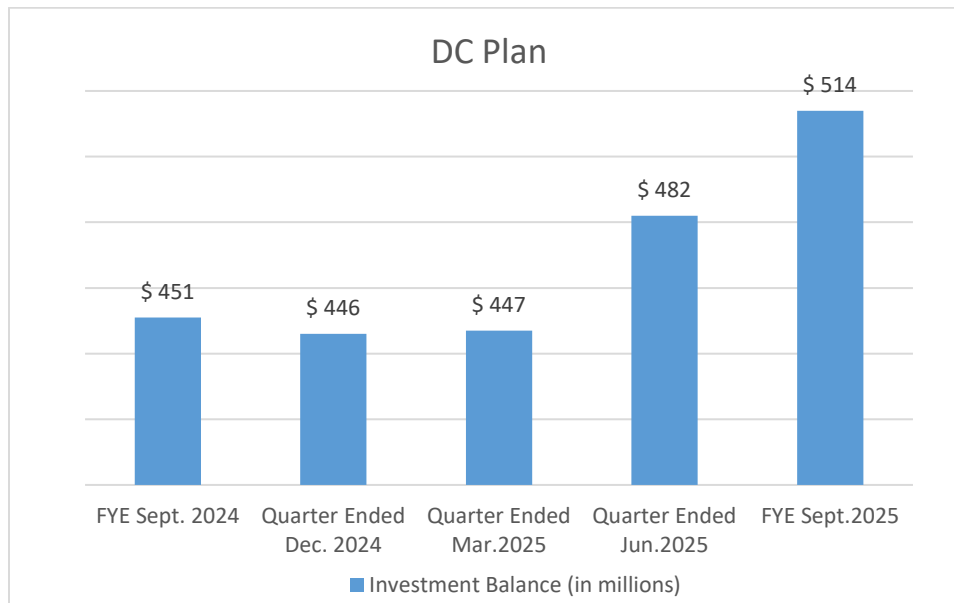
The DB Plan's investment balance of \$2.6B as of FY 2025 represents a significant increase of \$215.7M from \$2.4B as of FY 2024. The rate of return on investments decreased to -2.41% in the quarter ending December 31, 2024, from a positive 24.07% for the fiscal year ended September 30, 2024. The rate of return started to increase at the beginning of the quarter ending March 31, 2025, from 0.56%, to 5.37% for the quarter ending September 30, 2025. Overall, the fiscal year ending September 30, 2025, experienced a positive return of 11.31% compared to FY 2024's positive return of 24.07%. DB Plan investments are managed as a single portfolio because it is expected to exist indefinitely. See Graph 1.

Graph 1 – DB Plan Investments



The DC Plan's investment balance significantly increased by \$62.8M, from \$451.1M in FY 2024 to \$513.9M in FY 2025. DC Plan investments decreased to \$446M for the quarter ending December 31, 2024, and then increased to \$447M as of March 31, 2025, before increasing to \$514M as of September 30, 2025. Unlike the DB Plan, each participant selects their own investment strategy, so it is not possible to state the return for the DC Plan over a particular time period. See Graph 2.

Graph 2 – DC Plan Investments



Fund Total Receivables and Total Liabilities Decreased by \$3.2M and \$1.7M

As of September 30, 2025, the Fund has total receivables of \$14.5M, which decreased by \$3.2M from FY 2024's receivables of \$17.8M. The DB Plan's total receivables for FY 2025 were \$14.2M, a \$2.6M decrease from \$16.9M in FY 2024. Decreases are due largely to the receipt of member and employer contributions prior to September 30, 2025. The DC Plan's total receivables of \$316K in FY 2025 decreased by \$573K from \$890K in FY 2024.

Outstanding receivables of \$1.5M from Government of Guam (GovGuam) agencies decreased by \$4.0M from \$5.4M in FY 2024. In 2024, the Fund recorded an allowance for \$1.9M in receivables, primarily from the Government of Guam General Fund, which has been outstanding for years and appears uncollectible. During 2025, GGRF wrote off the \$1.9M.

Total Fund liabilities of \$24.0M decreased by \$1.7M from \$25.8M in FY 2024. This was primarily due to decreases in Net Pension Liability and Net Other Post-Employment Benefits (OPEB) Liability of \$1.1M and \$920K, respectively, and was offset by increases in amounts due to brokers for unsettled trades of \$328K. DB Plan total liabilities of \$22.2M decreased by \$1.9M, from \$24.1M in FY 2024. DC Plan total liabilities slightly increased by \$145K, from \$1.7M in FY 2024 to \$1.8M in FY 2025.

Fund's Administrative and General Expenses Increased by \$600K

Administrative expenses decreased by \$600K in FY 2025, representing a \$325k increase in the DB Plan and a \$925k decrease in the DC Plan in comparison to the previous fiscal year. Such expenses are funded by the normal cost portion of the statutory employer contributions. As such, allocation of other administrative expenses to the DC Plan is not deemed necessary. The \$600K decrease is largely due to decreases in pension expenses (\$319K), legal fees (\$168K), and miscellaneous expenses (\$283K), offset by increases in Third Party Administrative (TPA) Fees (\$92K) and salaries and wages (\$56K). Miscellaneous expenses decreased because, in the prior fiscal year, the Fund recorded \$309K in losses due to a cybersecurity attack. The Fund, along with its Bank and Information Technology provider, has added additional layers of security to reduce the risk of recurrence.

Impact of Market Volatility on the DB Plan's Unfunded Liability

The unfunded liability is the present value of the future benefits payable that are not covered by the actuarial value of assets as of the valuation date. The unfunded liability increased from \$1.21B (based on the 2023 actuarial valuation) to \$1.34B (based on the 2024 actuarial valuation). The actuarially determined contribution rate increased from 30.77% to 33.85% due to the net recognition of investment gains and losses over the last three years. Overall, the unfunded liability has grown from \$552M as of September 30, 1995, to \$1.36B as of September 30, 2024. This reflects a decrease in the security ratio (ratio of assets to liabilities, from 66.50% in 1997 to 61.60% in 2024) and an increase in the unfunded liability ratio (from 33.50% in 1995 to 38.50% in 2024).

According to Title 4 of the Guam Code Annotated Chapter 8, Section 8137, if future contributions equal the actuarially determined contribution rate and Plan investments earn 7% annually, the DB Plan is expected to become fully funded in 2031, within 80 years from May 1, 1951. Public Law 33-186 extended this period by two years, from 2031 to 2033. Based on the 2024 valuation, there are 8.58 years remaining in the funding period. Investment market uncertainties and the remaining years in the funding period underscore the need for the Legislature to continue providing full funding each year.

Net Pension Liability and OPEB Liability and Related Party Transactions

As of the end of FY 2025, GGRF recorded a net pension liability of \$4.9M and net OPEB liability of \$9.2M. These liabilities decreased by \$1.1M and \$920K, respectively, from the prior year. The General Fund and ten GovGuam autonomous and line agencies owed the Fund for a total of \$1.5M in: employer contributions and unfunded liability (\$1.2M), member contributions (\$223K), and interest and penalties (\$95K).

Future Outlook - DB Payments Contingencies

The United States of America filed a complaint on behalf of five employees and all other employees, who were denied service credits for their service time on the Government of Guam Leave Sharing Program, which remained unresolved as of end of FY 2025. The Fund may have to assess any potential exposure upon a final court decision.

Subsequent Events - Investments

As of September 30, 2025, DB Plan investments increased from \$2.61B to approximately \$2.67B as of December 31, 2025, or an increase of approximately \$60M. Similarly, DC Plan investments increased from \$514M as of September 30, 2025 to \$530M as of December 31, 2025, or an increase of \$16M. The increases are largely due to market fluctuations.

For more details, refer to the Fund's FY 2025 Financial Statements, Report on Internal Control over Financial Reporting and Compliance, and The Auditor's Communication With Those Charged With Governance at www.opaguam.org or www.ggrf.com.

GOVERNMENT OF GUAM RETIREMENT FUND

FINANCIAL STATEMENTS

September 30, 2025
(with Comparative Information for 2024)

(Together with Independent Auditors' Report Thereon)

GOVERNMENT OF GUAM RETIREMENT FUND

September 30, 2025

(with Comparative Information for 2024)

<u>Table of Contents</u>	<u>Pages</u>
FINANCIAL STATEMENTS	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4- 26
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Footnotes to Financial Statements	29 - 58
GASB 67/68 - Schedule of Changes in Net Pension Liability – DB and DC Plan	59 - 60
GASB 67/68 - Schedule of Employer Allocations by Component Unit – DB and DC Plan	61 - 62
GASB 67/68 - Schedule of Contributions	63
GASB 67/68 - Schedule of Investment Returns	64
GASB 75 - Schedule of Changes in Total Other Post Employment Benefits Liability	65
GASB 75 - Schedule of Other Post Employment Benefits Liability by Agency	66
GASB 75 – Schedule of Employer Contributions – Other Post Employment Benefits	67
Supplementary Schedule of Administrative and General Expenses	68
Supplementary Schedule of Personnel Costs	69
Supplementary Schedule of Personnel Count	70
Supplementary Schedule of Other Receivables – Defined Benefit Plan (DB)	71
Supplementary Schedule of Receivables by Agency – DB 2025	72
Supplementary Schedule of Receivables by Agency – DB 2024	73
 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 <i>Government Auditing Standards</i>	1-2

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Government of Guam Retirement Fund:

Report on the Audit of the Financial Statements

Opinion

We have audited the 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"). These financial statements comprise the statement of fiduciary net position as of September 30, 2025, the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Government of Guam Retirement Fund as of September 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Government of Guam Retirement Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government of Guam Retirement Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Government of Guam Retirement Fund's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 26, the Schedule of Changes in Net Pension Liability on pages 59 and 60, the Schedule of Contributions on page 63, the Schedule of Investment Returns on page 64, the Schedule of Changes in Total Other Post Employment Benefits (OPEB) Liability on page 65, the Schedule of OPEB Liability on page 66, and the Schedule of Employer Contributions (OPEB) on page 67 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying information listed as supplemental schedules on pages 68 to 73 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 68 to 73 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter – Schedule of Employer Allocations by Component Unit

The schedule of employer allocations by component unit on pages 61 and 62 is not required supplementary information. We audited that schedule in a separate engagement and issued our report thereon dated January 2, 2026.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Government of Guam Retirement Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Government of Guam Retirement Fund's internal control over financial reporting and compliance.

Burger & Comer, P.C.

Tamuning, Guam
September 30, 2026

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis

September 30, 2025

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, 2025. 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

- DB Plan and DC Plan Investments**

Defined Benefit (DB) Plan			Defined Contribution (DC) Plan		
Period	Investment Balance (in billions)	Rate of Return	As of	Investment Balance (in millions)	Rate of Return
Fiscal Year Ended 9/30/2024	\$2.40	24.07%	9/30/2024	\$451	Not Applicable (refer to comments below)
Quarter Ended 12/31/2024	\$2.33	-2.41%	12/31/2024	\$446	
Quarter Ended 3/31/2025	\$2.33	0.56%	3/31/2025	\$447	
Quarter Ended 6/30/2025	\$2.50	7.64%	6/30/2025	\$482	
Quarter Ended 9/30/2025	\$2.61	5.37%	9/30/2025	\$514	
Fiscal Year Ended 9/30/2025		11.31%			

The **DB Plan Investment** portfolio experienced a positive return of 11.31% for the fiscal year ended September 30, 2025 compared to the prior year return of 24.07%. As reflected in the **Subsequent Events Table below**, the DB Plan achieved a return of 2.36% for the quarter ended December 31, 2025.

The **DC Plan** ended fiscal year September 30, 2025 with investments totaling \$514 million, compared to the September 30, 2024 balance of \$451 million. This represented an increase of \$63M or 14%. As reflected in the **Subsequent Events Table** below, DC Plan investments increased during the quarter ended December 31, 2025 to \$530M. The increase was due largely to market fluctuations.

Subsequent Events – DB Plan and DC Plan

Defined Benefit (DB) Plan			Defined Contribution (DC) Plan		
Period	Investment Balance (in billions)	Rate of Return	As of	Investment Balance (in millions)	Rate of Return
Quarter Ended 12/31/2025	\$2.67	2.36%	12/31/2025	\$530	Not Applicable

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(1) Financial Highlights, continued

Comparison of DB Plan and DC Plan

The DB Plan investments are managed as a single portfolio because the Plan is expected to exist in perpetuity. *As such, as reflected above, it is possible to calculate the rate of return on the DB Plan investments over various investment periods.*

The DC Plan, on the other hand, is not managed as a single portfolio. Each participant selects their own investment strategy, *so it is not possible to state what the "return" is for the DC plan over a particular time period.* Therefore, as reflected above, the focus is on the change in the DC Plan investment balance as an alternative to a "return" over various investment periods.

2025 DB Plan – Highlights

As noted on the previous page the DB Plan Investment portfolio experienced a positive return of 11.31% for the fiscal year ended September 30, 2025 compared to the prior year return of 24.07%. According to Wilshire, our DB Plan Investment Consultant:

- After a highly divided national election, the Republican Party won the U.S. Presidency as well as both legislative branches. The market anticipated growth-promoting tax policies and banking system deregulation, which propelled global equity markets, with U.S. indices leading. As the administration entered its legislative cycle, controversial tariffs, tax breaks, initiatives for deregulation, and new immigration policies were introduced with partisan votes and strong objections from the opposing party. U.S. fiscal deficits and political discord contributed to significant volatility in capital markets throughout the fiscal year.
- Globally, geopolitical tensions—including ongoing conflicts in the Middle East and the Russia/Ukraine war—continued. The new U.S. administration hosted multiple mediation meetings. By the end of FY25, the Gaza peace deal was signed, while the Russia/Ukraine conflict remained unresolved. These tensions exposed Europe's defense and energy dependencies. Germany and the European Union pledged further fiscal spending to address their defense weaknesses, but capital markets remained cautious about Europe's future competitiveness.
- Trade policy tensions were a primary driver of Asian market volatility. As the Trump administration continued to negotiate with major trade partners, its focus was to reduce America's dependency on China. The on-and-off trade war between the two largest economies resulted in volatility in Asian and global equity markets.
- Japanese Government Bond (JGB) interest rates rose sharply (corresponding to sharp decrease of JGB value) after the Bank of Japan abandoned its decades-old zero interest rate policy, causing a profound realignment of global fund flows. The U.S. Federal Reserve also pivoted to an easing cycle, but its dual mandate led to policy debates due to stubbornly high baseline inflation and a weakening labor market. Global government bond markets continued to demonstrate unusual volatility due to policy uncertainties and concerns about higher long-term inflation.
- As investors digest the changing paradigm and risks of a new global order, gold as a safe haven asset emerged as the best performing asset class during the fiscal year.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(1) Financial Highlights, continued

2025 DC Plan - Highlights

As noted on previous page the DC Plan ended fiscal year September 30, 2025 with investments totaling \$514 million, compared to the September 30, 2024 balance of \$451 million. This represented an increase of \$63M or 14%. The increase was due to market fluctuations.

According to Mercer, our DC Plan Investment Consultant:

- For the fiscal year ending September 30, 2025, investors experienced a year that began with elevated policy and trade uncertainty but finished with strong risk-asset performance. Early in the year, headlines about tariffs and geopolitical flare-ups created meaningful volatility and weighed on sentiment. Over the following quarters, however, easing trade tensions, a sizable U.S. fiscal package and renewed investor enthusiasm for technology and artificial intelligence (AI) drove a broad recovery in equities. Fixed income returns were more mixed across the year as markets digested shifts in rate expectations, but overall bonds contributed positively by the end of the period.
- The first part of the fiscal year was dominated by policy uncertainty. Renewed tariff announcements and geopolitical tensions prompted investors to seek safety, compress risk appetite and test asset valuations. At the same time, inflation showed signs of decelerating from earlier peaks but remained persistently sticky in places. That combination—policy risk on one side and sticky inflation on the other—kept central banks cautious and produced bouts of market weakness early in the year.
- Mid-year developments began to change the narrative. Trade tensions moderated from their most disruptive moments, and passage of a major fiscal package in the U.S. shifted investor focus toward potential growth benefits from tax and regulatory measures. As those growth expectations took hold, risk assets rebounded and credit conditions improved, with investors moving back into equities and higher-quality credit in search of returns.
- The most recent quarters were the clearest driver of the year's strong finish. Global equities reached near-record levels led by technology and other growth sectors as enthusiasm for AI investments intensified. Markets broadly priced in a shift toward easier policy, and shorter-term yields declined as central-bank rhetoric turned toward gradual easing. Credit spreads tightened as investors embraced risk, while safe-haven demand persisted intermittently amid geopolitical concerns. This combination of resilient economic activity, policy accommodation and concentrated leadership in technology helped lift returns across many investment options.
- **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 increased from \$1.21 billion (based on the 2023 actuarial valuation) to \$1.34 billion (based on the 2024 actuarial valuation), and the actuarially determined contribution rate increased from 30.77% to 33.85%. The primary reason for the increase in the contribution rate was due to the net recognition of investment gains and losses over the last three years.

The defined benefit payroll for the 2023-24 fiscal year was \$333.1 million (which includes \$260.7 million for DB 1.75) compared with \$248.3 million (which includes \$171.1 million for DB 1.75) for the 2022-23 fiscal year.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

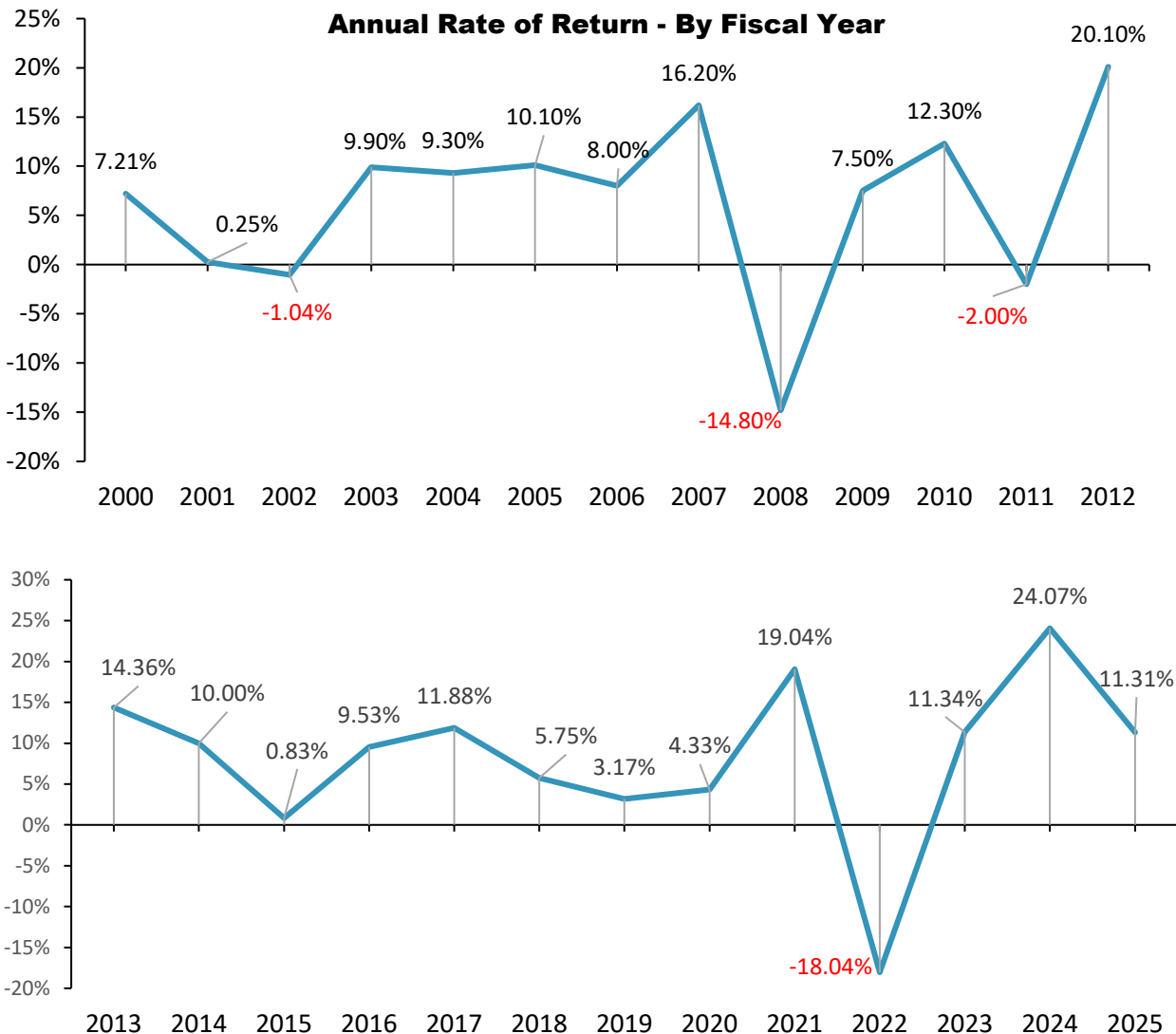
September 30, 2025

(1) Financial Highlights, continued

The total defined benefit and defined contribution payroll for the 2023-2024 fiscal year was \$633.8 million compared with \$596.5 million for the 2022-2023 fiscal year, an increase of 6.25%. Overall, the unfunded liability has grown from \$552 million at September 30, 1995 to \$1.36 billion at September 30, 2024. This represents a decrease in the security ratio, from 66.5% in 1997 to 61.55% in 2024, and an increase in the unfunded liability ratio from 33.5% in 1995 to 38.45% in 2024. The security ratio is the ratio of assets to liabilities.

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

The annual rate of return for the DB Plan investments from 2000 to 2025 are reflected below. Over that period, there have been four years with negative returns. GGRF investment returns averaged 7.23% percent from 2000 through 2025.



GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

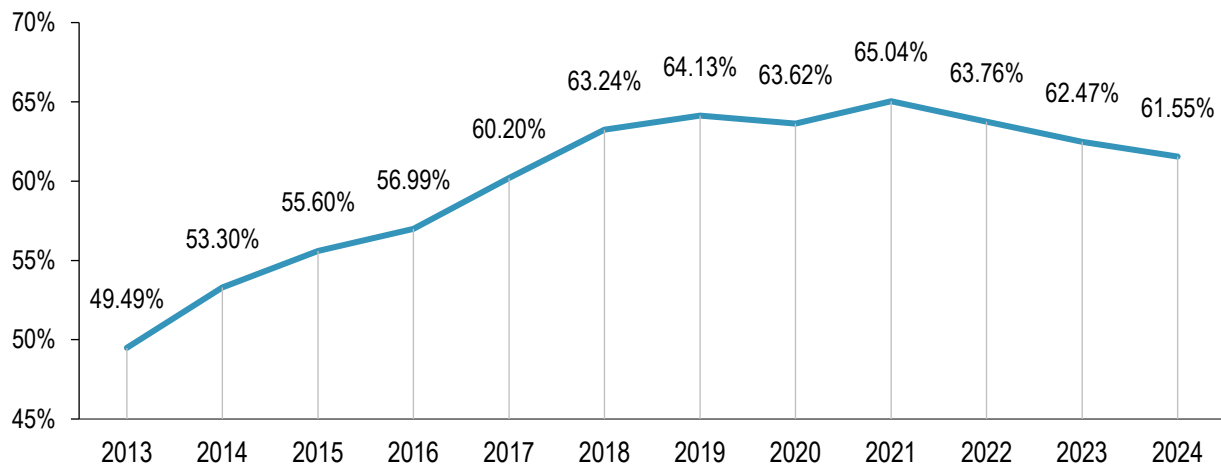
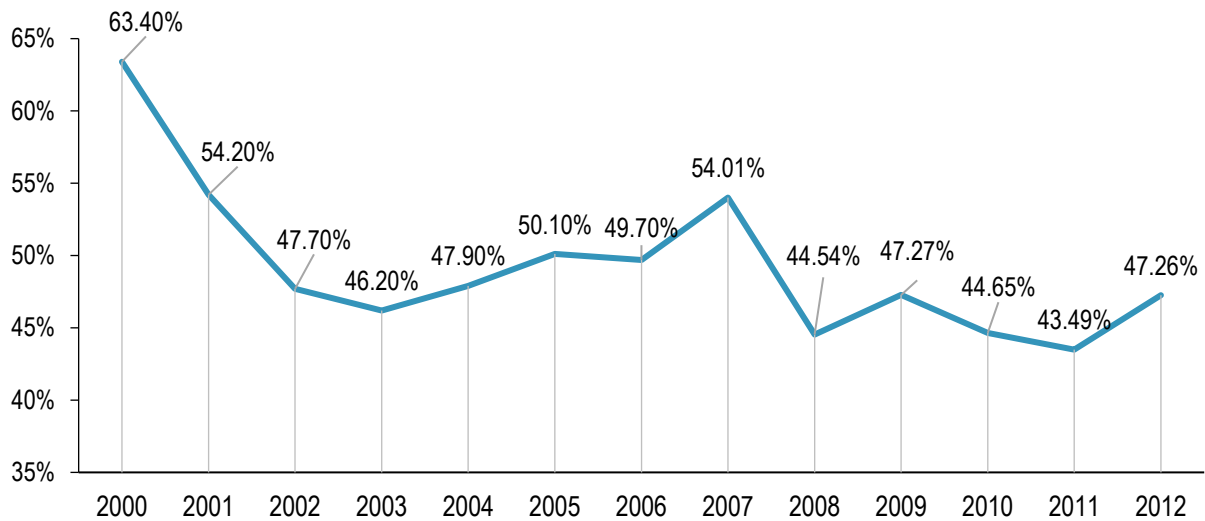
September 30, 2025

(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-five years has ranged from 43.49% to 65.04%, representing an average of 54.30% per year.

Security Ratio - By Fiscal 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 range from 65% to 95%, with an average of about 80%. GGRF has a lower security ratio than the average U.S. funds.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(1) Financial Highlights, continued

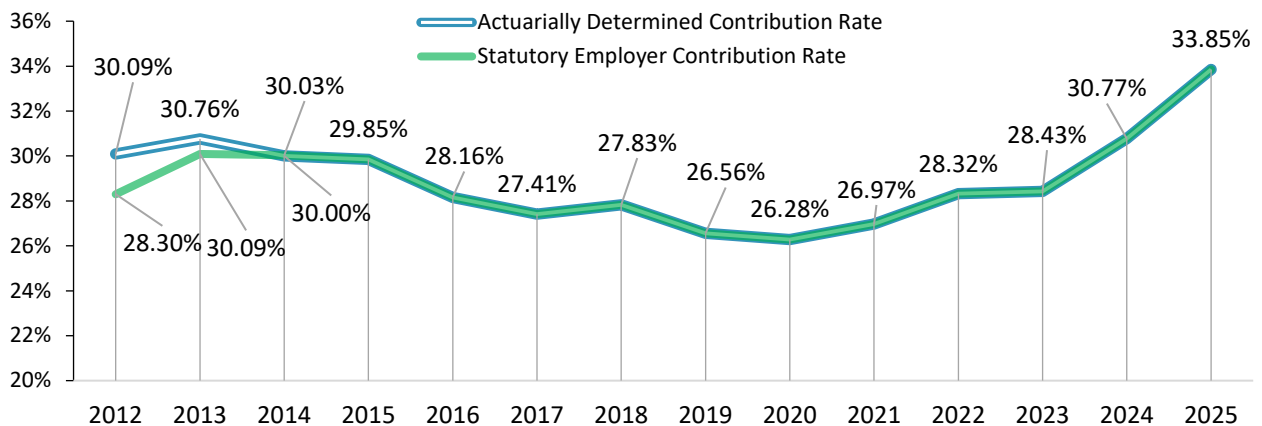
- **Critical Issue – Impact of Market Volatility on the DB Plan Unfunded Liability**

Pursuant to 4 GCA Chapter 8, Section 8137, the unfunded liability is to be completely funded within 80 years from May 1, 1951, and this was extended two years by Public Law 33-186. Based on the 2024 valuation, there are 8.58 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. The median employer contribution rate is approximately 19%, with typical rates ranging from 10% to 30% or more. GGRF's contribution rate is at the high end of the range, due to a lower security ratio (funded percentage) than the average U.S. fund.

A comparison of the **actuarially determined contribution rates versus the statutory employer contribution rates** for 2012 to 2025 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. Since 2014 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(1) Financial Highlights, continued

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

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 or 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.

Public Law 37-42, signed into law in September 2024, increased the COLA payment from \$2,200 to \$2,300 effective with the COLA payments made in October 2024. The COLA benefit applies to both defined benefit retirees and defined contribution retirees.

In accordance with GASB Statement No. 68, as of September 30, 2025 and 2024, GGRF recorded net pension liability of \$4,918,489 and \$5,990,580, respectively.

- **Governmental Accounting Standards Board (GASB) Statement No. 75.**

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.

In accordance with GASB Statement No. 75, as of September 30, 2025 and 2024, GGRF recorded Total OPEB liability of \$9,253,884 and \$10,173,626, respectively. This reflects postemployment medical, dental, and life insurance benefits of retirees, spouses, children, and survivors.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(1) Financial Highlights, continued

- **Reopening of DB 1.75 Plan**

On December 27, 2022, Public Law No. 36-130 was signed into Law. The law provides for the following:

- All employees who are members in the DC Plan at any time between June 1, 2023 and December 31, 2023, may elect to become Defined Benefit 1.75 Plan (DB1.75 Plan) members effective January 1, 2024.
- All new employees whose employment commences on or after January 1, 2024, may elect to become DB1.75 Plan members.
- The DB1.75 Plan service retirement amount is increased from 1.75% to 2.75% for service after 25 years. The maximum benefit remains at 85%.
- Effective January 1, 2024, active public safety and law enforcement officers of the DB1.75 Plan will be eligible for unreduced service retirement after reaching age 55 with 25 years of service or age 57 with 5 years of service.

Education:

In June 2023, GGRF began providing educational video presentations for employees of all Government of Guam departments and agencies. The educational video was also available on the GGRF website. The presentations concluded on October 2023. However, the video remains on the website.

Election Period:

The election to participate in the DB 1.75 Plan was for a limited time period for active, new and reemployed Government of Guam employees.

- Commencing June 30, 2023, eligible employees in the DC Plan had the opportunity to voluntarily elect to transfer to the DB 1.75 Plan.
- The conclusion of the election period – contingent on the member's employment or re-employment date - was on December 30, 2023, or January 31, 2024 for members hired in December 2023.

Estimated Retirement Income Comparison Letters (ERIC):

Prior to making an election, DC Plan members were given the opportunity to request for: (a) a comparison letter 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, 2024.

During the election period, GGRF reviewed members' DC Plan historical contribution and distribution data, performed calculations and prepared retirement income comparisons to assist members in making a potential Election with respect to the member's age, salary, years of credited service, and account balance under the DC Plan.

A total of 1,851 DC Plan members requested and received ERIC letters. However, only 1,026 members elected to transfer to the DB1.75 Plan. The remaining 825 members did not elect to transfer.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(1) Financial Highlights, continued

- **Reopening of DB 1.75 Plan, continued**

DB1.75 Elections by AGENCY

The table below reflects total member elections by Agency. Agencies must ensure that contributions are remitted accordingly, effective with the pay period ended January 13, 2024.

AGENCY	Total
Government of Guam General Fund	751
Guam Department of Education	418
Guam Memorial Hospital Authority	239
Judiciary of Guam	120
University of Guam	103
Port Authority of Guam	94
Guam Power Authority	70
Guam International Authority	66
Guam Housing and Urban Renewal Authority	45
Guam Waterworks Authority	41
Guam Community College	27
Guam Economic Development Authority	13
Guam Legislature	13
Govt of Guam Retirement Fund	12
Public Defender Service Corporation	8
Guam Visitors Bureau	6
Guam Housing Corporation	2
Total Elections	2,028

As previously discussed, of the 2,028 members who elected, only 1,026 members requested ERIC letters.

Funds Transferred/ Member Elections:

During January and February 2024, DC Plan funds of employees who elected to transfer to the DB1.75 Plan, totaling approximately \$133M, were deposited into GGRF's Northern Trust Administrative Account. These funds were allocated to GGRF's investment manager accounts based on an allocation as recommended by Wilshire.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(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.

Collectively, this information presents the net position held in trust for pension benefits. This information 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 Statement of Fiduciary Net Position is presented for September 30, 2025, with comparative information at September 30, 2024. 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, 2025, with comparative information for the year ended September 30, 2024. These financial statements reflect the changes in resources available to pay benefits to members, including retirees and beneficiaries, for fiscal years 2025 and 2024.

- **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.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(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.

DB Plan Net Position as of September 30, 2025 and 2024 are as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025	
Cash and Equivalents	\$ 15,986,140	\$ 13,280,191	\$ 2,705,949	20.4%
Receivables	14,231,972	16,867,875	(2,635,903)	-15.6%
Investments	2,614,478,042	2,398,796,254	215,681,788	9.0%
Capital Assets, net	1,171,146	1,172,972	(1,826)	-0.2%
Deferred Outflows	4,139,176	3,340,762	798,414	23.9%
Total Assets and Deferred Outflows	2,650,105,595	2,433,458,054	216,647,541	8.9%
Total Liabilities	22,180,318	24,071,138	(1,890,820)	-7.9%
Deferred Inflows	6,306,715	3,896,135	2,410,580	61.9%
Net Position, End of Year	2,621,519,443	2,405,490,781	216,028,662	9.0%
Net Position, Beginning of Year	2,405,490,781	1,873,641,185		
Net Increase in Net Position	\$ 216,028,662	\$ 531,849,596		

The \$2.7 million increase in cash and \$2.6 million decrease in receivables, is due largely to the receipt of member and employer contributions prior to September 30, 2025.

DB Plan Investments as of September 30, 2025 and 2024 are as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025	
Common Stocks	\$ 1,890,497,849	\$ 1,675,065,102	\$ 215,432,747	12.9%
U.S. Government Securities	403,376,757	403,835,085	(458,328)	-0.1%
Corporate Bonds and Notes	245,864,832	258,020,356	(12,155,524)	-4.7%
Money Market Funds	25,140,015	19,453,767	5,686,248	29.2%
Mutual Funds	49,598,589	42,421,944	7,176,645	16.9%
Total	\$ 2,614,478,042	\$ 2,398,796,254	\$ 215,681,788	9.0%

During 2025, DB Plan investments increased by \$216 million compared to 2024, due largely to market fluctuations.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

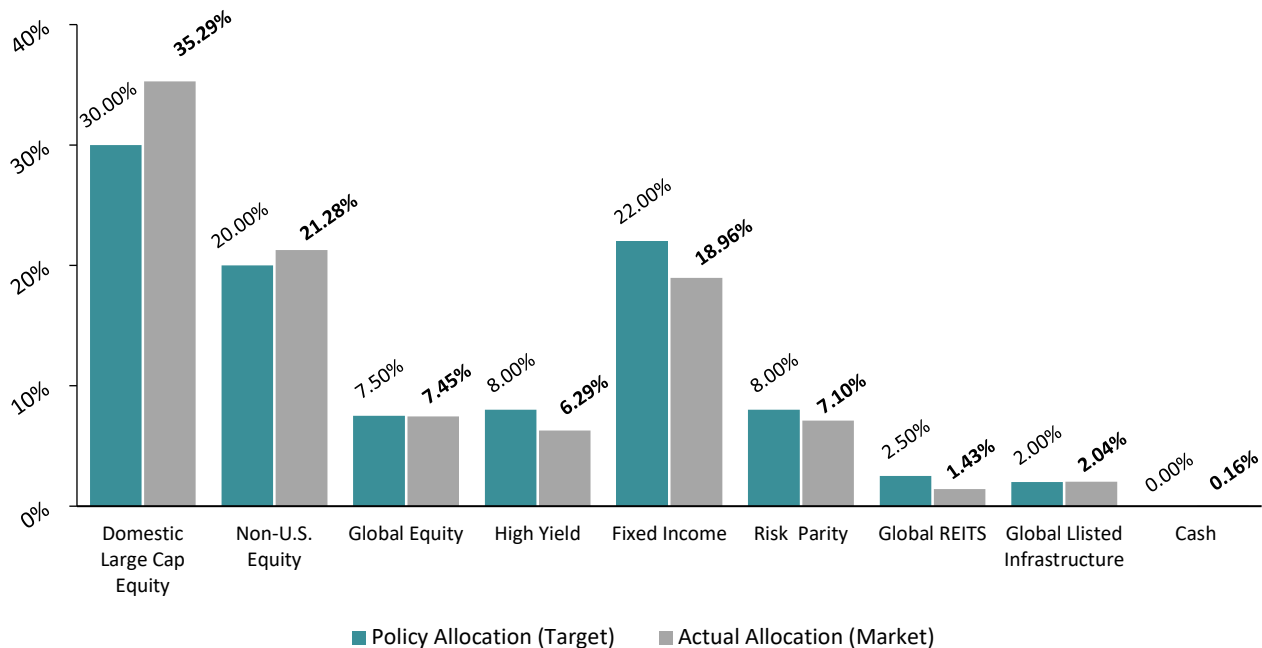
(3) Defined Benefit Plan, continued

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.

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, 2025, is as follows:

	Target Allocation	Market Allocation	Over/ (Under)
Domestic Large Cap Equity	30.0%	35.29%	5.29%
Non-U.S. Equity	20.0%	21.28%	1.28%
Global Equity	7.5%	7.45%	-0.05%
High Yield	8.0%	6.29%	-1.71%
Fixed Income	22.0%	18.96%	-3.04%
Risk Parity	8.0%	7.10%	-0.90%
Global Real Estate (REITs)	2.50%	1.43%	-1.07%
Global Listed Infrastructure	2.0%	2.04%	0.04%
Cash	0.0%	0.16%	0.16%
Total	100%	100%	0.0%



GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

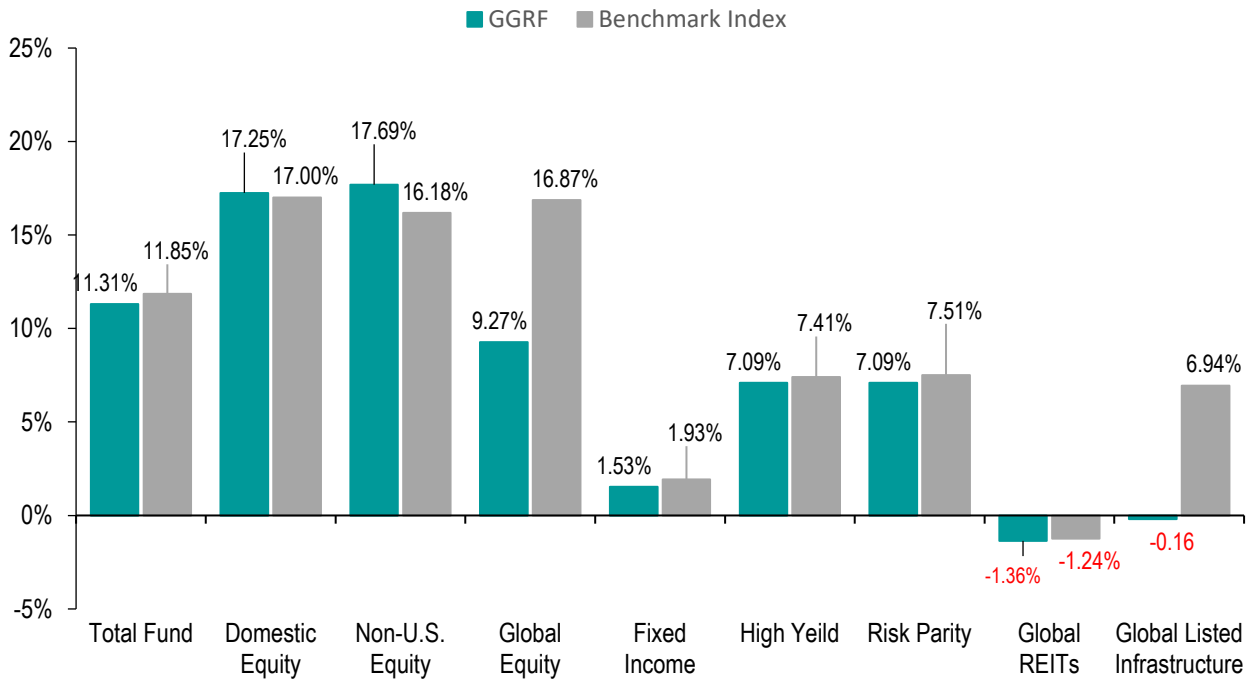
(3) Defined Benefit Plan, continued

Total Portfolio Return

For 2025, the GGRF Portfolio had a return of 11.31% underperforming the benchmark index with a return of 11.85%.

The following reflects the 2025 investment performance for the total portfolio, and for each investment mandate.

Total Portfolio Return



GOVERNMENT OF GUAM RETIREMENT FUND

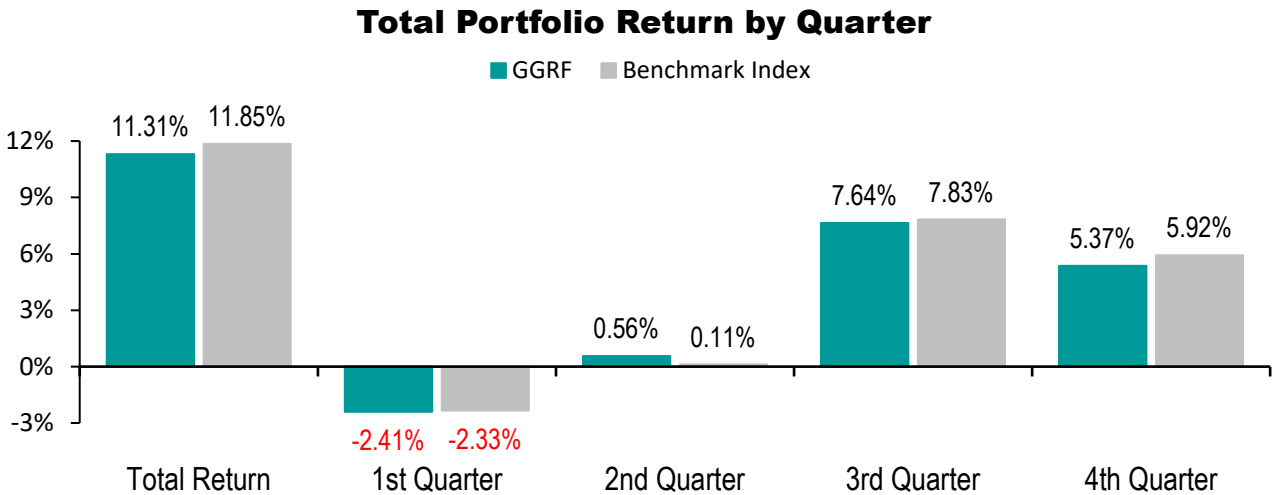
Management's Discussion and Analysis, continued

September 30, 2025

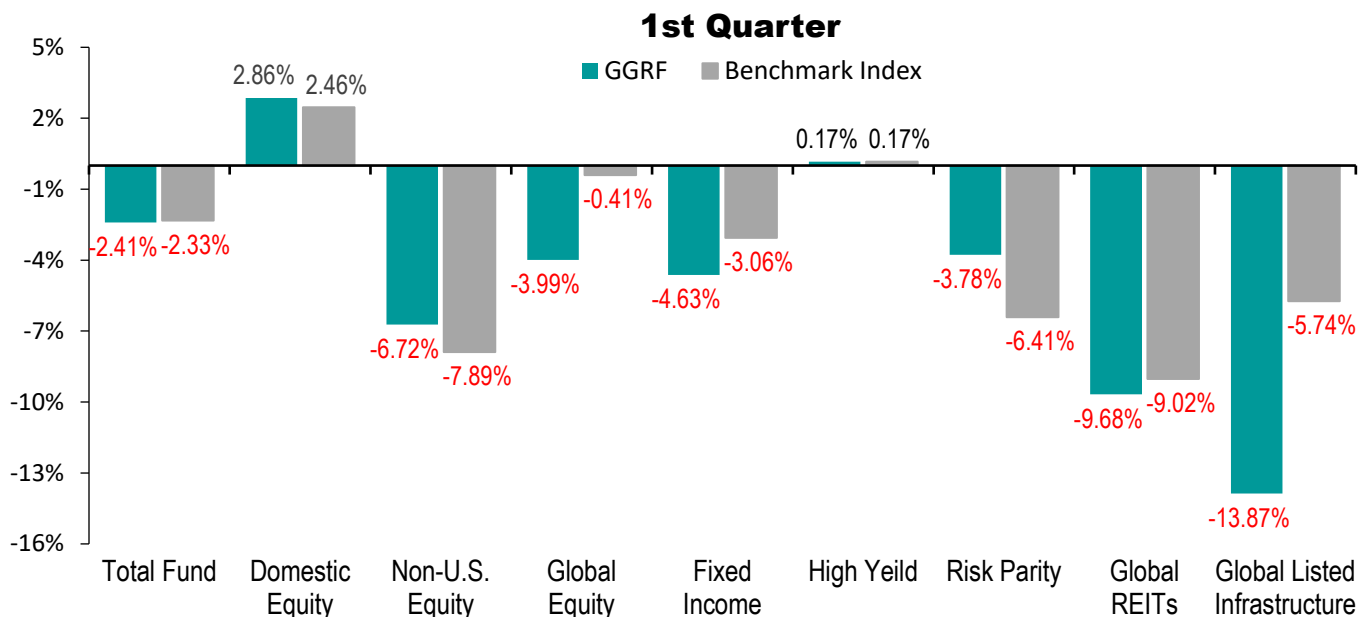
(3) Defined Benefit Plan, continued

2025 Portfolio Returns by Quarter

The following reflects the 2025 total and quarterly returns.



- During the **first quarter** of 2025, the GGRF Portfolio returned -2.41%, compared to the benchmark return of -2.33%, ranking at the 44th percentile of Wilshire's peer group universe for the quarter. The GGRF Portfolio underperformed the benchmark index for the quarter. Domestic Equity and High Yield were the only positive performing asset classes this quarter.



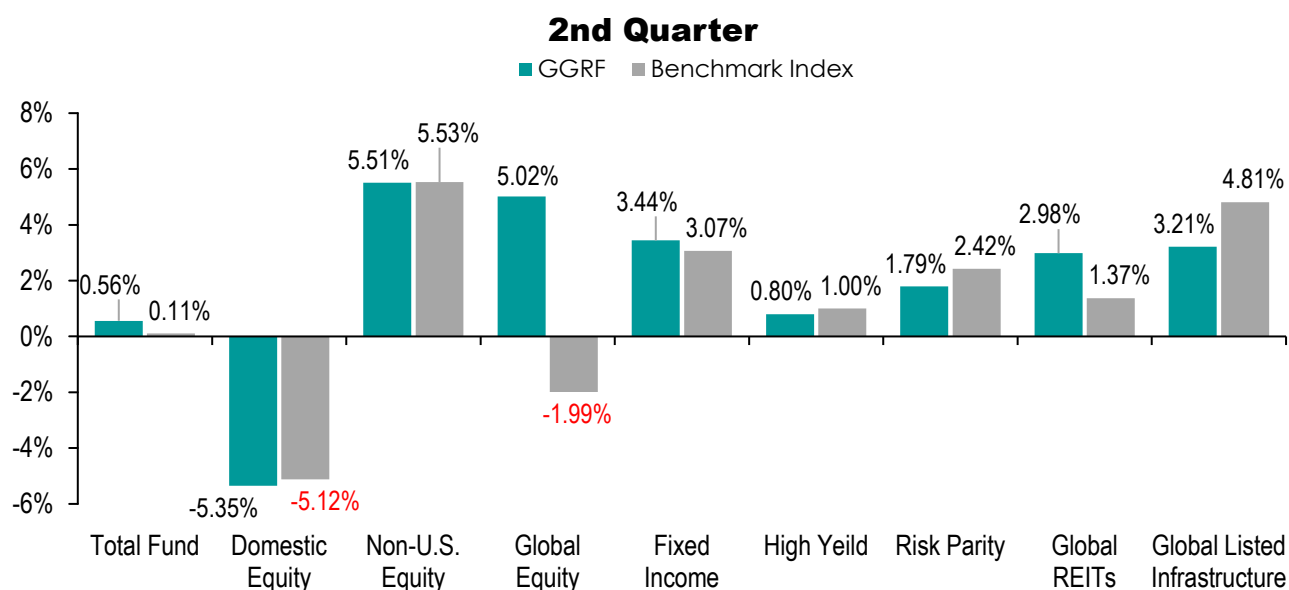
GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

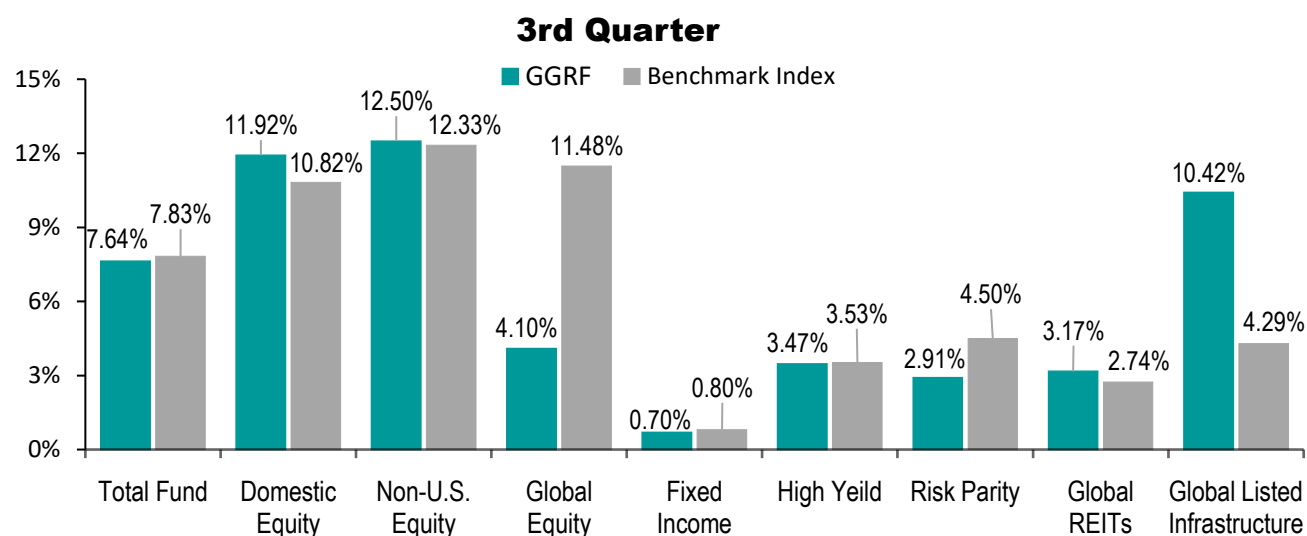
September 30, 2025

(3) Defined Benefit Plan, continued

- During the **second quarter**, the GGRF portfolio had a return of 0.56%, compared to the benchmark return of 0.11%, ranking at the 20th percentile of Wilshire's peer group universe for the quarter. The GGRF portfolio outperformed the benchmark index for the quarter. Domestic Equity was the only negative performing asset class this quarter.



- During the **third quarter**, the GGRF portfolio had a return of 7.64% compared to the benchmark index of 7.83%, ranking at the 20th percentile of Wilshire's peer group universe for the quarter. The GGRF portfolio underperformed the benchmark index for the quarter. International Equity was the highest performing asset class this quarter.



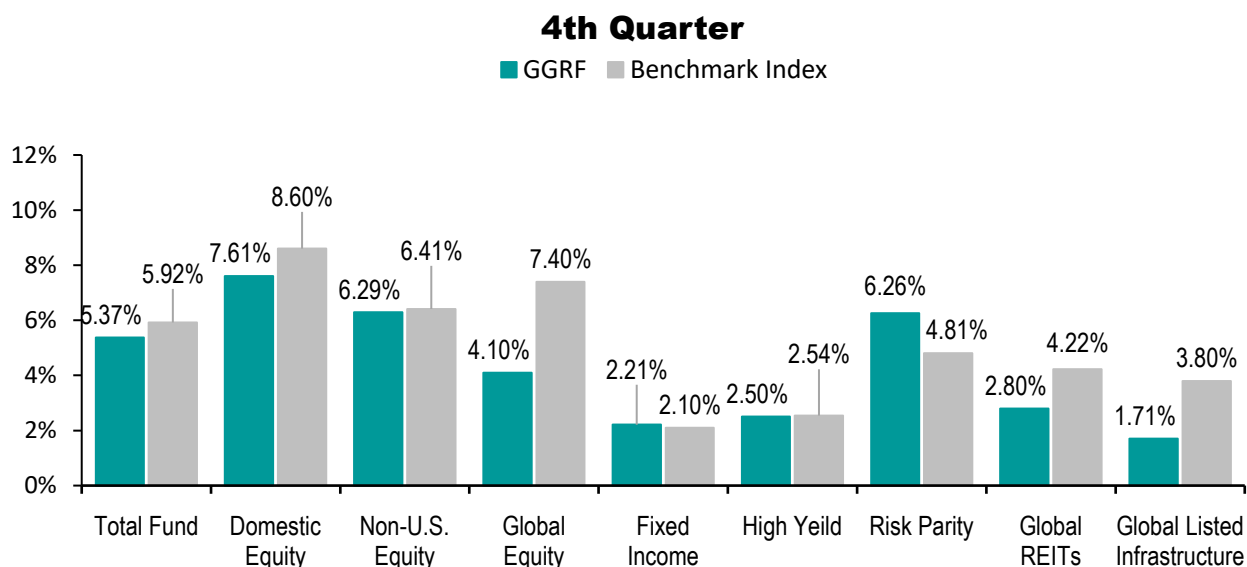
GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(3) Defined Benefit Plan, continued

During the **fourth quarter**, the GGRF portfolio had a return of 5.37%. The GGRF portfolio **underperformed** the benchmark index for the quarter. Domestic Equity was the highest performing asset class this quarter. Overall, the GGRF portfolio return ranks at the 23rd percentile of Wilshire's Total Fund public 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(3) Defined Benefit Plan, continued

Additions and Deductions to DB Plan Net Position for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025	
Net Appreciation in Fair Value of Investments	\$ 222,097,535	\$ 419,499,135	\$ (197,401,600)	-47.1%
Interest, Dividends & Other Investment Income	51,210,868	47,212,612	3,998,256	8.5%
Less Investment Expenses	6,588,383	6,074,152	514,231	8.5%
Net Investment Income	266,720,020	460,637,595	(193,917,575)	-42.1%
Employer Contributions	183,330,147	167,809,996	15,520,151	9.2%
Member Contributions	35,421,391	36,458,165	(1,036,774)	-2.8%
Total Contributions	218,751,538	204,268,161	14,483,377	7.1%
Total Additions	\$ 485,471,558	\$ 664,905,756	(179,434,198)	-27.0%
Benefit Payments	261,282,343	255,171,862	6,110,481	2.4%
Administrative Expenses	5,052,815	4,727,994	324,821	6.9%
Refunds	2,880,035	3,352,557	(472,522)	-14.1%
Interest on Refunds	227,703	519,638	(291,935)	-56.2%
Bad Debt Expense	-	1,996,097	(1,996,097)	-100.0%
Total Deductions	\$ 269,442,896	\$ 265,768,148	3,674,748	1.4%
Net Increase in Net Position	\$ 216,028,662	\$ 399,137,608		
Transfers From DC to DB Plan	\$ -	\$ 132,711,988		
Total Increase in Net Position	\$ 216,028,662	\$ 531,849,596		

Additions to DB Plan Net Position

During 2025, the net appreciation in fair value of investments was \$222M (a 47.1% decrease) compared to the \$420M in 2024. Interest, dividends and other interest income also increased by \$4M or 8.5%. These increases were due to market fluctuations, which also resulted in the investment portfolio return of 11.31% for 2025.

During 2025, Employer and Member contributions increased and decreased by \$15.5 million (9.2%) and \$1.0 million (2.8%), respectively. The increase in Employer contributions is due to twelve months of DB 1.75 contributions in 2025 versus 2024; and the increase in the unfunded liability in 2025 resulting from the increase in active Defined Contribution Plan members from 5,796 in 2024 to 6,066 in 2025. The decrease in Member contributions is due largely to the increase in Defined Benefit Plan retirees in 2025 as reflected in the \$6.1M increase in Benefit Payments (of which \$5M represented the increase in age and service annuities).

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 2025, deductions totaled \$269 million, an increase of 1.4% over 2024.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(3) Defined Benefit Plan, continued

Benefit payments to current retirees and their beneficiaries over the last two years averaged 96% of total deductions. For 2025, benefit payments increased by \$6.1 million or 2.34%, consisting of a \$5.0 million increase in age and service annuities, a \$300,000 increase in survivor annuities, and a \$1.4 million increase 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.

During 2024, administrative expenses include \$309,000 in losses due to a cyber security attack. Of the \$378,000 in unauthorized payments, GGRF recovered \$69,000. No additional recoveries have been made. GGRF along with our Bank and Information Technology provider have added additional layers of security to mitigate a re-occurrence.

Given the \$309,000 above, in 2025 administrative expenses increased a total of \$633,821. The increase resulted as other administrative expenses allocated to the DC plan in 2024 were not allocated in 2025. Such expenses are funded by the normal cost portion of the statutory employer contributions. As such, allocation of other administrative expenses to the DC Plan is not deemed necessary.

During 2024, GGRF recorded an allowance for \$1.9 million in receivables primarily from the Government of Guam General Fund, which has been outstanding for years and appears to be uncollectible. During 2025, GGRF wrote-off the \$1.9 million.

DB Plan membership as of September 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025
Retirees and Beneficiaries Receiving Benefits	7,435	7,415	20
Terminated Members entitled to, but not Receiving Benefits	2,968	2,982	(14)
Active - DB Members	734	814	(80)
Active - DB 1.75 Members	4,258	4,441	(183)
Total Membership	15,395	15,652	(257)

Liquidations

During 2025, \$50 million in investments were liquidated in order to meet benefit payment obligations, compared to \$69 million in 2024. The \$50M and \$69M includes \$46M and \$40M of interest and dividend income, respectively.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(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, 2025 and 2024 are as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025	
Cash and Equivalents	\$ 2,560,933	\$ 2,224,131	\$ 336,802	15.1%
Receivables	316,007	889,458	(573,451)	-64.5%
Investments	513,910,414	451,093,083	62,817,331	13.9%
Capital Assets, net	6,446	7,390	(944)	-12.8%
Deferred Outflows	207,381	353,878	(146,497)	-41.4%
Total Assets and Deferred Outflows	517,001,181	454,567,940	62,433,241	13.7%
Total Liabilities	1,844,574	1,699,510	145,064	8.5%
Deferred Inflows	186,676	199,410	(12,734)	-6.4%
Net Position, End of Year	514,969,931	452,669,020	62,300,911	13.8%
Net Position, Beginning of Year	452,669,020	477,493,148		
Net (Decrease) Increase in Net Position	\$ 62,300,911	\$ (24,824,128)		

During 2025, DC Plan investments increased by approximately \$63 million or 13.9% from the 2024 total due largely to market fluctuations.

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. During 2025, there were no changes to the investment line-up of the DC Plan as strategies continued to perform in line with expectations.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(4) Defined Contribution Plan, continued

Additions and Deductions to DC Plan Net Position for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025	
Net Appreciation in Fair Value of Investments	\$ 36,351,976	\$ 80,299,916	\$ (43,947,940)	-54.7%
Interest, Dividends & Other Investment Income	17,402,972	17,197,562	205,410	1.2%
Less Investment Expenses	-	157,024	(157,024)	-100.0%
Net Investment Income	53,754,948	97,340,454	(43,585,506)	-44.8%
Employer Contributions	18,882,228	18,988,959	(106,731)	-0.6%
Member Contributions	18,787,762	18,891,399	(103,637)	-0.5%
Total Contributions	37,669,990	37,880,358	(210,368)	-0.6%
Total Additions	91,424,938	135,220,812	(43,795,874)	-32.4%
Refunds	27,840,695	25,124,757	2,715,938	10.8%
Administrative Expenses	1,283,332	2,208,195	(924,863)	-41.9%
Total Deductions	29,124,027	27,332,952	1,791,075	6.6%
Net Increase in Net Position	62,300,911	107,887,860		
Transfers From DC to DB Plan	-	(132,711,988)		
Net Increase in Net Position	\$ 62,300,911	\$ (24,824,128)		

Additions (deductions) to DC Plan Net Position

During 2025, the net appreciation in fair value of investments was \$36M compared to the \$80M appreciation in fair value of investments in 2024. The \$43.9 M decrease was due largely to market fluctuations. Interest and dividends received on plan investments increased from \$17.2M in 2024 to \$17.4M in 2025.

Employee contributions to the DC Plan are based on an automatic deduction of 6.2% 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 6.2% 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.

Refunds of member contributions are at the discretion of the member and vary from year to year.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

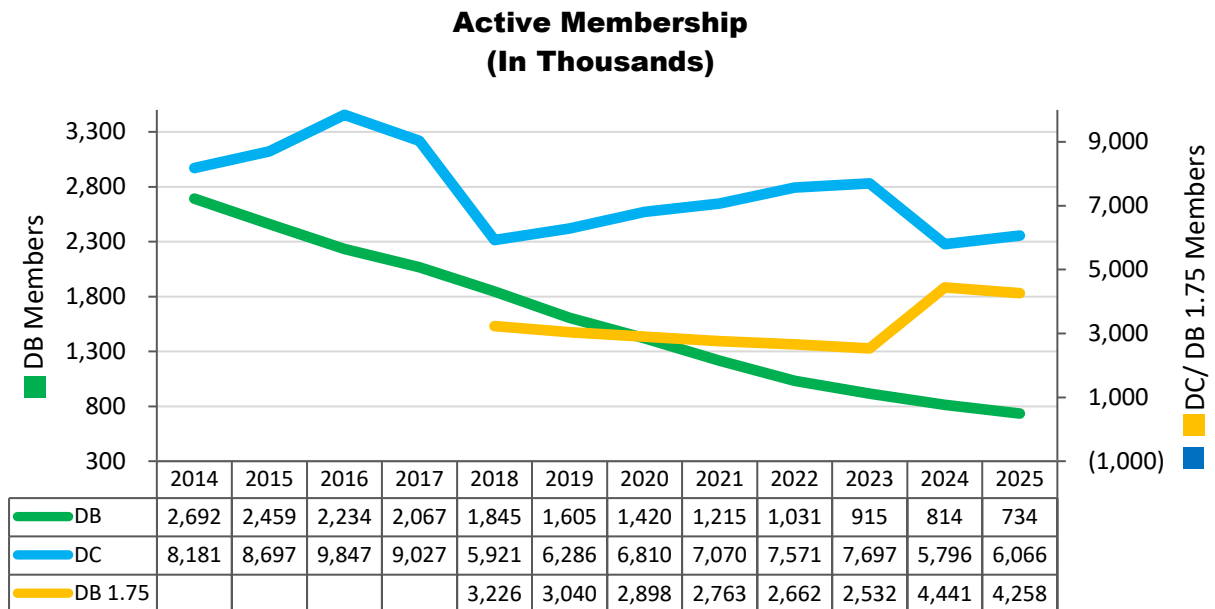
(4) Defined Contribution Plan, continued

During 2024, GGRF recorded \$2.2M in administrative expenses for the DC Plan Third Party Administrator Fees and other administrative expenses. The \$924,863 decrease in 2025 resulted as other administrative expenses allocated to the DC plan in 2024 were not allocated in 2025. Such expenses are funded by the normal cost portion of the statutory employer contributions. As such, allocation of other administrative expenses to the DC Plan is not deemed necessary.

DC Plan membership as of September 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease) From 2024 to 2025
Active Contributing Members	6,066	5,796	270
Inactive (Non-Contributing Members) with Account Balances	9,706	9,653	53
Total Membership	15,772	15,449	323

(5) Future Outlook



Active membership in the DB and DB 1.75 Plans will continue to decrease as members retire, while membership in the DC Plan will continue to increase as a result of the recruitment of new employees. The decrease in the DC Plan in 2018 and 2024 was due to the transfer of DC Plan participants to the DB 1.75 Plan effective January 1, 2018 and 2024, respectively.

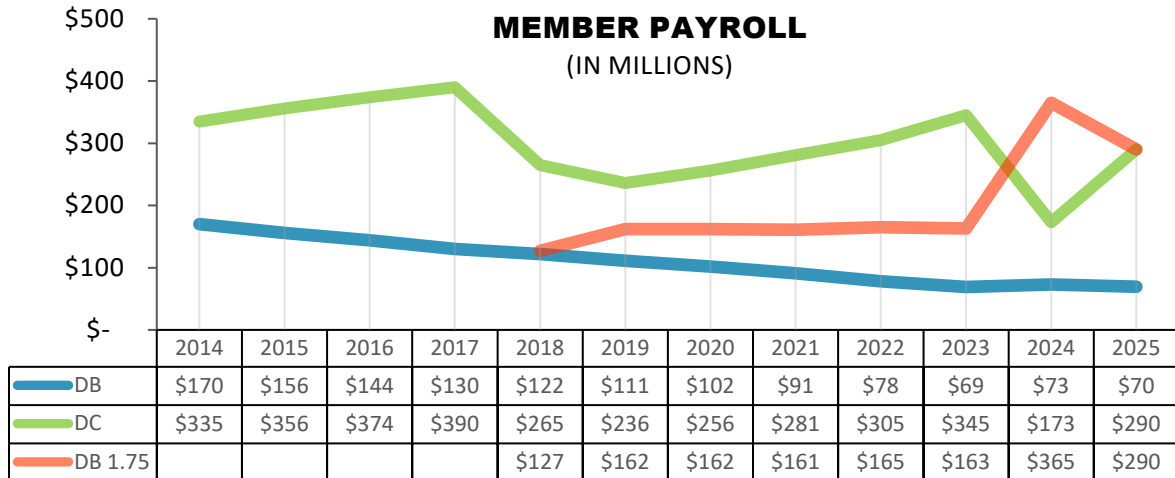
GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

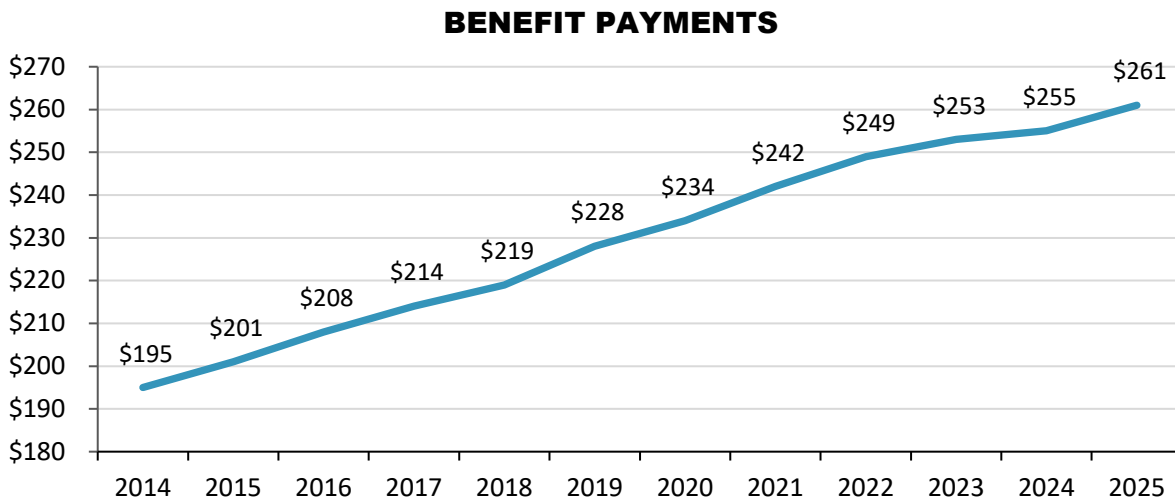
(5) Future Outlook, continued

The corresponding increases (decreases) in Member Payroll are reflected below.



The increase in DB 1.75 Plan member payroll and decrease in DC Plan member payroll is due to the transfer of 2,028 DC Plan members to the DB 1.75 Plan, as previously discussed.

DB Benefit Payments



The number of retired DB and DB 1.75 members has increased from 7,117 in 2011, to an estimated 7,435 in 2025. Annual benefit payments have also increased from \$177 million in 2011, to an estimated \$261 million in 2025. Looking ahead, benefit payments for DB retirees are expected to increase as active members continue to retire.

GOVERNMENT OF GUAM RETIREMENT FUND

Management's Discussion and Analysis, continued

September 30, 2025

(5) Future Outlook, continued

Looking Forward

As we enter Fiscal Year 2026, our focus will be to continue to navigate the rapidly changing economy by working with our Investment Consultants (for both the DB and DC Plans) to continue to strengthen the Fund. It should be noted that the DB Plan investments posted a positive return of 2.36% for the quarter ended December 31, 2025, while DC Plan investments increased to \$530 million during the same quarter.

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

Defined Benefit Plan

The GGRF Board will continue to revisit on an annual basis the asset allocation policy of the Defined Benefit Plan, 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.

According to Wilshire, looking forward, a few emerging risks may add to market volatility. In the U.S., the mid-term election cycle and an impending change in leadership at the Federal Reserve may lead to periods of policy-driven uncertainty and repricing of risk assets. Elsewhere, rising bond yields in Japan increase the likelihood of an unwinding of decades-long "carry trade" activity, potentially resulting in capital repatriation away from U.S. markets. Globally, intensifying competition in artificial intelligence development may further exacerbate trade tensions and contribute to episodic market jitteriness.

In this environment, diversification across asset classes, geographies, and risk factors remains a key tool for managing uncertainty. While near-term market dislocations may arise from macroeconomic or geopolitical developments, a well-diversified portfolio is better positioned to mitigate volatility, reduce reliance on any single outcome, and participate in long-term return opportunities across a range of market conditions.

Defined Contribution Plan

According to Mercer, our DC Plan Investment Consultant, looking forward, growth should moderate but not collapse, helped by consumer resilience and ongoing business investment. We expect inflation should continue to move closer to targets over time, though the path will be uneven across regions. Key upside catalysts include stronger-than-expected earnings, further policy stimulus and continued technological adoption. Important risks remain—renewed trade escalation or broader tariffs, an unexpected re-acceleration of inflation, larger fiscal deficits that push long-term rates higher, or renewed geopolitical shocks could meaningfully alter the outlook.

For more details, refer to the Fund's FY2025 Financial Statements, Report on Internal Control over Financial Reporting and Compliance, and the Auditor's Communication with Those Charged with Governance at www.ggrf.com.

GOVERNMENT OF GUAM RETIREMENT FUND

Statement of Fiduciary Net Position

September 30, 2025 (with Comparative Totals for 2024)

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>2025 Total</u>	<u>2024 Total</u>
<u>ASSETS</u>				
Investments, at fair value:				
Common and preferred stocks	\$ 1,890,497,849	\$ -	\$ 1,890,497,849	\$ 1,675,065,102
U.S. Government securities	403,376,757	-	403,376,757	403,835,085
Corporate bonds and notes	245,864,832	-	245,864,832	258,020,356
Money market funds	25,140,015	-	25,140,015	19,453,767
Mutual funds	49,598,589	505,276,470	554,875,059	485,964,022
Mutual funds - DC plan forfeitures	-	8,633,944	8,633,944	7,551,005
Total investments	<u>2,614,478,042</u>	<u>513,910,414</u>	<u>3,128,388,456</u>	<u>2,849,889,337</u>
Receivables:				
Contributions, Interest & Penalties:				
Employer contributions, net	669,839	137,368	807,207	3,111,482
Employer contributions, unfunded liability	498,186	-	498,186	1,742,033
Member contributions	222,877	135,886	358,763	1,306,857
Interest and penalties on contributions	95,356	-	95,356	95,356
	<u>1,486,258</u>	<u>273,254</u>	<u>1,759,512</u>	<u>6,255,728</u>
Supplemental/Insurance benefits advanced	-	-	-	1,996,097
Allowance for Doubtful Accounts	-	-	-	(1,996,097)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Member Notes: Service Credits	2,128,525	-	2,128,525	2,559,697
Other:				
Accrued interest and dividends on investments	7,244,080	-	7,244,080	6,884,823
Other receivables	958,978	42,753	1,001,731	852,125
Due from brokers for unsettled trades	1,716,949	-	1,716,949	605,110
Due from DC plan	697,182	-	697,182	599,850
	<u>10,617,189</u>	<u>42,753</u>	<u>10,659,942</u>	<u>8,941,908</u>
Total receivables	<u>14,231,972</u>	<u>316,007</u>	<u>14,547,979</u>	<u>17,757,333</u>
Cash and cash equivalents	15,986,140	2,560,933	18,547,073	15,504,322
Capital assets, net	<u>1,171,146</u>	<u>6,446</u>	<u>1,177,592</u>	<u>1,180,362</u>
Total assets	<u>2,645,867,300</u>	<u>516,793,800</u>	<u>3,162,661,100</u>	<u>2,884,331,354</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources from pension	699,437	207,381	906,818	1,495,513
Deferred outflows - OPEB	3,439,739	-	3,439,739	2,199,127
Total deferred outflows of resources	<u>4,139,176</u>	<u>207,381</u>	<u>4,346,557</u>	<u>3,694,640</u>
Total assets and deferred outflows	<u>2,650,006,476</u>	<u>517,001,181</u>	<u>3,167,007,657</u>	<u>2,888,025,994</u>
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	4,546,406	760,624	5,307,030	5,486,476
Due to brokers for unsettled trades	3,848,307	-	3,848,307	3,520,116
Due to DB plan	-	697,182	697,182	599,850
Total current liabilities	<u>8,394,713</u>	<u>1,457,806</u>	<u>9,852,519</u>	<u>9,606,442</u>
Net pension liability	4,531,721	386,768	4,918,489	5,990,580
Total OPEB liability	<u>9,253,884</u>	<u>-</u>	<u>9,253,884</u>	<u>10,173,626</u>
Total liabilities	<u>22,180,318</u>	<u>1,844,574</u>	<u>24,024,892</u>	<u>25,770,648</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows from pension	496,166	186,676	682,842	390,169
Deferred inflows - OPEB	5,810,549	-	5,810,549	3,705,376
Total deferred inflows of resources	<u>6,306,715</u>	<u>186,676</u>	<u>6,493,391</u>	<u>4,095,545</u>
Net position restricted for pensions (See required supplemental schedule of funding progress)	<u>\$ 2,621,519,443</u>	<u>\$ 514,969,931</u>	<u>\$ 3,136,489,374</u>	<u>\$ 2,858,159,801</u>

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, 2025 (with Comparative Totals for 2024)

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>2025 Total</u>	<u>2024 Total</u>
Investment income				
Net appreciation in fair value of investments	\$ 222,097,535	\$ 36,351,976	\$ 258,449,511	\$ 499,799,051
Interest	31,532,886	17,176,010	48,708,896	46,244,599
Dividends	19,344,417	-	19,344,417	17,400,279
Other investment income	333,565	226,962	560,527	765,296
	<u>273,308,403</u>	<u>53,754,948</u>	<u>327,063,351</u>	<u>564,209,225</u>
Less investment expenses	6,588,383	-	6,588,383	6,231,176
Net investment income	<u>266,720,020</u>	<u>53,754,948</u>	<u>320,474,968</u>	<u>557,978,049</u>
Contributions				
Employer	183,330,147	18,882,228	202,212,375	186,798,955
Member	35,421,391	18,787,762	54,209,153	55,349,564
Total contributions	<u>218,751,538</u>	<u>37,669,990</u>	<u>256,421,528</u>	<u>242,148,519</u>
TOTAL ADDITIONS	485,471,558	91,424,938	576,896,496	800,126,568
Benefit payments				
Age and service annuities	221,703,926	-	221,703,926	216,655,099
Survivor annuities	36,046,201	-	36,046,201	34,672,316
Disability annuities	3,532,216	-	3,532,216	3,844,447
Total benefit payments	<u>261,282,343</u>	<u>-</u>	<u>261,282,343</u>	<u>255,171,862</u>
Refunds to separated employees and withdrawals	2,880,035	27,840,695	30,720,730	28,477,314
Bad Debt Expense	-	-	-	1,996,097
Administrative and general expenses	5,052,815	1,283,332	6,336,147	6,936,189
Interest on refunded contributions	<u>227,703</u>	<u>-</u>	<u>227,703</u>	<u>519,638</u>
TOTAL DEDUCTIONS	<u>269,442,896</u>	<u>29,124,027</u>	<u>298,566,923</u>	<u>293,101,100</u>
Net increase in plan net position	216,028,662	62,300,911	278,329,573	507,025,468
Net position restricted for pensions, beginning of year	<u>2,405,490,781</u>	<u>452,669,020</u>	<u>2,858,159,801</u>	<u>2,351,134,333</u>
Net position restricted for pensions, end of year	<u>\$ 2,621,519,443</u>	<u>\$ 514,969,931</u>	<u>\$ 3,136,489,374</u>	<u>\$ 2,858,159,801</u>

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

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statement

September 30, 2025

(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 fiduciary component unit, 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.

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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(2) DESCRIPTION OF THE DEFINED BENEFIT PLAN, CONTINUED

At September 30, 2025, membership is as follows:

Retirees and beneficiaries receiving benefits	7,435
Terminated members entitled to, but not yet receiving benefits	2,968
Active plan members-DB	734
Active plan members-DB 1.75	<u>4,258</u>
	<u>15,395</u>

The Defined Benefit 1.75 Plan (DB 1.75) became effective January 1, 2018. All employees who were in the Defined Contribution Plan and were still employed had the option to transfer to the DB 1.75 Plan effective January 1, 2018. Employees hired on or after January 1, 2018 are not eligible for the DB or DB 1.75 Plans.

In accordance with Public Law 36-130, all employees who were members of the Defined Contribution Plan at any time between June 1, 2023 to December 31, 2023, may elect to become Defined Benefit 1.75 Plan members effective as of January 1, 2024. In addition, all new employees whose employment commences on or after January 1, 2024, may elect to become Defined Benefit 1.75 members.

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, 2024, which was issued in May 2025, the employer's actuarially determined contribution rate for the fiscal year ended September 30, 2025 was 33.85% of covered payroll.

The established statutory rate at September 30, 2025 was 30.77%.

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.

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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(2) DESCRIPTION OF THE DEFINED BENEFIT PLAN, CONTINUED

SERVICE BENEFIT FORMULA

The basic retirement benefit for the DB Plan 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.

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 (up to 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(2) DESCRIPTION OF THE DEFINED BENEFIT PLAN, CONTINUED

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.
- A basic annuity of 1.75% of “average annual salary” is provided for each year of credited service. The 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.

In accordance with Public Law 36-130 Effective January 1, 2024:

- The Defined Benefit 1.75 Plan service retirement amount is increased from 1.75% to 2.75% for service after 25 years. The maximum benefit remains at 85%.
- Effective January 1, 2024, active public safety and law enforcement officers of the Defined Benefit 1.75 Plan will be eligible for unreduced service retirement after reaching age 55 with 25 years of service or age 57 with 5 years of service.

(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. As previously discussed, effective January 1, 2024, new employees may elect to become members of the DC Plan or the DB 1.75 Plan.

Effective 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, 2025, membership is as follows:

Active contributing members	6,066
Inactive members with account balances	<u>9,706</u>
	<u>15,772</u>

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(3) DESCRIPTION OF THE DEFINED CONTRIBUTION RETIREMENT SYSTEM, CONTINUED

CONTRIBUTIONS

Effective October 1, 1995, DC Plan member and employer contributions were set by law at five percent (5%) of base pay. In accordance with Public Law 33-186, effective January 1, 2018, member and employer contribution rates increased from five percent (5%) to six and two-tenths percent (6.2%) 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 the employer has made a formal commitment to provide the contributions pursuant to legal requirements. Contributions from employees and employers for service through September 30, 2025 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 additions and deductions during the reporting period. Actual results could differ from those estimates.

COMPARATIVE TOTALS

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the GGRF financial statements for the fiscal year ended September 30, 2024, from which the summarized information was derived.

CASH

At September 30, 2025, the GGRF has cash balances in banks of approximately \$17.5M, of which \$250,000 is insured by the Federal Deposit Insurance Corporation, and of which includes approximately \$1.6M in outstanding checks. The remaining balances are collateralized by securities held by a trustee in the name of the financial institution.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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, 2025. 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 Depositary 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.
 - 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- 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.
- 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- 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:
 - 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- B. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.
- 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, 2025:

Asset Class	Target Allocation
U.S. Equities (Large Cap)	26.00%
U.S. Equities (Small Cap)	4.00%
Non-U.S. Equities	20.00%
U.S. Fixed Income (Aggregate)	22.00%
High Yield Bonds	8.00%
Risk Parity	8.00%
Global Equity	7.50%
Global Infrastructure	2.00%
Global Real Estate (REITs)	2.50%
	<u>100.00%</u>

RATE OF RETURN

For the year ended September 30, 2025 the annual money-weighted rate of return on DB plan investments (net of expenses) was 23.65%. 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2024, rolled forward to September 30, 2025).

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, 2024, rolled forward to September 30, 2025.

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, 2024, rolled forward to September 30, 2025), and the expected date of payment.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended September 30, 2025, the Fund implemented the following GASB pronouncement

In June 2022, GASB issued statement No. 101, *Compensated Absences*, to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management does not believe that the implementation of this statement had a material effect on the financial statements.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS, CONTINUED

- In December 2023, GASB issued statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:
 - The concentration or constraint.
 - Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
 - Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.
 - The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management does not believe that the implementation of this statement had a material effect on the financial statements.

UPCOMING ACCOUNTING PRONOUNCEMENTS

- In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by Management's Discussion and Analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stressed that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they change.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

UPCOMING ACCOUNTING PRONOUNCEMENTS, CONTINUED

This Statement requires:

- That the proprietary fund statement of revenues and expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses.
- In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in net fund position, a subtotal of operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.
- Governments to present budgetary comparison information using a single method of communication – RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires:

- Certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease Assets recognized in accordance with Statement No. 87, *Leases*, Intangible Right-to-Use Assets recognized in accordance with Statement No. 94, Subscription Assets, recognized in accordance with Statement No. 96. Intangible Assets other than those three types to be disclosed separately by major class.
- Additional disclosures for capital assets held for sale.
- Capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class or asset, and (2) the carrying amount of debt for which the capital assets held for sale pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

UPCOMING ACCOUNTING PRONOUNCEMENTS, CONTINUED

- In December 2025, GASB issued statement No. 105, *Subsequent Events*. The primary objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated and disclosed. This Statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all other reporting periods thereafter. Earlier application is encouraged.

CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION

The Fund capitalizes buildings, improvements and equipment that have a cost of \$500 or more and an estimated useful life of at least three years. Depreciation and amortization 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 \$92,435 in 2025.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(5A) NET PENSION LIABILITY

The components of the collective net pension liability of the Government of Guam and its participating component units at September 30, 2025 (based on the 2024 valuation) were as follows:

	DEFINED BENEFIT PLAN			DEFINED CONTRIBUTION PLAN
	Retirement Annuity	COLA and Supplemental Annuity	Other Pension Appropriations	
Total Pension Liability	\$ 3,475,333,296	\$ 304,654,393	\$ 6,345,699	\$ 71,407,034
Plan Fiduciary net position	2,621,519,443	-	-	-
Net pension liability	\$ 853,813,853	\$ 304,654,393	\$ 6,345,699	\$ 71,407,034

Plan Fiduciary net position

as a percentage of total

pension liability	75.43%	0.00%	0.00%	0.00%
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The actuarial valuation of the DB Plan 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, 2025, is based on the results of an actuarial valuation date of September 30, 2024, rolled forward to September 30, 2025 using actuarial valuation techniques.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(5A) NET PENSION LIABILITY, CONTINUED

A summary of the actuarial assumptions as of the latest actuarial valuation dated 2024 rolled forward to 2025 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. These assumptions are based on the 2015 - 2020 experience study.

Valuation Date:	9/30/2024
Plan Reporting Date:	9/30/2025
Actuarial Cost Method:	Entry age normal
Asset Valuation Method:	3-year phase in of gains/losses relative to interest rate assumption.
Discount Rate:	7% per year for funded benefits and 3.81% for unfunded benefits.
Salary Increase:	Graduated based on service with Government ranging from 3.0% for service in excess of 10 years to 6.0% for service from zero to five years.
Inflation Assumption:	2.50%
Total Payroll Growth:	After FY2024, 2.5%
Mortality:	PUB-2010 General Retiree table 130% before age 80, set forward 4 years for males, 2 years for females.
Disability:	Custom age-based table based upon actual experience. No disability assumed for Governors, Lt. Governors, Justices and Judges.
Retirement Age:	DB Plan, Justices and Judges: 40% probability of retirement at earliest age of eligibility for unreduced retirement benefits, 20% per year thereafter until age 75, 100% at age 75. DC Plan: 5% per year from age 55 to 64: 10% per year from 65 to 74; 100% at age 75 Governors and Lt. Governors: 37.5% after 4 years of service, and 100% after 8 years of service.
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 2.5% after FY2024.
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, 2025 the remaining period is 8.58 years.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(5A) NET PENSION LIABILITY, 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 weighing 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.83%	2.03%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%
Expected arithmetic mean (1 year)			7.64%
Expected geometric mean (30 years)			6.91%

Discount rate – Pension Liability for Retirement Benefits

The discount rate assumption of 7.0% is about equal to the expected geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. Note that if investments fail to achieve the assumed interest rate, future required contributions will increase. The 2015–2020 experience study recommended a decrease to the interest rate assumption from 7.0% to 6.7%, however, due to a change in the economic environment since that study was completed (primarily an increase in interest rates), the forward-looking expected return is now higher than it was when the 2015–2020 experience study analysis was conducted. The 7.0% assumption is reasonable.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(5A) NET PENSION LIABILITY, CONTINUED

DISCOUNT RATE – AD HOC SUPPLEMENTAL BENEFITS AND COST OF LIVING ALLOWANCE (SB/COLA) AND OTHER PENSION APPROPRIATIONS

Members of the DB Plan also receive ad hoc supplemental annuity benefits and cost of living allowance that are appropriated by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. Supplemental Annuity Payments of \$4,238 (subject to an aggregate limitation of \$40,000 per year when combined with the member's regular retirement annuity) are provided to DB Plan retirees. COLA payments of \$2,300 per year are provided to DB and DC Plan retirees.

The discount rate used to measure the Ad hoc Supplemental Benefits and Cost of Living Allowance (COLA) was the rate of return of a high-quality bond index (3.81%) which is based on the 20-year Bond GO Index as of September 30, 2024. 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.

DISCOUNT RATE – OTHER PENSION APPROPRIATIONS

Pension payments to Governors/Lt. Governors and Justices/Judges are also appropriated by the Guam Legislature. These payments are anticipated to continue in future years, requiring reporting under GASB 73. The discount rate used to measure Other Pension Appropriations was also 3.81% (based on the 20-year Bond GO Index as of September 30, 2024).

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(5A) NET PENSION LIABILITY, CONTINUED

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability as of September 30, 2025, calculated using the current discount rate of 7.0% for the defined benefit annuities and 3.81% for the COLA/supplemental annuities, 3.81% for other pension appropriations, 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	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Total pension liability	\$ 3,802,032,727	\$ 3,475,333,296	\$ 3,194,068,389
Plan fiduciary net position	2,621,519,443	2,621,519,443	2,621,519,443
Net pension liability	<u>\$ 1,180,513,284</u>	<u>\$ 853,813,853</u>	<u>\$ 572,548,946</u>

DEFINED BENEFIT PLAN - AdHoc COLA/ Supplemental Annuity			
	1% Decrease	Current Discount Rate	1% Increase
	2.81%	3.81%	4.81%
Total pension liability	\$ 332,456,055	\$ 304,654,393	\$ 280,444,335
Plan fiduciary net position	-	-	-
Net pension liability	<u>\$ 332,456,055</u>	<u>\$ 304,654,393</u>	<u>\$ 280,444,335</u>

DEFINED BENEFIT PLAN - Other Pension Appropriations			
	1% Decrease	Current Discount Rate	1% Increase
	2.81%	3.81%	4.81%
Total pension liability	\$ 6,865,249	\$ 6,345,699	\$ 5,896,256
Plan fiduciary net position	-	-	-
Net pension liability	<u>\$ 6,865,249</u>	<u>\$ 6,345,699</u>	<u>\$ 5,896,256</u>

DEFINED CONTRIBUTION PLAN - AdHoc COLA/ Supplemental Annuity			
	1% Decrease	Current Discount Rate	1% Increase
	2.81%	3.81%	4.81%
Total pension liability	\$ 80,131,982	\$ 71,407,034	\$ 64,010,818
Plan fiduciary net position	-	-	-
Net pension liability	<u>\$ 80,131,982</u>	<u>\$ 71,407,034</u>	<u>\$ 64,010,818</u>

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(5B) NET PENSION LIABILITY OF THE RETIREMENT FUNDS AS AN EMPLOYER

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

At September 30, 2025, the Fund reported a liability of \$4,918,489 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 the Government of Guam and its component units, actuarially determined. At September 30, 2025 the Fund's proportion of the GovGuam overall liability was 0.33%.

At September 30, 2025, the Fund reported deferred outflows of resources and deferred inflows of resources as follows:

	DB Plan		DC Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 65,563	\$ 45,517	\$ 40,488	\$ 4,471	\$ 106,051	\$ 49,988
Net difference between projected and actual earnings on pension plan investments	-	310,646	85,553	-	85,553	310,646
Changes of assumptions	27,825	12,920	81,340	63,057	109,165	75,977
Contributions subsequent to the measurement date	606,049	-	-	-	606,049	-
Changes in proportion and difference between GGRF contributions and proportionate share	-	127,083	-	119,148	-	246,231
Total	\$ 699,437	\$ 496,166	\$ 207,381	\$ 186,676	\$ 906,818	\$ 682,842

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, 2025 will be recognized in pension expense (recovery) as follows:

Year Ending September 30	Amount
2026	\$ (62,578)
2027	112,388
2028	(239,557)
2029	(192,326)
2030	-
Thereafter	-
	<u>\$ 382,073</u>

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(6) DEPOSIT AND INVESTMENT RISK DISCLOSURE

Cash and investments as of September 30, 2025 are classified in the accompanying statement of fiduciary net position as follows:

	DB Plan	DC Plan
Cash	\$ 15,986,140	\$ 2,560,933
Common Stocks	1,890,497,849	-
U.S. Government Securities	403,376,757	-
Corporate Bonds and Notes	245,864,832	-
Money Market Funds	25,140,015	-
Mutual Funds	49,598,589	513,910,414
Total Cash and Investments	\$ 2,630,464,182	\$ 516,471,347

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, 2025 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	\$ -	19,855,081	77,034,296	133,511,492	230,400,869
Federal Agency Securities	790,914	8,564,441	7,278,943	156,341,590	172,975,888
Corporate Bonds and Notes	3,169,556	145,217,590	62,950,049	34,527,637	245,864,832
Totals	\$ 3,960,470	173,637,112	147,263,288	324,380,719	649,241,589

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(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, 2025, the Fund held mortgage-backed securities valued at approximately \$168.5M.

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.

The Fund's credit quality distribution for debt securities at September 30, 2025 is as follows:

Standard & Poor's		
Investment Type	Credit Rating	Amount
Government Bonds	AAA/AA/A	\$ 49,515,301
Corporate Bonds	BBB/BB/B	161,703,773
Corporate Bonds	CCC/CC/C	15,496,339
Corporate Bonds	D	911,696
U.S. Government Guaranteed	Not Applicable	387,650,108
Corporate Bonds	Not Rated	27,467,293
Government Bonds	Not Rated	6,497,079
		<u>\$ 649,241,589</u>

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, 2025, 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.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(6) DEPOSIT AND INVESTMENT RISK DISCLOSURE, CONTINUED

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, 2025 the Fund held approximately \$26 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, 2025:

Canada	\$ 8 million
Netherlands	4
United Kingdom	3
France	2
Germany	2
Others – 15 countries	<u>7</u>
Total	\$ <u>26</u> million

At September 30, 2025, 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, 2025 was approximately \$313 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, 2025:

Euros	\$ 98 million
Japanese Yen	80
British Pound	45
Swiss Franc	27
Canadian Dollar	18
Others – 9 countries	<u>45</u>
Total	\$ <u>313</u> million

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(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.

DB PLAN			
Investment	Fair Value Sep. 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level2)
Equity Securities:			
Domestic Equity	\$ 924,332,615	\$ 924,332,615	\$ -
International Equity	966,165,234	966,165,234	-
Total equity securities	\$ 1,890,497,849	\$ 1,890,497,849	\$ -
Debt Securities:			
U.S. Treasury Securities	\$ 230,400,869	\$ -	\$ 230,400,869
Federal Agency Securities	172,975,888	-	172,975,888
Corporate Bonds and Notes	245,864,832	-	245,864,832
Total Debt Securities:	\$ 649,241,589	\$ -	\$ 649,241,589
Other	\$ 74,738,604	\$ 74,738,604	\$ -
Total Investments By Fair Value			
Level	\$ 2,614,478,042	\$ 1,965,236,453	\$ 649,241,589
DC PLAN			
Mutual Funds	\$ 513,910,414	\$ 513,910,414	\$ -
Total Investments By Fair Value			
Level	\$ 513,910,414	\$ 513,910,414	\$ -

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(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, 2025, GGRF was owed employer and member contributions, and interest and penalties by various Government of Guam agencies. At September 30, 2025, employer contributions receivable including the unfunded liability totaled \$1,305,393, member contributions receivable totaled \$358,763, and interest and penalties receivable totaled \$95,356.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(8) CAPITAL ASSETS

Capital Assets at September 30, 2025 were as follows:

	Balance October 1	Additions	Disposals	Balance September 30
Depreciable Assets:				
Building	\$ 1,290,889	\$ -	\$ -	\$ 1,290,889
Building Improvements	1,461,828	72,809	-	1,534,637
Furnitures, fixtures, equipment	681,243	14,044	-	695,287
Vehicle	22,732	-	-	22,732
	3,456,692	86,853	-	3,543,545
Less Accumulated Depreciation and Amortization	(2,715,758)	(89,623)	-	(2,805,381)
	740,934	(2,770)	-	760,896
Non-Depreciable Asset:				
Land	439,428	-	-	439,428
Total Assets, net	\$ 1,180,362	\$ (2,770)	\$ -	\$ 1,177,592

(9) DB 1.75 REPAYMENT OF CONTRIBUTIONS FOR SERVICE CREDIT

Relative to the implementation of the DB 1.75 Plan effective 1/1/2018, and Public Law 36-130 effective 1/1/2024, members who elected to participate in the DB 1.75 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 and 2024, as applicable, full payment or arrangements for repayment in installments, were required to be made with the Retirement Fund.

At September 30, 2025, the amount owed under these notes was \$2,128,525.

(10) 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 fiduciary net position.

At September 30, 2024, the GGRF had \$1,996,097 in Supplemental/insurance benefits receivable primarily from the Government of Guam General Fund, which has been outstanding for years. Due to the uncertainty of collection, GGRF provided an allowance for doubtful accounts for this bad debt in 2024, and wrote the amount off in 2025.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(11) 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.

(12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY

OPEB PLAN DESCRIPTION:

The Government of Guam (GovGuam) administers the retiree health care benefits program, an agent-multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB) for eligible employees. GovGuam provides health care benefits for retirees and their dependents. Benefits are provided through the Government of Guam, and the full cost of benefits is shared between the Government and retirees. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing the Government of Guam Department of Administration ITC Building Suite 224, 590 South Marine Corps Drive, Tamuning, Guam 96913, or by visiting doa.guam.gov.

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, 2024 for the September 30, 2025 reporting date, the earliest measurement date permitted.

Plan Membership: As of September 30, 2024 measurement date (and the 2023 actuarial valuation date) OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	8,327
Active plan members	<u>11,074</u>
Total members	<u><u>19,401</u></u>

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(12) 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 may also pay a portion of the medical and dental insurance premiums, depending on the plan and coverage selected.

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

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Discount rate	3.81%
Healthcare cost trend rate	For both Medicare and non-Medicare claims, 7.0% for FY2025, then, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For both Medicare and non-Medicare retiree contributions, 0% for all years.
Dental trend rates	For claims, 4.25% per year. For retiree contributions, 0% per year. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. The 0% retiree contribution increases reflect recent Guam plan experience.
Employee Mortality rates	PUB-2010 General Employees Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
Healthy Retiree Mortality rates	PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
Disabled Retiree Mortality rates	PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY, CONTINUED

Discount Rate: The discount rate used to measure the total OPEB liability was 3.81%. 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 3.81% municipal bond rate was applied to all periods to determine the total OPEB liability. The 3.81% is based on the Bond Buyer 20-Bond GO Index published on September 30, 2024.

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 3.81%, as well as what the total OPEB liability would be if it were calculated using a discount rate 1% point lower (2.81%) or 1% higher (4.81%) than the current rate:

	<u>1% Decrease</u> <u>2.81%</u>	<u>Discount Rate</u> <u>3.81%</u>	<u>1% Increase</u> <u>4.81%</u>
OPEB Liability for the Fund	\$ 10,749,756	\$ 9,253,884	\$ 8,042,473

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATES:

The following presents the total OPEB liability as 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% point lower or 1% point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare</u> <u>Cost Trend Rates</u>	<u>1% Increase</u>
OPEB Liability for the Fund	\$ 7,895,795	\$ 9,253,884	\$ 10,989,636

OPEB LIABILITIES, OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB:

During the year ended September 30, 2025, the Fund's required contributions to this plan totaled \$450,860.

At September 30, 2025, the Fund reported a liability of \$9,253,884 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, 2025, the Fund's proportion of the Total OPEB Liability was .42%.

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY, CONTINUED

For the year ended September 30, 2025, the Fund's OPEB expense was \$395,679. At September 30, 2025, the Fund reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 521,113	\$ 1,544,906
Differences between expected and actual experience	1,291,428	3,264,583
Contributions subsequent to the measurement date	450,860	-
Changes in proportion and difference between GGRF contributions and proportionate share	1,176,338	1,001,060
	\$ 3,439,739	\$ 5,810,549

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 OPEBs at September 30, 2025 that will be subsequently recognized in OPEB expense are as follows:

Year Ending September 30	Amount
2026	\$ (688,923)
2027	(589,767)
2028	(655,894)
2029	(655,893)
2030	(34,326)
Thereafter	(196,867)
	<u>\$ (2,821,670)</u>

GOVERNMENT OF GUAM RETIREMENT FUND

Notes to Financial Statements, continued

September 30, 2025

(13) CONTINGENCIES

Five government of Guam employees who are members of the Fund, through the United States of America (the “USA”), filed a complaint against the Government of Guam and the Fund, alleging that the Fund failed to provide the members with service credits for the time they were on the Government of Guam Leave Sharing Program (the “Program”). The USA filed the Complaint on behalf of those five employees and all other employees who were denied service credit for their service time on the Program.

The Fund’s position is that the Leave Sharing Statute does not allow for service credit while a member is on leave sharing. In addition, the Fund cannot provide service credits unless fully funded. The government of Guam’s position is that the employees are not entitled to retirement service credit under the law. The USA’s position is that the Leave Sharing Statute violates the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”). The Fund may have to assess any potential exposure upon a final court decision.

(14) SUBSEQUENT EVENTS

INVESTMENTS

The market value of the Fund’s invested assets in the DB plan increased from \$2.61 billion at September 30, 2025 to approximately \$2.67 billion at December 31, 2025. This is an increase of approximately \$60 million, or about 2.3 %.

DC plan investments increased from \$514 million at September 30, 2025 to \$530 million at December 31, 2025, an increase of \$16 million, or about 3.11%.

These increases are due largely to market fluctuations.

OTHER

The Fund has evaluated subsequent events through September 30, 2026, which is also the date the financial statements were available to be issued.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Changes in Net Pension Liability - DB PLaN

September 30, 2015 to September 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>
										<i>(Measurement Date 9/30/2024)</i>
Total Pension Liability - Beginning of Year	\$ 3,112,295,398	\$ 3,249,042,023	\$ 3,245,313,070	\$ 3,189,586,194	\$ 3,501,413,210	\$ 3,541,428,933	\$ 3,557,210,676	\$ 3,535,667,531	\$ 3,520,841,508	\$ 3,689,410,802
Service cost	23,167,161	22,042,055	19,309,007	38,775,474	37,800,095	36,473,721	34,964,797	32,131,558	27,280,106	39,756,018
Member contributions	-	-	-	-	-	-	-	-	-	-
Interest on the total pension liability	213,116,889	210,570,472	210,182,547	206,798,237	231,018,790	227,705,047	227,093,537	225,958,556	235,949,473	243,721,912
Changes of benefit terms	-	-	-	313,869,755	-	-	-	-	229,969,223	56,493,623
Differences between actual and expected experience with regard to economic or demographic factors	58,338,457	(19,460,258)	(11,851,500)	11,243,579	(16,876,866)	(2,397,386)	(15,491,396)	41,312,320	(39,045,843)	25,653,666
Changes of assumptions	71,752,411	17,912,379	(33,969,738)	(14,202,705)	41,761,635	12,978,647	(1,395,530)	(41,098,850)	(6,464,640)	7,366,276
Benefit payments	(229,628,293)	(234,793,601)	(239,397,192)	(244,657,324)	(253,687,931)	(258,978,286)	(266,714,553)	(273,129,607)	(279,119,025)	(282,414,608)
Total changes	136,746,625	(3,728,953)	(55,726,876)	311,827,016	40,015,723	15,781,743	(21,543,145)	(14,826,023)	168,569,294	90,576,887
Total Pension Liability - End of Year	\$ 3,249,042,023	\$ 3,245,313,070	\$ 3,189,586,194	\$ 3,501,413,210	\$ 3,541,428,933	\$ 3,557,210,676	\$ 3,535,667,531	\$ 3,520,841,508	\$ 3,689,410,802	\$ 3,779,987,689
Fiduciary Net Position - Beginning of Year	\$ 1,625,255,354	\$ 1,576,428,084	\$ 1,647,181,257	\$ 1,759,189,680	\$ 2,032,344,992	\$ 2,002,773,533	\$ 1,988,983,810	\$ 2,263,748,022	\$ 1,777,556,631	\$ 2,023,755,135
Contributions from employers	159,053,013	148,395,481	148,981,296	159,154,291	144,101,751	141,728,762	148,413,709	156,762,387	170,852,813	191,180,547
Member contributions	15,245,935	13,812,825	13,476,517	28,895,275	27,012,032	25,864,221	24,649,425	25,342,204	24,023,499	36,458,165
Net investment income	9,560,987	146,235,031	192,765,573	93,616,115	56,758,490	80,879,016	371,570,719	(391,717,627)	200,531,369	460,637,595
Benefit payments	(229,628,293)	(234,793,601)	(239,397,192)	(244,657,324)	(253,687,931)	(258,978,286)	(266,714,553)	(273,129,607)	(279,119,025)	(282,414,608)
Administrative expense	(3,058,912)	(2,896,563)	(3,817,771)	(3,794,742)	(3,755,801)	(3,283,436)	(3,155,088)	(3,448,748)	(4,090,152)	(6,574,133)
Changes of benefit terms	-	-	-	239,941,697	-	-	-	-	134,000,000	(1,288,012)
Total changes	(48,827,270)	70,753,173	112,008,423	273,155,312	(29,571,459)	(13,789,723)	274,764,212	(486,191,391)	246,198,504	397,999,554
Fiduciary Net Position - End of Year	\$ 1,576,428,084	\$ 1,647,181,257	\$ 1,759,189,680	\$ 2,032,344,992	\$ 2,002,773,533	\$ 1,988,983,810	\$ 2,263,748,022	\$ 1,777,556,631	\$ 2,023,755,135	\$ 2,421,754,689
Net Pension Liability - End of Year	\$ 1,672,613,939	\$ 1,598,131,813	\$ 1,430,396,514	\$ 1,469,068,218	\$ 1,538,655,400	\$ 1,568,226,866	\$ 1,271,919,509	\$ 1,743,284,877	\$ 1,665,655,667	\$ 1,358,233,000
Fiduciary Net Position as a % of Total Pension Liability	48.52%	50.76%	55.15%	58.04%	56.55%	55.91%	64.03%	50.49%	54.85%	64.07%
Covered employee payroll	\$ 511,366,411	\$ 506,322,283	\$ 508,300,483	\$ 513,866,473	\$ 509,497,662	\$ 522,644,057	\$ 532,481,055	\$ 555,481,302	\$ 596,532,650	\$ 633,826,908
Net Pension Liability as a % of Covered Employee Payroll	327.09%	315.64%	281.41%	285.89%	301.99%	300.06%	238.87%	313.83%	279.22%	214.29%

This schedule is intended to show information for 10 years.

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Changes in Net Pension Liability - DC Plan

September 30, 2015 to September 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>
Total Pension Liability - Beginning of Year	\$ 46,880,986	\$ 52,115,736	\$ 61,688,067	\$ 62,445,490	\$ 49,342,424	\$ 59,884,407	\$ 66,393,472	\$ 70,547,850	\$ 60,135,991	\$ 78,375,419
Service cost	2,623,748	3,074,446	3,136,456	1,963,058	1,779,688	2,600,513	2,979,592	3,289,777	2,367,685	3,636,379
Member contributions	-	-	-	-	-	-	-	-	-	-
Interest on the total pension liability	1,885,957	1,851,695	1,957,356	2,310,669	2,098,759	1,632,077	1,506,814	1,639,761	2,452,401	3,285,508
Changes of benefit terms	-	-	-	(17,328,556)	-	-	-	-	9,993,142	(13,945,179)
Differences between actual and expected experience										
with regard to economic or demographic factors	(587,552)	1,265,643	1,904,493	5,034,446	(1,471,219)	985,969	2,505,793	924,853	1,604,619	1,257,380
Changes of assumptions	2,510,997	4,802,047	(4,594,882)	(3,208,683)	9,978,755	3,562,706	(441,821)	(13,688,250)	4,848,781	2,194,627
Benefit payments	(1,198,400)	(1,421,500)	(1,646,000)	(1,874,000)	(1,844,000)	(2,272,200)	(2,396,000)	(2,578,000)	(3,027,200)	(3,397,100)
Total changes	5,234,750	9,572,331	757,423	(13,103,066)	10,541,983	6,509,065	4,154,378	(10,411,859)	18,239,428	(6,969,385)
Total Pension Liability - End of Year	<u>\$ 52,115,736</u>	<u>\$ 61,688,067</u>	<u>\$ 62,445,490</u>	<u>\$ 49,342,424</u>	<u>\$ 59,884,407</u>	<u>\$ 66,393,472</u>	<u>\$ 70,547,850</u>	<u>\$ 60,135,991</u>	<u>\$ 78,375,419</u>	<u>\$ 71,407,034</u>
Fiduciary Net Position - Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions from employers	1,198,400	1,421,500	1,646,000	1,874,000	1,844,000	2,272,200	2,396,000	2,578,000	3,027,200	3,397,100
Member contributions	-	-	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-	-	-
Benefit payments	(1,198,400)	(1,421,500)	(1,646,000)	(1,874,000)	(1,844,000)	(2,272,200)	(2,396,000)	(2,578,000)	(3,027,200)	(3,397,100)
Administrative expense	-	-	-	-	-	-	-	-	-	-
Total changes	-	-	-	-	-	-	-	-	-	-
Fiduciary Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Pension Liability - End of Year	<u>\$ 52,115,736</u>	<u>\$ 61,688,067</u>	<u>\$ 62,445,490</u>	<u>\$ 49,342,424</u>	<u>\$ 59,884,407</u>	<u>\$ 66,393,472</u>	<u>\$ 70,547,850</u>	<u>\$ 60,135,991</u>	<u>\$ 78,375,419</u>	<u>\$ 71,407,034</u>
Fiduciary Net Position as a % of Total Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 355,895,521	\$ 365,069,550	\$ 376,785,976	\$ 264,475,579	\$ 235,505,301	\$ 259,284,046	\$ 281,174,905	\$ 312,081,442	\$ 348,257,185	\$ 300,751,691
Net Pension Liability as a % of Covered Employee Payroll	14.64%	16.90%	16.57%	18.66%	25.43%	25.61%	25.09%	19.27%	22.51%	23.74%

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

See independent auditors' report.

GOVERNEMENT OF GUAM RETIREMENT FUND
(a Component Unit of the Government of Guam)

Schedule of Employer Allocations by Component Unit

For the year ended September 30, 2024

DEFINED BENEFIT PLAN

Component Unit (Employer)	Expected Defined Benefit Plan Contributions	Allocation Percentage	Allocated Net Pension Liability for Retirement Annuity Only	Ad hoc COLA/ Supplemental Annuity Contributions	Allocation Percentage	Allocated Net Pension for Ad Hoc COLA and Supplemental Annuity	Other Pension Appropriations	Allocation Percentage	Allocated Other Pension Appropriations	Combined Allocated Net Pension Liability
Government of Guam General Fund	\$ 48,934,521	29.17%	\$ 307,328,882	\$ 8,605,590	36.82%	\$ 112,180,950	\$ 320,000	58.33%	\$ 3,701,463	\$ 423,211,295
Office of the Attorney General	2,643,759	1.57%	16,541,184	200,226	0.86%	2,610,112	-	-	-	19,151,296
Mayors' Council of Guam	2,002,445	1.19%	12,537,585	84,013	0.36%	1,095,179	-	-	-	13,632,764
Department of Chamorro Affairs	579,772	0.35%	3,687,525	118,639	0.51%	1,546,559	-	-	-	5,234,084
Guam Educational Telecommunications Corp.	116,550	0.07%	737,505	16,100	0.07%	209,877	-	-	-	947,382
Government of Guam Retirement Fund	514,687	0.31%	3,266,094	97,088	0.42%	1,265,627	-	-	-	4,531,721
Guam Community College	3,512,070	2.09%	22,019,793	609,110	2.61%	7,940,245	-	-	-	29,960,038
Guam Department of Education	46,826,235	27.89%	293,843,073	6,373,550	27.27%	83,084,479	-	-	-	376,927,552
Guam Economic Development Authority	611,254	0.36%	3,792,883	35,713	0.15%	465,549	-	-	-	4,258,432
Guam Housing and Urban Renewal Authority	1,993,719	1.19%	12,537,585	147,928	0.63%	1,928,366	-	-	-	14,465,951
Guam Housing Corporation	377,317	0.22%	2,317,873	56,413	0.24%	735,390	-	-	-	3,053,263
Guam International Airport Authority	4,202,737	2.50%	26,339,465	279,719	1.20%	3,646,368	-	-	-	29,985,833
Guam Legislature	553,880	0.33%	3,476,809	344,543	1.47%	4,491,408	-	-	-	7,968,217
Guam Memorial Hospital Authority	16,610,223	9.89%	104,198,924	1,511,465	6.47%	19,703,186	-	-	-	123,902,110
Guam Power Authority	7,874,314	4.69%	49,412,837	1,292,203	5.53%	16,844,927	-	-	-	66,257,764
Guam Visitors Bureau	864,190	0.51%	5,373,251	34,500	0.15%	449,736	-	-	-	5,822,987
Guam Waterworks Authority	4,979,441	2.97%	31,291,285	875,423	3.75%	11,411,860	-	-	-	42,703,145
Judiciary of Guam	7,059,599	4.20%	44,250,301	584,075	2.50%	7,613,905	228,600	41.67%	2,644,236	54,508,442
Port Authority of Guam	6,584,726	3.92%	41,300,281	944,904	4.04%	12,317,606	-	-	-	53,617,887
Office of Public Accountability	299,566	0.18%	1,896,441	6,900	0.03%	89,947	-	-	-	1,986,388
University of Guam	10,747,652	6.40%	67,429,031	1,152,449	4.93%	15,023,117	-	-	-	82,452,148
Total for All Entities	\$ 167,888,657	100.00%	\$ 1,053,578,607	\$ 23,370,551	100.00%	\$ 304,654,393	\$ 548,600	100.00%	\$ 6,345,699	\$ 1,364,578,699

See independent auditors' report.

See notes to GASB 68/73 schedules.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Employer Allocations by Component Unit - DC plan

For the year ended September 30, 2024

<u>Component Unit (Employer)</u>	Actual DC Ad hoc COLA <u>Contributions</u>	Allocation <u>Percentage</u>	Allocated Net Pension <u>Liability</u>
Government of Guam General Fund	\$ 1,058,000	31.14%	\$ 22,239,155
Office of the Attorney General	41,400	1.22%	870,228
Mayors' Council of Guam	110,400	3.25%	2,320,608
Department of Chamorro Affairs	46,000	1.35%	966,920
Guam Educational Telecommunications Corporation	2,300	0.07%	48,346
Government of Guam Retirement Fund	18,400	0.54%	386,768
Guam Community College	75,900	2.23%	1,595,418
Guam Department of Education	913,100	26.88%	19,193,360
Guam Economic Development Authority	13,800	0.41%	290,076
Guam Housing and Urban Renewal Authority	36,800	1.08%	773,536
Guam Housing Corporation	16,100	0.47%	338,422
Guam International Airport Authority	62,100	1.83%	1,305,342
Guam Legislature	34,500	1.02%	725,190
Guam Memorial Hospital Authority	333,500	9.82%	7,010,169
Guam Power Authority	154,100	4.54%	3,239,182
Guam Visitors Bureau	6,900	0.20%	145,038
Guam Waterworks Authority	89,700	2.64%	1,885,494
Judiciary of Guam	69,000	2.03%	1,450,380
Port Authority of Guam	149,500	4.40%	3,142,490
Office of Public Accountability	2,300	0.07%	48,346
University of Guam	163,300	4.81%	3,432,566
	<u>\$ 3,397,100</u>	<u>100.00%</u>	<u>\$ 71,407,034</u>

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Contributions

September 30, 2016 to 2025

Plan Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2025	\$ 183,330,147	\$ 183,330,147	\$ -	\$ 655,492,512	27.97%
2024	167,809,996	167,809,996	-	633,826,908	26.48%
2023	147,930,940	147,930,940	-	596,532,650	24.80%
2022	135,008,596	135,008,596	-	555,481,302	24.30%
2021	125,859,794	125,859,794	-	532,481,055	23.64%
2020	118,982,000	118,982,000	-	522,644,057	22.77%
2019	121,557,000	121,557,000	-	509,497,662	23.86%
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%

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 for plan year ending September 30, 2024 were based on the September 30, 2022 actuarial valuation as follows. Assumptions used in calculating the September 30, 2024 Pension Liability are reflected on page 42.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	May 1, 2033 (8.58 years remaining as of September 30, 2024)
Asset valuation method	3-year smoothed market value (effective September 30, 2009)
Inflation	2.50% per year
Total payroll growth	First Year (FY23 over FY22) 4.00%, then 2.50% per year
Salary increases	6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for 11-15 years and 3.0% for service over 15 years.
Investment rate of return	7.00%, net of investment expenses, including inflation of 2.50%
Retirement age	40% 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	PUB-2010 general employee, general retiree, general contingent survivor, and disabled retiree tables. Employee, retiree and disabled tables, males +4 /females +2. Contingent survivor table, males +3 / females +4. All tables are 130% before age 80 and are projected generationally from 2010 using 50% of Scale MP-2020.
Other information	Actuarial assumptions above are based upon periodic experience studies. The assumptions summarized above were based on the 2015-2020 experience study.

This schedule is intended to show information for 10 years.

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Investment Returns

September 30, 2016 to 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual money-weighted rate of return, net of investment expense	9.51%	11.99%	5.54%	2.85%	4.13%	19.13%	-17.69%	11.58%	23.65%	11.14%

This schedule is intended to show information for 10 years.

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Proportionate Share of Other Post Employment Benefits (OPEB) Liability

September 30, 2017 to 2025 Measurement Dates

	<u>2017</u> <u>Valuation</u>	<u>2018</u> <u>Valuation</u>	<u>2019</u> <u>Valuation</u>	<u>2020</u> <u>Valuation</u>	<u>2021</u> <u>Valuation</u>	<u>2022</u> <u>Valuation</u>	<u>2023</u> <u>Valuation</u>	<u>2024</u> <u>Valuation</u>	<u>2025</u> <u>Valuation</u>
GGRF's share of the total OPEB Liability	\$ 11,891,310	\$ 11,237,415	\$ 8,466,261	\$ 11,398,171	\$ 10,883,182	\$ 11,217,168	\$ 8,580,923	\$ 10,173,626	\$ 9,253,884
GGRF's proportion of the total OPEB Liability	0.46%	0.46%	0.45%	0.45%	0.43%	0.43%	0.37%	0.37%	0.42%

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

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Other Post Employment Benefits (OPEB) Liability

For the year ended September 30, 2024

Component Unit (Employer)	Proportionate Share	Total OPEB Share
<u>Primary Government:</u>		
GovGuam Line Agencies	30.33%	664,522,996
Guam Department of Education	30.92%	677,358,982
Unified Courts of Guam	3.50%	76,714,400
Guam Telephone Authority	0.96%	21,118,692
Public Defender Service Corporation	0.57%	12,536,120
Guam Legislature	0.46%	10,147,504
Total Primary Government	66.74%	1,462,398,694
<u>Component Units:</u>		
Guam Memorial Hospital Authority	7.91%	173,230,868
Guam Power Authority	5.82%	127,503,295
University of Guam	5.54%	121,293,577
Port Authority of Guam	3.94%	86,363,094
Guam Waterworks Authority	3.66%	80,248,243
Guam Community College	2.43%	53,162,463
Antonio B. Won Pat International Airport Authority	1.90%	41,536,486
Guam Housing and Urban Renewal Authority	0.73%	15,894,506
GovGuam Retirement Fund	0.42%	9,253,884
Guam Housing Corporation	0.30%	6,472,283
Guam Visitors Bureau	0.25%	5,585,850
Guam Economic Development Authority	0.29%	6,248,889
KGTF	0.08%	1,735,453
Total Component Units	33.27%	728,528,891
	100.00%	\$ 2,190,927,585

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Schedule of Employer Contributions (OPEB)

September 30, 2017 to 2025

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
2024	\$ 264,454,155	\$ 82,314,057	\$ 182,140,098	\$ 789,089,790	10.43%
2023	\$ 222,369,365	\$ 66,469,631	\$ 155,899,734	\$ 620,035,439	10.72%
2022	\$ 234,799,740	\$ 57,127,531	\$ 177,672,209	\$ 620,665,876	9.20%
2021	\$ 213,325,003	\$ 46,623,006	\$ 166,701,997	\$ 642,926,286	7.25%
2020	\$ 243,113,708	\$ 40,430,490	\$ 202,683,218	\$ 510,872,087	7.91%
2019	\$ 188,140,363	\$ 43,955,093	\$ 144,185,270	\$ 479,551,309	9.17%
2018	\$ 234,228,724	\$ 45,073,753	\$ 189,154,971	\$ 477,772,749	9.43%
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 (ADC) are determined as of October 1, one year prior to the end of the fiscal year in which contributions are reported. ADC equals the Nomal Cost plus a provision for amortizing the Unfunded Actuarial Accrued Liability. 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	2.60%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Administrative and General Expenses

September 30, 2025 and 2024

	Defined Benefit Plan	Defined Contribution Plan	Total 2025	Total 2024
Salaries and wages	\$ 2,000,589	\$ -	\$ 2,000,589	\$ 1,944,693
Third party administrator fees	-	1,217,528	1,217,528	1,125,113
Insurance	851,220	-	851,220	833,766
Computer program services/maintenance	499,884	-	499,884	490,107
Pension expense	350,466	64,860	415,326	734,766
OPEB expense	395,679	-	395,679	402,957
Actuary fees	144,792	-	144,792	131,536
Legal fees	130,565	-	130,565	298,566
Depreciation and amortization	91,491	944	92,435	87,621
Utilities	90,091	-	90,091	105,810
Audit fees	77,000	-	77,000	83,410
Repairs and maintenance	73,959	-	73,959	77,772
Miscellaneous	73,226	-	73,226	356,685
Printing and publications	42,312	-	42,312	39,887
Communications	37,685	-	37,685	34,398
Travel and transportation	36,556	-	36,556	15,615
Proxy voting services	34,028	-	34,028	37,363
Postage	30,443	-	30,443	26,072
Medicare contribution	29,017	-	29,017	28,113
Equipment rental	17,397	-	17,397	18,382
Office supplies	16,652	-	16,652	25,638
COVID - 19 expenses	11,280	-	11,280	10,986
Board of trustees expenses	8,776	-	8,776	9,324
Training	5,535	-	5,535	12,381
Medical exams	4,172	-	4,172	5,228
	<u>\$ 5,052,815</u>	<u>\$ 1,283,332</u>	<u>\$ 6,336,147</u>	<u>\$ 6,936,189</u>

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Personnel Costs

September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Salaries and wages	\$ 2,000,589	\$ 1,944,693
Pension expense	415,326	734,766
Medicare contribution	<u>29,017</u>	<u>28,113</u>
TOTAL	<u>\$ 2,444,932</u>	<u>\$ 2,707,572</u>
Average number of employees	<u>39</u>	<u>39</u>
Average cost per employee	<u>\$ 62,691</u>	<u>\$ 69,425</u>

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

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

September 30, 2025 and 2024

	Full Time Employees		
	During	As of	Total
	FY 2025	September 30,	Salaries & Wages
		2025	Expended
Director's Office	2	2	\$ 160,428
Administrative Services	6	5	216,218
Accounting / Investments	18	16	875,443
Members and Benefits Services	15	15	748,500
	<u>41</u>	<u>38</u>	<u>\$ 2,000,589</u>

	Full Time Employees		
	During	As of	Total
	FY 2024	September 30,	Salaries & Wages
		2024	Expended
Director's Office	2	2	\$ 155,255
Administrative Services	4	4	180,889
Accounting / Investments	17	18	911,257
Members and Benefits Services	15	14	697,292
	<u>39</u>	<u>39</u>	<u>\$ 1,944,693</u>

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Other Receivables - Defined Benefit Plan

September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Benefit overpayments	\$ 95,600	\$ 86,647
Member rate differential	<u>863,378</u>	<u>682,529</u>
	<u>\$ 958,978</u>	<u>\$ 769,176</u>

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Receivables by Agency - Defined Benefit Plan

September 30, 2025

Agency	Employer Contributions	Employer Contributions (Unfunded Liability)	Member Contributions	Interest & Penalties	TOTAL
Guam Memorial Hospital Authority	\$ 347,465	\$ 383,734	\$ 109,729	\$ -	\$ 840,928
Supreme Court of Guam	196,795	96,909	62,517	-	356,221
Guam Community College	92,512	-	28,923	-	121,435
Guam Department of Education	12,097	14	12,097	63,464	87,672
Department of Administration (General Fund)	14,966	16,374	7,771	31,892	71,003
Guam International Airport Authority	4,912	-	1,517	-	6,429
Guam Waterworks Authority	582	276	-	-	858
University of Guam	510	-	323	-	833
Guam Power Authority	-	562	-	-	562
Guam Legislature	-	236	-	-	236
Port Authority of Guam	-	81	-	-	81
TOTAL	\$ 669,839	\$ 498,186	\$ 222,877	\$ 95,356	\$ 1,486,258

See independent auditors' report.

GOVERNMENT OF GUAM RETIREMENT FUND

Supplementary Schedule of Receivables by Agency - Defined Benefit Plan

September 30, 2024

Agency	Employer Contributions	Employer Contributions (Unfunded Liability)	Member Contributions	Interest & Penalties	Retiree Supplemental Benefits & Insurance	TOTAL
Department of Administration (General Fund)	\$ 1,585,662	\$ 1,036,593	\$ 526,610	\$ 31,892	\$ 1,963,804	\$ 5,144,561
Guam Department of Education	21,407	10,697	15,102	63,464	-	110,670
Guam Memorial Hospital Authority	376,506	361,764	124,641		-	862,911
University of Guam	283,378	168,632	92,679	-	-	544,689
Supreme Court of Guam	194,548	83,800	64,610	-	-	342,958
Guam Community College	89,427	49,437	29,923	-	-	168,787
Guam International Airport Authority	155,977	30,467	50,778	-	-	237,222
Guam Power Authority	-	562	-	-	32,293	32,855
Port Authority of Guam	-	81	-	-	-	81
Guam Waterworks Authority	582	-	-	-	-	582
Total	\$ 2,707,487	\$ 1,742,033	\$ 904,343	\$ 95,356	\$ 1,996,097	\$ 7,445,316
Allowance For Doubtful Accounts	-	-	-	-	(1,996,097)	(1,996,097)
TOTAL	\$ 2,707,487	\$ 1,742,033	\$ 904,343	\$ 95,356	\$ -	\$ 5,449,219

See 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, 2025, which comprise the statement of fiduciary net position and statement of changes in fiduciary net position, 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 September 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Government of Guam Retirement Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Government of Guam Retirement Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 & Conn, P.C.

Tamuning, Guam
September 30, 2026

BURGER & COMER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2026

To the Board of Trustees
Government of Guam Retirement Fund

We have audited the financial statements of Government of Guam Retirement Fund (the Fund) for the year ended September 30, 2025, and have issued our report thereon dated September 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our proposal and engagement letter dated September 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 4 to the financial statements. We determined that the Board and management are informed about new accounting pronouncements that must be adopted, as well as any changes in accounting principles that would have a material effect on the financial statements. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

The net pension liability, total OPEB liability, and the related deferred outflows and inflows of resources are among the most significant and sensitive estimates reflected in the Fund's financial statements. These amounts are determined using actuarial valuations that incorporate assumptions concerning future economic and demographic experience.

The pension liability is based on actuarial valuations and significant assumptions that include discount rates, long-term expected investment returns, mortality, salary increases, inflation, payroll growth, retirement patterns, and other demographic assumptions. For funded defined benefit obligations, a 7.0% discount rate was used. The Fund's long-term expected rate of return on pension plan investments was developed using a building-block approach based on the Fund's target asset allocation and expected returns for the underlying asset classes. The expected geometric mean return over 30 years was approximately 6.91%. Certain unfunded supplemental annuity benefits, cost-of-living allowances, and other pension appropriations were measured using a 3.81% discount rate based on a high-quality municipal bond index.

The OPEB liability reported at September 30, 2025 was measured as of September 30, 2024. The total OPEB liability was determined using a September 30, 2024 actuarial valuation and a 3.81% discount rate based on the Bond Buyer 20-Bond GO Index. Other significant OPEB assumptions include inflation of 2.60%, healthcare cost trend rates beginning at 7.0% for fiscal year 2025 and declining to an ultimate rate of 4.1%, dental trend rates, and mortality assumptions based on PUB-2010 mortality tables with specified adjustments and generational improvement factors.

Because pension and OPEB obligations extend over long periods, relatively small changes in discount rates, investment return expectations, mortality, healthcare cost trends, and other actuarial assumptions can result in significant changes in the reported liabilities. For example, the Fund's reported OPEB liability of approximately \$9.3 million would increase to approximately \$10.7 million if the discount rate were one percentage point lower and decrease to approximately \$8.0 million if the discount rate were one percentage point higher. Similarly, a one-percentage-point increase in healthcare cost trend rates would increase the OPEB liability to approximately \$11.0 million, while a one-percentage-point decrease would reduce it to approximately \$7.9 million. The financial statements also provide sensitivity information regarding the effect of changes in pension discount rates.

We evaluated the actuarial methods and significant assumptions used in developing the pension and OPEB liabilities, the related deferred outflows and inflows of resources, and the related financial statement disclosures. Based on our audit procedures, we determined that the significant assumptions used are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures concerning pension liabilities, OPEB liabilities, and the related deferred outflows and inflows of resources in Notes 5 and 12 are particularly sensitive because the reported amounts depend on significant actuarial assumptions and estimates concerning future events. The disclosures identify the principal actuarial assumptions, including discount rates, expected investment returns, mortality, healthcare cost trends, and other demographic and economic assumptions, and describe the sensitivity of the reported liabilities to changes in certain significant assumptions.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. The report is being issued one year after the financial statement date, due primarily to delays in receiving the report on allocated other post-employment benefits (OPEB) information.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements identified during the audit, other than those we determined to be trivial.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis on pages 4 to 26, the Schedule of Changes in Net Pension Liability on pages 59 and 60, the Schedule of Contributions on page 63, the Schedule of Investment Returns on page 64, the Schedule of Changes in Total Other Post Employment Benefits (OPEB) Liability on page 65, the Schedule of Other Post Employment Benefits (OPEB) Liability on page 66, and the Schedule of Employer Contributions (OPEB) on page 67, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental schedules on pages 68 to 73, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of the Government of Guam Retirement Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Burger & Comer, P.C.