GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
OF THE U.S. VIRGIN ISLANDS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
Years Ended September 30, 2021 and 2020
AND
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Trustees
Government Employees' Retirement System of the U.S. Virgin Islands

Report on the Audit of the Financial Statements

Opinion

We have audited each of the accompanying statement of fiduciary net position of the Government Employees' Retirement System of the U.S. Virgin Islands (the System) as of September 30, 2021, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the System as of September 30, 2021, and its respective 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 System 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.

Other Matter

The financial statements of the System as of and for the year ended September 30, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated July 16, 2021.

Responsibilities of Management for the Financial Statements

The System's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 the System's ability to continue as a going concern for one year after the date that the financial statements are available to be issued, 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 GAAS 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 controls. 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 GAAS, 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 controls 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 System's internal controls. 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 System'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 controls–related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in the net pension liability and related notes, and the schedule of employers' contributions and related notes, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the investment section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2023, on our consideration of the System's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the System's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal controls over financial reporting and compliance.

Owings Mills, Maryland
April 20, 2023

SB + Company, LLC

MANAGEMENT’S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management’s Discussion and Analysis (MD&A) of the Government Employees’ Retirement System of the U.S. Virgin Islands, (the System), financial performance provides an introduction to the financial statements of the System as of and for the years ended September 30, 2021 and 2020. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the financial statements, required supplemental information and other supplemental information which follow this discussion. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

REQUIRED FINANCIAL STATEMENTS

The System is a component unit of the primary government of the U.S. Virgin Islands and is included in the Annual Comprehensive Financial Report of the Government. The financial statements for the System have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board.

The *Statements of Fiduciary Net Position* presents the Plan’s assets and liabilities and the resulting net position restricted for benefits, which are held in trust for pension benefits. These statements reflect a year-end snapshot of the System’s investments, at fair value, receivables and other assets and liabilities.

The *Statements of Changes in Fiduciary Net Position* presents information showing how the Plan’s net position restricted for benefits held in trust for pension benefits changed during the year. These statements include additions for contributions by members and employers and investment earnings and deductions for annuity payments, refunded contributions, death benefit payments and administrative expenses.

Notes to the Financial Statements are an integral part of the financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of the data reported in the financial statements. This section also includes the disclosure of actuarial methods and significant assumptions used in the most recent actuarial valuations and the funded status of the Plan.

Required Supplementary Information presents information concerning the System’s funding progress and its obligations to provide pension benefits to members. A schedule of required employer contributions is also presented and is useful in evaluating the condition of the Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL ANALYSIS

The following schedules provide a comparative summary and an analysis of the System's assets, liabilities, and net position as of September 30:

Fiduciary Net Position
(Dollar amounts expressed in thousands)

Fiduciary Net Position	2021	2020	2019	2021-2020		2020-2019	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Cash, Cash Equivalents, and Investment	$406,215	$497,976	$584,504	$(91,761)	(18.43%)	$(86,528)	(14.80%)
Member Loans, net	21,830	34,014	49,998	(12,184)	(35.82%)	(15,984)	(31.97%)
Real Estate, net	66,204	66,119	63,610	85	0.13%	2,509	3.94%
Other Assets	14,467	21,555	13,240	(7,088)	(32.88%)	8,315	62.80%
Total Assets	508,716	619,664	711,352	(110,948)	(17.90%)	(91,688)	(12.89%)
Stock Lending Transactions	6,619	1,257	-	5,362	426.57%	1,257	100.00%
Other Liabilities	26,969	35,867	33,232	(8,898)	(24.81%)	2,634	7.93%
Total Liabilities	33,588	37,124	33,232	(3,536)	(9.52%)	3,891	11.71%
Total Net Position	$475,128	$582,540	$678,120	$(107,412)	(18.44%)	$(95,580)	(14.09%)

The table shown above reflects a decrease of $110.9 million, a 17.9 percent decrease in total assets at September 30, 2021. In fiscal year 2020 there was a decrease of $91.7 million, a 12.89 percent decrease under fiscal year ending September 30, 2019.

- The cash and cash equivalents increased by approximately $11.4 million as of September 30, 2021 from approximately $73.3 million as of September 30, 2020 to approximately $84.7 million as of September 30, 2021; and decreased by $58.9 million from September 30, 2019. The cash and cash equivalents excluding interest bearing deposits are segregated as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

	2021	2020	2019	2021-2020		2020-2019	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Cash in money market accounts	$62,388	$46,797	$103,999	$15,591	33.33%	$ (57,202)	(55.00%)
Cash in operational accounts	22,340	26,521	28,261	(4,181)	(15.76%)	(1,740)	(6.16%)
Total cash and cash equivalents	$84,728	$73,318	$132,260	$11,410	15.56%	$(58,942)	(44.56%)

- The increase in cash held in the money market accounts of approximately $15.6 million is the result of the System's need to have cash readily available to meet the Retiree payroll cost.

- Cash, cash equivalents and investments decreased by approximately $91.8 million, which represented a 18.43 percent decrease under September 30, 2020; and a decrease of $86.5 million, which represented a 14.8 percent decrease under September 30, 2019.

  - The invested cash collateral received under lending transactions, which is included in Cash, cash equivalents and investments, increased to approximately $6.6 million, a 426 percent increase over fiscal year 2021; and increased in fiscal year 2021 by $1.3 million over fiscal year 2019. These increases were offset by a comparable increase in the liabilities section (payable for collateral received under securities lending). These securities lending transactions pay a predetermined interest rate with a significant covenant protecting the lender from exposure to loss. The change in the securities lending transactions is dependent on the securities loaned at year end by the Plan's custodian.

  - The unsettled securities sold increased $376 thousand to approximately $823 thousand as of September 30, 2021; and increased approximately $376 thousand at September 30, 2020.

- The members' loans decreased $12.9 million to approximately $22.8 million as of September 30, 2021, from approximately $35.8 million as of September 30, 2020. There was a decrease of $16 million on September 30, 2020, from approximately $51.8 million on September 30, 2019. These decreases were attributable to the suspension of the member loan programs, thus members paid off the loan principal.

As of September 30, 2021, the Plan's total liabilities were $33.6 million compared with $37.1 as of September 30, 2020 and $33.2 million at September 30, 2019.

ADDITIONS

The primary sources of additions for the Plan includes employee and employer contributions and investment income. The following table compares the source and amount of additions for the System during fiscal years 2021, 2020 and 2019.

Contributions and Investment Income
(Dollar amounts expressed in thousands)

	2021	2020	2019	2021-2020		2020-2019	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Employer Contributions	$104,844	$100,422	$106,184	$4,422	4.40%	$(5,762)	(5.43%)
Employee Contributions	50,991	50,861	49,035	130	0.26%	1,826	3.72%
Net Investment Income	20,247	38,094	40,162	(17,847)	(46.85%)	(2,068)	(5.15%)
Other Income	2,665	3,643	4,820	(978)	(26.85%)	(1,177)	(24.42%)
	$178,747	$193,020	$200,201	$(14,273)	(7.40%)	$(7,181)	(3.59%)

The increase in employer contribution was primarily due to an increase in payment of the employers' share of delinquent prior years' contribution for members retiring during the year.

To reduce the risk of the overall portfolio, net investment income decreased by 46.85 percent during FY 2021, due to the System's decision to shift to a dynamic asset allocation strategy. The net investment income for the System totaled $20.2 million for FY2021, comprised of $14.4 million in net appreciation in fair value of investments, $6.2 million in interest and other income, less $466 thousand related to investment expenses. This is compared to the net investment income of $38.1 million in FY 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

DEDUCTIONS

The primary sources of deductions from the System, includes the payment of retiree and survivor benefits, participant's refunds, and administrative expenses. The following table shows the use and amount of the deductions for the System during fiscal years 2021, 2020 and 2019.

Deduction by Type
(Dollar amounts expressed in thousands)

	2021	2020	2019	2021-2020		2020-2019	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Benefits Paid to Members	$265,175	$265,605	$263,330	$(430)	(0.16%)	$2,275	0.86%
Refunds Member Contributions	6,701	8,307	12,408	(1,606)	(19.33%)	(4,101)	(33.05%)
Administrative Expenses	14,282	14,688	15,163	(406)	(2.76%)	(475)	(3.13%)
	$286,159	$288,600	$290,901	$(2,441)	(0.85%)	$(2,301)	(0.79%)

In FY 2021 benefits paid to members decreased because of a decrease in retro payments paid in FY 2021 to members being placed on the Retiree Payroll.

In FY 2021 refunds decreased by approximately $1.6 million or 19.33% due to a decline in the number of members requesting refunds. Administrative expenses decreased by $406 thousand or 2.76%.

	2021	2020	2019
Total Pension Liability	$5,770,941,174	$6,358,816,145	$5,992,768,058
Net Position Liability	$475,127,907	$582,539,738	$678,120,265
Funded Ratio	8.23%	9.16%	11.32%

The net investment return assumption is 4% and is an estimate derived from historical data, current, and recent market expectations.

The Plan's funding policy requires payment of the Actuarial Determined Employer Contributions (ADEC). Over the past 20 years, the amounts contributed have been significantly less than the required ADEC; thus, the ADEC has continuously increased over that period from 35% to 90.8% of pay as of September 30, 2021.

See note 12: Subsequent Events for information on funding.

STATEMENTS OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2021 AND 2020

	Year Ended September 30,	
	2021	**2020**
Assets		
Cash and cash equivalents	$84,728,310	$73,318,496
U.S. Government and agency obligations	26,350,535	19,263,309
Corporate obligations	28,199,955	29,156,890
Mortgage and asset-backed securities	28,161,182	34,976,676
Commingled and mutual funds	217,032,237	327,079,797
Unsettled Securities transactions	822,575	446,832
Limited partnerships	14,301,092	12,477,066
Stock lending collateral	6,618,924	1,257,243
Total cash, cash equivalents and investments	406,214,810	497,976,309
Member loans:		
Mortgage	4,202,429	5,175,462
Personal	18,636,391	30,610,457
	22,838,820	35,785,919
Less allowance for loans losses	(1,008,830)	(1,772,088)
	21,829,990	34,013,831
Real estate:		
Havensight Mall	41,000,000	41,000,000
System Complex and other real property	25,204,151	25,118,705
	66,204,151	66,118,705
Reserved assets	17,565	17,550
Due from other agencies of the Government of the U.S.V.I	10,984,344	7,392,864
Accrued interest receivable	369,635	1,390,423
Capital assets, net	1,667,964	971,174
Other assets	1,427,692	11,783,101
Total assets	508,716,152	619,663,958
Liabilities		
Retirement benefits in process of payment	3,417,946	3,366,203
Obligation for collateral received under securities lending transactions (Note 5)	6,618,924	1,257,243
Other liabilities	23,551,375	32,500,775
Total liabilities	33,588,245	37,124,221
Net position restricted for pensions	$475,127,907	$582,539,737

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2021 AND 2020

	Years Ended September 30,	
	2021	2020
Additions:		
Investment income:		
Net appreciation in fair value of investments	$14,452,153	$27,280,087
Interest and dividends	4,171,313	8,437,526
Other investment income	55,235	427,774
Rental income	2,034,745	2,394,478
	20,713,446	38,539,865
Less:		
Investment management fees and custodian fees	460,149	268,618
Borrowers' rebates and other agent fees on securities lending transactions	5,739	4,689
Other expenses	-	172,619
	20,247,558	38,093,939
Contributions:		
Employer	104,844,144	100,422,478
Employee	50,991,005	50,861,064
	155,835,149	151,283,542
Other income	2,664,549	3,642,816
Total additions	178,747,256	193,020,297
Deductions:		
Benefits paid directly to members	265,175,454	265,605,426
Refunds of members' contributions	6,700,985	8,307,360
Administrative and operational expenses	14,282,647	14,688,039
Total deductions	286,159,086	288,600,825
Net change in net position	(107,411,830)	(95,580,528)
Net position restricted for pensions:		
Net position beginning of year	582,539,737	678,120,265
Net position end of year	$475,127,907	$582,539,737

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

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan

The Government of the U.S. Virgin Islands Employees' Retirement System (the System) is a multiple employer defined benefit pension plan. The System was established as of October 1, 1959 by the Government of the U.S. Virgin Islands (the Government or Employer) as an independent and separate agency to provide pension benefits to its employees, and includes Judicial, Executive, Legislative Branches and outside agencies. Under provisions of Virgin Islands Code, Title 3, Chapter 27, (the Code) the Board of Trustees of the System are responsible for the administration of the System.

The System is a component unit of the Government of the U.S. Virgin Islands for financial reporting purposes and is included in the Government's financial reports as a pension trust fund.

Eligibility and Membership: The Plan covers all employees of the Government of the U.S. Virgin Islands except casual, provisional, or any part-time employee who does not regularly work at least 20 hours per week. The plan also covers employees whose services are compensated on a contractual fee or per diem basis who work exclusively for the Government at least 40 hours per week. Persons over the age of 55 may opt out of the Plan by providing formal notification to the Plan. The Plan provides retirement, death, and disability benefits to plan members. Benefits may be extended to beneficiaries of plan members.

There are two tiers within the Plan:

1) **Tier I -** Employees hired prior to September 30, 2005

2) **Tier II -** Employees hired on or after October 1, 2005

Plan Membership as of September 30, 2021, consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	8,783
Current employees	8,928
	17,711

Vesting: The System provides for retirement, death, and disability benefits to plan members. Benefits may be extended to beneficiaries of plan members. Regular Tier I employees who have completed 30 years of credited service or have attained age 60 with at least 10 years of credited service are eligible for a full-service retirement annuity. Regular Tier II employees who have attained age 65 with at least ten years of service are eligible for a full-service retirement annuity. Members who are considered "safety employees" as defined in the Code are eligible for full retirement benefits when they have earned at least 20 years of government service or have reached the age of 55 with at least 10 years of credited service. Tier I regular and safety employees who have attained age 50 with at least 10 years of credited service may elect to retire early with a reduced benefit. Tier II regular and safety employees who have attained age 60 with at least 10 years of credited service may elect to retire early with a reduced benefit. Senators and members of the Legislature may receive a retirement annuity when they have attained age 50 and upon the completion of 6 years of credited service as a member of the legislature.

1. Description of the Plan *(continued)*

The semi-monthly annuity benefit payments are determined by applying a stipulated benefit ratio to the member's average compensation. Average compensation for Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service. Average compensation for Tier II members is determined by averaging the most recent five years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation is $65,000, except for senators and judges, whose annual salary is used. The Board may set cost-of-living increases for annuitants and pensioners and determine when the annuity should be paid on the basis of the most recent actuarial valuation and the Consumer Price Index. The annual increase in the case of a disability annuity shall be 1 percent per year prior to the member's attainment of age 60 and 1.5 percent per year thereafter. The Board of Trustees may not increase rates by more than 3.0% over a five-year period. The employer's contributions together with the employee's contributions and the income of the System should be sufficient to provide an adequate actuarially determined reserve for the benefits prescribed by the Code.

Contributions: Contributions to the System are made by the employer (Government of the U.S. Virgin Islands and its Independent Instrumentalities) and employees. From time to time, The Board may actuarially determine the rate of contribution for Tier I members and employers of the System.

The contributions required to fund the System on an "actuarial reserve basis" are calculated periodically by the System's actuarial consultant. The actuarial valuation as of October 1, 2020 indicates that the current combined statutory employer and employee contribution rates are not sufficient to meet the costs of the System on an actuarial basis.

The employer's required contribution is 23.5% (effective January 1, 2020) of the employee's annual salary and required employee contributions are 11% and 11.5% of annual salary for Tier I and Tier II regular employees respectively, 12% and 14% for Tier I and Tier II senators respectively, 15% for both Tier I and Tier II judges, and 13% and 13.625% for Tier I and Tier II safety (hazardous employees and eligible employees under Act 5226) respectively. Prior to June 29, 2000, member contributions were refundable without interest upon withdrawal from employment before retirement. Effective November 2, 2005, legislation was passed that required that the annual interest on refunded contributions be determined by the Board based on the experience of the System which shall not be less than 2%, nor more than 4% per annum. The system set the interest rate to 2% effective July 1, 2009.

Early Retirement Act of 1994: In August 1994, legislation providing an early retirement incentive was passed. The legislation was subsequently amended on October 13, 1994, December 30, 1994, and December 5, 1995. Among other matters, the legislation allowed a member of the System who had a combined aggregate number of years of credited service plus number of years of age attained, equal to at least 75 years as of the date of the legislation to retire without reduction in the semimonthly annuity received by member.

Members who attained the age of 50 with at least 10 but less than 30 years of credited service may add an additional three years to their age for this computation. Members with 30 years of service or who can retire without penalty under the Code shall have their average compensation increased by 4 percentage points.

1. Description of the Plan *(continued)*

For each employee electing to retire pursuant to Section 8(a) of the above-mentioned Act, the Government shall contribute to the System, on a quarterly basis, an amount equal to the Employer and Employee contributions that would have been made until the employee reached age 62 had the employee not elected to retire under this provision.

For employees electing to retire under Section 8(b) of the Act, the Government shall contribute to the System a sum equal to the additional contribution the employer and employee would have made had the employee received a salary 4% higher during the 3 years used to compute the employee's average compensation figure, plus a sum of $5,000. Based on the calculation, the total due of $26,944,627 was collected. This represents the total amount due under the Act.

The Actuary for the System has determined that the specific funding provided under the Early Retirement Act of 1994 is inadequate to cover the costs of the program. The System is seeking to recover any unfunded costs of the program under a newly enacted provision of the retirement law which provides that the employer shall compensate the System for the costs of any special early retirement program.

2. Summary of Significant Accounting Policies

Reporting Entity. The accompanying financial statements include all activities and funds administered by GERS. GERS is a component unit of the Government of the U.S. Virgin Islands for financial reporting purposes. GERS financial statements are included in the fiduciary and proprietary funds in the Virgin Islands Annual Comprehensive Financial Report (ACFR).

Basis of Accounting. The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental organizations. In doing so, GERS adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB). Employee and employer contributions are recognized as additions to the System' net assets in the period in which employee services are performed. Benefits are recorded upon payment. Refunds are recognized when due and payable in accordance with the terms of the plan.

Cash and Cash Equivalents. The System considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash as of September 30, 2021, includes cash held by the mall that is not restricted by use of GERS.

Methods Used to Value Investments. Investments in marketable securities are carried at quoted market values. Shares of mutual funds are valued at the net asset value of shares held by the System at year-end. Purchases and sales are recorded on a trade-date basis. Realized gains and losses on securities are determined by the average cost method.

Investments in member loans are valued at the outstanding principal balance less an allowance for estimated loan losses. Management of the System believes that, based upon interest rate and risk factors, this valuation approximates fair value. Investments in limited partnerships have no readily ascertainable market value and are based on the valuation reported by the general partners.

2. Summary of Significant Accounting Policies *(continued)*

The System's office complex and other real property - St. Thomas/St. Croix real estate is carried at historical cost, net of accumulated depreciation.

The carrying value for Havensight Mall real estate is based on an independent appraisal. The value in this investment is $41,000,000 as of September 30, 2021 and 2020. Rental income, net of related expenses and any abatements, is recorded when earned.

There are certain market risks, credit risks, liquidity risks, foreign exchange risks, and event risks which may subject the System to economic changes occurring in certain industries, sectors, or geographies.

Depreciation. Capital assets in excess of $1,000, utilized in the operation of the System are recorded at historical cost less depreciation, computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over 5 years and building and improvements over 25 years.

Tax Exemption. The System is exempt from all income and property taxes.

Use of Estimates. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in determining the reported amounts of plan assets, liabilities and net position, and changes net position, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such change could materially affect the amounts reported in the financial statements.

3. Net Pension Liability

The components of the net pension liability (NPL), of the System as of September 30, 2021, were as follows:

Total Pension Liability (1)	Plan Fiduciary Net Position (2)	Net Pension Liability (1-2)	Plan Fiduciary Net Position as a % of Total Pension Liability (2/1)
$5,770,941,174	$475,127,907	$5,295,813,267	8.23%

3. Net Pension Liability *(continued)*

Valuation date	Actuarially determined contributions are calculated as of September 30, 2021
Actuarial cost method	Entry Age Normal Cost Method determined as a percentage of salary
Amortization method	Level dollar
Amortization period	20 years open amortization
Asset valuation method	Market value
Inflation	2.10%
Salary Increases	3.25% per year, including inflation
Investment Rate of Return	2.52% net of pension plan investment expense, including inflation
Mortality	Non-annuitant: 110% of the RP-2014 Blue Collar Employee Mortality Table with generational projection from 2015 using Scale MP-2015. Healthy annuitant: 110% of the RP-2014 Blue Collar Healthy Annuitant Mortality Table with generational projection from 2015 using Scale MP-2015. Disabled annuitant: 125% of the RP-2014 Disabled Annuitant Mortality Table with generational projection from 2015 using Scale MP-2015

The 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 the expected inflation component.

3. Net Pension Liability *(continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	9%	7.04%
Real Estate	10%	4.14%
Fixed income	60%	0.89%
Alternatives – Private Equity	9%	11.04%
Cash	12%	0.29%
Total	**100%**	

Discount rate: The discount rate used to measure the total pension liability was 2.52% and 2.23% as of September 30, 2021 and 2020, the respective measurement dates. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 4.00% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond Index was applied. As of September 30, 2021, that rate was 2.26%.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability calculated using the discount rate of 2.52%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.52%) or 1-percentage-point higher (3.52%) than the current rate:

	1% Decrease (1.52%)	Current Discount (2.52%)	1% Increase (3.52%)
Net pension liability	$6,087,282,094	$5,295,813,267	$4,642,297,466

The fiduciary net position of the System represents only 8.23% of the total pension liability of the Plan at September 30, 2021, the most recent measurement date.

	1% Decrease (1.23%)	Current Discount (2.23%)	1% Increase (3.23%)
Net pension liability	$6,701,798,490	$5,776,276,407	$5,020,386,941

The fiduciary net position of the System represents only 9.16% of the total pension liability of the Plan at September 30, 2020, the most recent measurement date.

4. Investments

(a) Marketable Securities

The System's investments in marketable securities are held in trust by a Custodian bank (State Street Bank and Trust Company) on behalf of the System and are managed by several professional investment managers.

The System's Board of Trustees has established investment policies that place limitations and provide guidelines on amounts that may be invested in certain investment categories. In addition, such policies provide the guidance related to the type of investment transactions that can be entered into. The System's Board of Trustees authorizes the System to invest in the following:

- United States Government agencies and instrumentalities obligations;

- Bonds or notes which are general obligations of any state in the United States, or of any political subdivision;

- Bonds or other obligations which are payable from revenue or earnings specifically pledged of a public utility, which is municipally owned either directly or indirectly through any civil division, authority, or public instrumentality of the municipality; provided that (a) the municipality has at least 30,000 inhabitants; (b) the utility has been in operation for at least 10 years prior to the date of the investment; (c) bonds or other obligations of such utility have not been in default for any period longer than 30 days; (d) rates for service are fixed and maintained and collected at all times so as to produce sufficient revenue or earnings to pay all operating and maintenance charges and both the principal and interest on such bonds or obligations; (e) the total investment in this type of security shall not at any time exceed 10 percent of the total investment of the System.

- Bonds or any other evidence of indebtedness issued or guaranteed by any domestic railroad corporation, or in equipment trust certificates, provided that these securities bear a rating of "BBB" or better by any two nationally known security rating agencies. Not more than 2% of total investments should consist of any one issue of these bonds;

- Bonds or other evidence of indebtedness of any domestic public utility corporation provided that these securities and investments bear a rating of "BBB" or better by any two nationally known security rating agencies. Not more than 2% of total investments should consist of any one issue of these bonds;

- Bonds or other evidence of indebtedness of any domestic industrial corporation provided that these securities bear a rating of "BBB" or better by any two nationally known security rating agencies. Not more than 2% of total investments should consist of any one issue of these bonds;

4. Investments *(continued)*

– Bonds or other obligations of the Commonwealth of Puerto Rico or of the Territories of the United States, provided that the investment in any one issue of bonds of these entities should not exceed 10% thereof, and that the total investment in all securities of any one of such entities should be limited to 2% of the total investment account of the System;

– Bonds or other indebtedness issued by foreign governments or foreign corporations provided that (a) these securities bear a rating of "BBB" or better by any two internationally known securities rating agencies, and (b) not more than 2% of total investments should consist of any one issue of these bonds. The aggregate amount to be invested in foreign bonds should be limited to 10% of the market value of the total investments of the System on the date the investment is made;

– Common and preferred stocks of any corporation chartered under the laws of the United States, or of any state, district, or territory thereof or common and preferred stocks of any foreign corporation if listed on any internationally recognized security exchange;

The investment in the stock of any single corporation should not exceed 1% of the market value of the total investment of the fund on the date of purchase. The aggregate amount to be invested in common and preferred stocks should be limited to 60% of the market value of the total investments of the System on the date the investment is made. Investment in foreign stocks should be limited to 10% of the market value of the total investment of the System;

The aggregate amount to be invested in common and preferred stock should be limited to 20% of the book value of the total investments of the System on the date the investment is made.

– Mutual funds of any corporation chartered under the laws of the United States, or any state, district, or territory thereof if listed on a national security exchange;

– Real property purchased and/or developed by the Board of Trustees for sale for homeownership purposes;

– Loans to approved businesses by the Board of Trustees as alternative investments.

(b) Limited Partnership

The total value of the limited partnership investments as of September 30, 2021 and 2020 are as follows:

	2021		2020
Mesirow	$14,301,092		$12,477,066

4. Investments *(continued)*

(c) Net Appreciation in Fair Value of Investments, Interest and Dividends

The fair value of the System's investments as of September 30, 2021 and 2020 are listed below:

	2021	2020
U.S. Government and agency obligations	$ 26,350,535	$ 19,263,309
Corporate obligations	28,199,955	29,156,890
Mortgage and asset-backed securities	28,161,182	34,976,676
Commingled and mutual funds	217,032,237	327,079,797
Limited partnerships	14,301,092	12,477,066
	$ 314,045,001	$ 422,953,738

The investments generated interest and dividend income for the years ended September 30, 2021 and 2020 are listed below:

	2021	2020
Investment interest & dividend	$ 2,078,300	$ 5,114,279

In addition, the net appreciation in fair value System's investments including gains and losses on investments bought and sold, as well as held during fiscal years 2021 and 2020 as listed below:

	2021	2020
U.S. government and agency obligations	$ (1,060,598)	$ 1,207,914
Corporate obligations	(453,815)	1,476,125
Mortgage and asset-backed securities	(784,294)	(392,101)
Commingled and mutual funds	8,600,649	27,765,580
Other gains/losses/investments	(8)	(3,606,682)
Limited partnership	8,150,218	829,251
Totals	$ 14,452,153	$ 27,280,087

4. Investments *(continued)*

(d) Custodial Credit Risk-Deposits

GERS discloses cash and investments of all GERS – managed funds that are subjected to certain risks: custodial credit risk, concentration of credit risk, interest rate risk, credit risk and foreign currency risk, when such exposure exists.

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Cash equivalents consist of money market accounts.

As required by law, banks or trust companies designated as depositories of public funds of the Government and its various agencies, authorities, and instrumentalities are to maintain corporate surety bonds or pledge collateral satisfactory to the U.S. Virgin Islands Commissioner of Finance to secure all funds deposited.

As of September 30, 2021 and 2020, all cash and cash equivalents were covered by federal deposit insurance, corporate surety bonds, or by collateral held by the System.

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer of securities. The System's investment policy (the Investment Policy) establishes limitations on portfolio composition by investment type to limit its exposure to concentration of credit risk.

(f) Credit Risk

The Investment Policy is designed to minimize credit risk by restricting authorized investments to only those investments permitted by the statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures, or short positions. However, the Investment Policy allows for investments in mortgage pass-through securities.

The fair value and credit ratings of debt securities (excluding U.S. government obligations and obligations expressly guaranteed by the U.S. government), money market funds, mutual funds, and other pooled investments of fixed income securities as of September 30, 2021 and 2020 include the following:

NOTES TO FINANCIAL STATEMENTS *(continued)*

4. Investments *(continued)*

- - As of September 30, 2021 - -

	Standards & Poor's Credit Ratings			Moody's Investor Service Credit Ratings		
	Credit Ratings	**Fair Value**	**Percentage of Portfolio**	**Credit Ratings**	**Fair Value**	**Percentage of Portfolio**
Corporate obligations	A +	$ 432,141	0.16%	Aa1	$ 260,350	0.10%
Corporate obligations	A	260,795	0.10%	A2	797,814	0.29%
Corporate obligations	A-	2,586,542	0.95%	A3	3,452,827	1.26%
Corporate obligations	AA+	260,350	0.10%	Baa1	7,578,197	2.77%
Corporate obligations	BBB+	7,791,116	2.85%	Baa2	9,376,816	3.43%
Corporate obligations	BBB	10,366,304	3.79%	Baa3	6,411,703	2.35%
Corporate obligations	BBB-	6,309,007	2.31%	Not Available	317,448	0.12%
Corporate obligations	Not Available	193,700	0.07%	Not Rated	4,800	0.002%
Mortgage and asset-backed securities	AAA	3,207,092	1.17%	Aaa	7,067,518	2.58%
Mortgage and asset-backed securities	AA	427,167	0.16%	Aa1	935,820	0.34%
Mortgage and asset-backed securities	A	129,968	0.05%	Aa3	129,968	0.05%
Mortgage and asset-backed securities	Not Available	24,396,955	8.91%	Not Available	20,227,876	7.33%
Commingled and mutual funds	Not Rated	217,032,237	79.38%	Not Available	217,032,237	79.38%
Total		$273,393,374	100%		$273,593,374	100%

Cash equivalents and other investments as of September 30, 2021 include the following:

		Credit Ratings	
	Fair Value	**Standard & Poor**	**Moody's**
Cash equivalents	$ 62,387,746	Not Rated	Not Rated
U.S. treasury bonds	6,843,171	Not Available	Aaa
U.S. treasury notes	19,507,364	Not Available	Aaa
Total cash equivalents and other investments	$ 88,738,281		

NOTES TO FINANCIAL STATEMENTS *(continued)*

4. Investments *(continued)*

- - As of September 30, 2020 - -

	Standards & Poor's Credit Ratings			Moody's Investor Service Credit Ratings		
	Credit Ratings	**Fair Value**	**Percentage of Portfolio**	**Credit Ratings**	**Fair Value**	**Percentage of Portfolio**
Corporate obligations	A +	$ 2,110,104	0.54%	A1	$ 315,713	0.08%
Corporate obligations	A-	3,832,971	0.98%	A2	2,447,589	0.63%
Corporate obligations	BBB+	8,207,092	2.10%	A3	4,142,838	1.06%
Corporate obligations	BBB	9,124,487	2.33%	Baa1	7,003,341	1.79%
Corporate obligations	BBB-	5,873,796	1.50%	Baa2	8,540,653	2.18%
Corporate obligations	Not Available	8,440	0.0022%	Baa3	6,375,698	1.63%
Corporate obligations		-	-	Aa3	322,618	0.08%
Corporate obligations		-	-	Not Available	8,440	0.002%
Mortgage and asset-backed securities	AAA	5,927,661	1.52%	Aaa	9,986,602	2.55%
Mortgage and asset-backed securities	Not Available	29,049,015	7.43%	Aa1	508,520	0.13%
Mortgage and asset-backed securities		-	-	Not Available	24,481,554	6.26%
Commingled and mutual funds	Not Rated	327,079,797	83.61%	Not Available	327,079,797	83.61%
Total		$ 391,213,363	100%		$ 391,213,363	100%

Cash equivalents and other investments as of September 30, 2020 include the following:

		Credit Ratings	
	Fair Value	**Standard & Poor**	**Moody's**
Cash equivalents	$ 46,797,165	Not Rated	Not Rated
U.S. government and agency obligations	612,182	AA+	Aaa
U.S. treasury bonds	6,023,212	Not Available	Aaa
U.S. treasury notes	11,164,812	Not Available	Aaa
Municipal bonds	345,485	AAA	Aaa
Municipal bonds	488,419	AA	Aa1
Municipal bonds	629,199	AA	Aa3
Total cash equivalents and other investments	$ 66,060,474		

4. Investments *(continued)*

The total System's cash, cash equivalents and investment securities as of September 30, 2021 and 2020 consists of:

	2021	2020
Fixed income investments	$273,393,374	$391,213,363
Cash equivalents and other investments	88,738,281	66,060,474
System cash	14,447,262	18,447,640
Havensight Mall Cash	7,895,301	8,073,690
Stock lending collateral	6,616,924	1,257,243
Unsettled securities sold	822,576	446,832
Limited partnership	14,301,092	12,477,066
	$406,214,810	$497,976,308

(g) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System does not have a specific policy to manage interest rate risk, but requires investment managers to diversify by issue, maturity, sector, coupon, and geography. Investment managers retained by the System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Any exemption from general guidelines requires approval from the System's Board of Trustees.

As of September 30, 2021, the System had the following investments and maturities:

		Maturity *(in years)*				
Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years	No Stated Maturity Date
Commingled & Mutual Funds	$ 217,032,237	$ -	$ -	$ -	$ -	$217,032,237
Corporate Obligations	28,199,955	4,800	11,298,355	5,395,251	11,501,549	-
Limited Partnership	14,301,092	-	-	-	-	14,301,092
Mortgage and asset-backed securities	28,161,182	-	3,069,420	2,992,753	22,099,008	-
US Treasury Bonds	6,843,171	-	-	-	6,843,171	-
US Treasury Notes	19,507,364	-	14,940,212	4,567,152	-	-
Totals	$ 314,045,001	$ 4,800	$ 29,307,987	$ 12,955,156	$ 40,443,729	$231,333,329

4. Investments *(continued)*

As of September 30, 2020, the System had the following investments and maturities:

		Maturity (*in years*)				
Investment Type	**Fair Value**	**Less Than 1 Year**	**1 to 5 years**	**6 to 10 years**	**More than 10 Years**	**No Stated Maturity Date**
Commingled & Mutual Funds	$327,079,797	$ -	$ -	$ -	$ -	$327,079,797
Corporate Obligations	29,156,890	40	9,676,676	8,075,182	11,404,992	-
Limited Partnership	12,477,065	-	-	-	-	12,477,065
Mortgage and asset-backed securities	34,976,677	-	6,889,074	3,075,520	25,012,083	-
Municipal Bonds	1,463,103		192,917	436,282	833,904	-
US Government Agency Obligations	612,182	612,182	-	-	-	-
US Treasury Bonds	6,023,212	-	-	-	6,023,212	-
US Treasury Bonds	11,164,812	-	10,581,289	583,523	-	-
Totals	$422,953,738	$612,222	$27,339,956	$12,170,507	$43,274,191	$339,556,862

(h) Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. With the exception of underlying securities on loans secured by noncash collateral, the System's entire investment portfolio was held with a single third-party custodian in the System's name as of September 30, 2021 and 2020. As of September 30, 2021 and 2020, the System had no underlying securities on loan secured by noncash collateral.

Stock and cash collateral held for securities lending transactions is invested in a collective investment pool maintained by the securities lending agent.

(i) Forward Currency Exchange Contracts

The System enters into various forward currency exchange contracts to manage exposure to changes in foreign currency exchange rates and to facilitate the settlement of foreign security transactions. A forward contract is an agreement to buy or sell a specific amount of currency at a specific delivery or maturity date for an agreed upon price. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform in accordance with the terms of the contracts. Changes in the market value of open and closed forward contracts are recorded within interest, dividends, and other income in the statement of changes in plan net position. During the years ended September 30, 2021 and 2020, the System did not engage in any forward currency exchange contracts

4. Investments *(continued)*

(j) Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. In accordance with GAAP, the System is required to classify certain assets and liabilities based on the following fair value hierarchy:

- *Level I:* Quoted prices (unadjusted) for identical investments in active markets;
- *Level II:* Observable inputs other than quoted market prices; and,
- *Level III:* Unobservable inputs.

These levels are determined by the System's investment staff. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The System will request the information from the fund manager if necessary.

The System had the following recurring fair value measurements as of September 30, 2021:

	9/30/2021	Level I	Level II	Level III
Investments by fair value level				
Debt securities				
Government and agency obligations	$ 26,350,535	$ -	$ 26,350,535	$ -
Corporate bond	28,199,955	-	28,199,915	40
Assets-backed securities	5,268,532	-	5,268,532	-
Collateralized mortgage obligation	6,918,556	-	6,918,556	-
Commercial mortgage-backed securities	854,855	-	854,855	-
Residential mortgage-backed securities	15,119,240	-	15,119,240	-
Total debt securities	82,711,672	-	82,711,632	40
Limited partnership-private equity fund of funds	14,301,092	-	-	14,301,092
Private debt-direct lending/other investments	21,829,989	-	-	21,829,989
Real estate/other real assets	66,204,151	-	-	66,204,151
Total other investments	102,335,233	-	-	102,335,233
Total investments by fair value level	185,046,904	$ -	$ 82,711,632	$ 102,335,273
Investments measured at net assets value (NAV)				
Commingled bond funds	217,032,237			
Securities lending collateral fund	6,618,924			
Total investments measured at the NAV	223,651,161			
Short-term investments	76,833,009			
Total investments	$ 485,531,074			

NOTES TO FINANCIAL STATEMENTS *(continued)*

4. Investments *(continued)*

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

Investments measured at net assets value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled bond funds	$ 217,032,237	$ -	Daily	2 – 10 days
Securities lending collateral fund	6,618,924	-	Daily	None
Total investments measured at the NAV	$ 223,651,161	$ -		

The System had the following recurring fair value measurements as of September 30, 2020:

	9/30/2020	Level I	Level II	Level III
Investments by fair value level				
Debt securities				
Government and agency obligations	$ 18,247,038	$ -	$18,247,038	$ -
Municipal obligations	1,463,102	-	1,463,102	-
Corporate bond	29,156,890	-	29,156,890	-
Assets-backed securities	8,638,437	-	8,638,437	-
Collateralized mortgage obligation	8,229,236	-	8,229,236	-
Commercial mortgage-backed securities	2,115,410	-	2,115,410	-
Residential mortgage-backed securities	15,993,594	-	15,993,594	-
Total debt securities	83,843,707	-	83,843,707	-
Limited partnership-private equity fund of funds	12,477,066	-	-	12,477,066
Private debt-direct lending/other investments	34,013,831	-	-	34,013,831
Real estate/other real assets	66,118,705	-	-	66,118,705
Total other investments	112,609,602	-	-	112,609,602
Total investments by fair value level	196,453,309	$ -	$83,843,707	$112,609,602
Investments measured at net assets value (NAV)				
Commingled equity funds	108,155,833			
Commingled bond funds	218,923,964			
Securities lending collateral fund	1,257,243			
Total investments measured at the NAV	328,337,040			
Short-term investments	73,318,496			
Total investments	$ 598,108,845			

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

Investments measured at net assets value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 108,155,833	$ -	Daily	1 – 15 days
Commingled bond funds	218,923,964	-	Daily	2 – 10 days
Securities lending collateral fund	1,257,243	-	Daily	None
Total investments measured at the NAV	$ 328,337.040	$ -		

4. Investments *(continued)*

Commingled equity and bond funds. This type includes seven commingled funds that invest in publicly traded domestic and global stocks, and domestic and global fixed income securities. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The total commingled fund assets can be liquidated daily. All the underlying securities within the commingled funds carry a recurring fair value measurement Level of II. There are no unfunded commitments to commingled funds as of September 30, 2021 and 2020.

Securities lending collateral. The System's custodian is the agent in lending the System's securities for collateral and investments are in a commingled fund.

(k) Member Loans

The System's investments in member loans, net of allowances for loan losses, as of September 30, 2021 and 2020 were $21,829,990 and $34,013,831 respectively. Such investments in member loans generated interest income of $2,097,557 and $3,335,941 respectfully for the years ended September 30, 2021 and 2020. The average interest rate was 8% for the years ended September 2021 and 2020.

The loan program was suspended in August 2015.

(l) Real Estate

The investment in the Havensight Mall has an appraised value of $41,000,000 as of September 30, 2021 and 2020.

The System Facilities - St. Thomas/St. Croix are partially an investment of the System's retirement funds in real estate held for rent or lease. The System utilizes portions of the buildings in the operation of the System. Depreciation is provided for only those portions of the buildings that are utilized in the operation of the System. The remaining areas of the buildings leased to other government agencies and commercial tenants are recorded at fair value.

The carrying value of capital assets as of September 30, 2021 is as follows:

	2021
Furniture and Fixtures	$ 1,313,511
Building Improvements	769,296
Office Equipment	1,942,999
Vehicles	319,018
Computer Hardware/Software	5,342,803
	9,687,629
Less: accumulated depreciation and amortization	8,019,664
Total	$ 1,667,964

5. Securities Lending Transactions

The Government's statutes permit the System to participate in securities lending transactions, and the System has, via a securities lending authorization agreement (the agreement), authorized State Street Bank and Trust Company (the custodian) to lend securities to broker-dealers and banks pursuant to a form of loan agreement. Lent securities are collateralized with cash, securities issued or guaranteed by the U.S. Government, or irrevocable bank letters of credit. The System does not have the ability to pledge or sell collateral securities delivered absent a borrower default. No restrictions were imposed during 2021 as to the amount of loans the custodian can make on behalf of the System.

Loans are generally terminable on demand. The collateral received shall (i) in the case of loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S. or sovereign debt issued by foreign governments, have a market value of 102% of the market value of the loaned securities, (ii) in the case of loaned securities which are not denominated in the U.S. dollars or whose primary trading market is not located in the United States, have a market value of 105% of the market value of the loaned securities, or (iii) have a higher value as may be applicable in the jurisdiction in which the loaned securities are customarily traded. Such collateral should be kept, at a minimum, at 100% of the market value of the security for all borrowers throughout the outstanding period of the loans.

As of September 30, 2021 and 2020, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System. Under the terms of the agreement, the custodian must indemnify the System for losses attributable to violations by the custodian under the "Standard of Care" clause described in the agreement.

There were no such violations during the fiscal years 2021 and 2020, and there were no losses during either fiscal year resulting from the default of the borrowers or the custodian. The risk of any loss of collateral or investment of cash collateral (including a loss of income or principal, or loss of market value thereon) lies with the System, except for losses resulting from negligence or intentional misconduct of the custodian in performing the duties described in the Agreement with respect to collateral.

The following represents the balances relating to the securities lending transactions as of September 30, 2021:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Lent for Cash Collateral:			
Corporate bonds	$ 4,641,184	$ 4,744,553	$ -
U.S. government and agency obligation	1,838,191	-	-
Lent for Securities Collateral:			
U.S. government and agency obligation	717,448	1,874,371	732,304
Totals	$ 7,196,823	$ 6,618,924	$ 732,304

5. Securities Lending Transactions *(continued)*

The following represents the balances relating to the securities lending transactions as of September 30, 2020:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Lent for Cash Collateral:			
Corporate bonds	$ 371,038	$ 379,480	$ -
U.S. government and agency obligation	850,297	-	-
Lent for Securities Collateral:			
U.S. government and agency obligation	425,993	877,763	446,832
Totals	$ 1,647,328	$ 1,257,243	$ 446,832

6. Due from Agencies of the Government of the U.S. Virgin Islands

As of September 30, 2021 and 2020 the amount recorded as due from Agencies of the Government of the U.S. Virgin Islands was $10,984,344 and $7,392,864 respectively.

7. Internal Revenue Matching Fund

On December 19, 2013 Pursuant to Act No. 7261 Section 13 (Bill No. 29-0123) and enabling legislation, the System should have received $7,000,000 per year from the Internal Revenue Matching Fund. In FY 2021, the System received $4,000,000 which was applied as Employer Contributions.

8. Risks of Loss

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims against the System, Board of Trustees, or any of its staff as a result of an actual or alleged breach of fiduciary duty are insured with a commercial insurance policy. Coverage provided is limited to $5,000,000 with a deductible amount of $150,000. Defense costs incurred in defending such claims will be paid by the insurance company. However, the total defense cost and claims paid shall not exceed the total aggregate coverage of the policy.

9. Litigation

The System is a defendant in legal claims arising from its normal operations. It is management's opinion, after consulting with its legal counsel that losses, if any, resulting from these claims will not have a material effect on the System's financial position. The System is also a plaintiff in various class action suits, whose outcomes are currently undeterminable.

10. Management Fees and Custodian Fees

The custodian and investment advisers of the System's investment fund are entitled to annual fees computed based on the market value of the System's investment fund assets and reimbursement of out-of-pocket expenses incidental to custodial duties. Such fees amounted to $460,149 and $268,618 for the years ended September 30, 2021 and 2020 respectively.

11. Condensed Financial Statements

The information below is condensed financial information for the Havensight Mall for the year ended September 30, 2021:

	2021
Cash	$ 7,895,301
Equity	$ 1,730,533
Revenue	$ 5,271,181
Expense	3,741,500
Net Income	$ 1,529,681

12. Subsequent Events

The System's management has evaluated subsequent events through April 20, 2023, the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that exist at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

On April 6, 2022, the Virgin Islands Public Finance Authority (the Authority) and The Bank of New York Mellon Trust Company N.A. as Trustee entered into an agreement called GERS Funding Note (the Note) to provide funding to the Government Employees' Retirement System (GERS) in the amount of $3,805,294,438 over a period of 30 years beginning October 1, 2022, plus a special payment of $89,198,738 which was received by the GERS on April 7, 2022. The purpose of the funding is to provide additional funds to GERS to reduce the unfunded net pension liability. As of September 30, 2021, the Unfunded Actuarial Accrued Liability was $4,369,141,545. Prior to receipt of this funding from the note, the actuary is projecting that the GERS will run out of money in fiscal year ending September 30, 2025.

The Note is authorized pursuant to the Virgin Islands Revised Organic Act of 1954, as amended, the laws of the Virgin Islands, and other applicable laws. The Note is secured under the indenture by an assignment and pledge to the Trustee of the Authority's rights in and to the Trust Estate. The Note does not constitute a general obligation of the Authority, or of the Government of the Virgin Islands or the United States of America and cannot be called for redemption by the Authority. GERS is the registered owner of the Note and has only the rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any event or default under the indenture or to institute, appear in or defend any suit or other proceedings with respect thereto as provided in the Indenture. The Trustee shall treat GERS, the registered owner, as the person exclusively entitled to payment of principal and interest on this Note and entitled to the exercise of all other rights and powers of the Owner.

12. Subsequent Events *(continued)*

The expected collection years are from April 7, 2022, through October 1, 2051, with an aggregate expected collection of approximately $3.8 billion.

For additional information go to www.usvigers.com.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

**Covered employee payroll as reported in the participant data as of each valuation date.*
Historical information prior to the implementation of GASB 67/68 is not required

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

Fiscal Year Ended September 30:	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$126,707,925	$112,031,997	$76,814,792	$89,233,179	$1,716,941	$87,734,650	$69,262,969	$65,274,936
Interest on the Total Pension Liability	141,595,763	159,341,425	207,423,206	193,824,703	176,503,962	192,803,756	184,451,782	191,113,749
Benefit Changes	-	-	-	-	-	(48,588,579)	-	(40,421,809)
Differences between Actual and Expected Experience	(370,470,229)	17,582,658	(2,954,116)	2,839,939	25,049,512	76,689,946	98,193,233	35,917,905
Changes of Assumptions	(213,831,991)	351,004,813	1,045,622,246	(304,877,189)	(361,658,766)	431,433,618	731,994,972	241,527,329
Benefit Payments and Refunds	(271,876,439)	(273,912,786)	(275,738,622)	(265,331,162)	(259,464,878)	(259,011,168)	(250,110,255)	(247,069,503)
Net Change in Total Pension Liability	(587,874,971)	366,048,087	1,051,167,506	(284,310,530)	(317,853,229)	481,062,223	833,792,701	246,342,607
Total Pension Liability – Beginning	6,358,816,145	5,992,768,058	4,941,600,552	5,225,911,082	5,543,764,311	5,062,702,088	4,228,909,387	3,982,566,780
Total Pension Liability – Ending (A)	$5,770,941,174	$6,358,816,145	$5,992,768,058	$4,941,600,552	$5,225,911,082	$5,543,764,311	$5,062,702,088	$4,228,909,387
Plan Fiduciary Net Position								
Contributions – Employer	$104,844,144	$ 100,422,478	$ 106,183,907	$ 96,747,868	$ 84,802,335	$ 86,346,597	$ 72,287,934	$ 68,298,617
Contributions – Employee	50,991,005	50,861,065	49,035,132	44,481,827	47,925,193	41,459,511	36,245,015	34,020,107
Net Investment Income	20,247,558	38,093,939	40,161,690	54,077,199	67,401,362	70,993,934	4,967,602	60,326,921
Benefit Payments and Refunds	(271,876,439)	(273,912,786)	(275,738,622)	(265,331,162)	(259,464,878)	(259,011,168)	(250,110,255)	(247,069,503)
Administrative Expense	(14,282,647)	(14,688,039)	(15,162,645)	(14,505,786)	(14,997,033)	(15,267,630)	(16,401,722)	(18,867,491)
Other	2,664,549	3,642,816	4,820,140	7,880,224	2,641,471	1,599,548	1,161,301	3,573,611
Net Change in Plan Fiduciary Net Position	(107,411,830)	(95,580,528)	(90,700,398)	(76,649,830)	(71,691,550)	(73,879,208)	(151,850,124)	(99,717,738)
Plan Fiduciary Net Position – Beginning	582,539,737	678,120,265	768,820,663	845,470,493	917,162,043	991,041,251	1,142,891,375	1,242,609,113
Plan Fiduciary Net Position – Ending (B)	475,127,907	582,539,737	678,120,265	768,820,663	845,470,493	917,162,043	991,041,251	1,142,891,375
Net Pension Liability – Ending (A) – (B)	$5,295,813,267	$5,776,276,408	$5,314,647,793	$4,172,779,889	$4,380,440,589	$4,626,602,268	$4,071,660,837	$3,086,018,012

GOVERNMENT EMPLOYEES’ RETIREMENT SYSTEM OF THE U.S. VIRGIN ISLANDS

REQUIRED SUPPLEMENTARY INFORMATION

**Covered employee payroll as reported in the participant data as of each valuation date.*
Historical information prior to the implementation of GASB 67/68 is not required

SCHEDULE OF CHANGES IN THE EMPLOYERS’ NET PENSION LIABILITY AND RELATED RATIOS

Fiscal Year Ended September 30:	2021	2020	2019	2018	2017	2016	2015	2014
Plan Fiduciary Net Position as a Percentage of the Total Pension	8 23%	9 16%	11 32%	15 56%	16 18%	16 54%	19 58%	27 03%
Covered Employee Payroll	$429,477,835*	$ 411,757,386*	$399,386,941*	$404,775,714*	$393,771,228*	$368,023,518*	$355,603,633*	$370,131,865*
Net Pension Liability as a Percentage of Covered Employee Payroll	1,233 08%	1402 83%	1,330 70%	1,030 89%	1,112 43%	1,257 15%	1,145 00%	833 76%

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

Notes to Schedule of Changes in the Employers' Net Pension Liability

Benefits Provided: In the year ended September 30, 2016, there were changes to the eligibility and benefit amounts for Tier 2 Regular and Public Safety Employees for service and Early pensions reflected in this valuation.

Change of Assumptions: In the year ended September 30, 2014, amounts reported as changes in assumptions resulted from a decrease in the discount rate used to measure the total pension liability from 4.87% as of September 30, 2013 to 4.42% as of September 30, 2014.

In the year ended September 30, 2015, amounts reported as changes in assumptions resulted from a decrease in the discount rate used to measure the total pension liability from 4.42% as of September 30, 2014 to 3.84% as of September 30, 2015 and several changes in assumptions based on the actuarial experience study as of September 30, 2015 adopted by the Board effective September 30, 2015. The changes include changes to the long-term expected rate of return, salary scale, inflation, the mortality assumption for healthy and disabled lives, including the provision for future mortality improvement, retirement ages for active members, and pre-retirement decrement rates for turnover and disability.

In the year ended September 30, 2016, amounts reported as changes in assumptions resulted from a decrease in the discount rate used to measure the total pension liability from 3.84% as of September 30, 2015 to 3.20% as of September 30, 2016.

In the year ended September 30, 2017, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 3.20% as of September 30, 2016 to 3.74% as of September 30, 2017.

In the year ended September 30, 2018, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 3.74% as of September 30, 2017 to 4.25% as of September 30, 2018.

In the year ended September 30, 2019, amounts reported as changes in assumptions resulted from a decrease in the discount rate and to measure the total pension liability from 4.25% as of September 30, 2018 to 2.67% as of September 30, 2019.

In the year ended September 30, 2020, amounts reported as changes in assumptions resulted from a decrease in the discount rate and to measure the total pension liability from 2.67% as of September 30, 2019 to 2.23% as of September 30, 2020.

In the year ended September 30, 2021, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 2.23% as of September 30, 2020 to 2.52% as of September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION *(continued)*

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS – LAST TEN FISCAL YEARS

Fiscal Years Ended September 30	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Percentage Contributed
2012	$ 178,644,349	$ 66,677,155	$ 111,967,194	$ 403,473,988	16.53%
2013*	172,439,842	64,431,322	108,008,520	381,012,309	16.91%
2014	189,715,251	68,298,617	121,416,634	370,131,865	18.45%
2015	200,089,791	72,287,934	127,801,857	355,603,633	20.33%
2016	247,158,137	86,346,838	160,811,299	363,023,518	23.46%
2017	250,574,023	84,802,335	165,771,688	393,771,228	21.54%
2018	267,743,116	96,747,868	170,995,248	401,071,344	24.12%
2019	277,523,563	106,183,907	171,339,656	404,775,714	26.23%
2020	365,803,372	100,422,478	265,380,894	399,386,941	25.14%
2021	373,748,689	104,844,144	268,904,545	411,757,386	25.46%

**Estimated based on prior year's actuarial valuation*

REQUIRED SUPPLEMENTARY INFORMATION *(continued)*

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

Notes to Schedule of Employers' Contributions

Valuation date	Actuarially determined contributions are calculated as of September 30, 2021
Methods and assumptions need to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method determined as a percentage of salary
Amortization method	Level dollar, closed group
Amortization period	20 years open amortization
Asset valuation method	Market value
Inflation	2.50%
Salary Increases	3.25% per year
Investment Rate of Return	2.52% net of pension plan investment expense, including inflation
Mortality	Non-annuitant: 110% of the RP-2014 Blue Collar Employee Mortality Table with generational projection from 2015 using Scale MP-2015. Healthy annuitant: 110% of the RP-2014 Blue Collar Healthy Annuitant Mortality Table with generational projection from 2015 using Scale MP-2015. Disabled annuitant: 125% of the RP-2014 Disabled Annuitant Mortality Table with generational projection from 2015 using Scale MP-2015

SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Government Employees' Retirement System of the U.S. Virgin Islands

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government Employees' Retirement System of the U.S. Virgin Islands (the System) as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2023.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal controls over financial reporting (internal controls) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, we do not express an opinion on the effectiveness of the System's internal controls.

A *deficiency in internal controls* 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls 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 controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
April 20, 2023

SB & Company, LLC

INVESTMENT SECTION

INVESTMENT SECTION

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board-adopted Investment Policy governs investment activity at the Government Employees Retirement System of the U.S. Virgin Islands (GERS). The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The Board is responsible for managing the assets of the Fund effectively, prudently, and for the exclusive benefit of GERS' members and beneficiaries.

INVESTMENT POLICY

The Board approves the Statement of Investment Policy. The purpose of the policy is to set forth GERS' investment philosophy and objectives. The policy establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and establishes a framework for making investment decisions, monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

INVESTMENT OBJECTIVES

The primary objective of the investment portfolio is to achieve investment returns exceeding the return of our Policy Benchmark within prudent risk parameters. Over the long term, it is expected that investment returns also should meet or exceed the Board approved actuarial assumed rate of 7.00%.

ASSET ALLOCATION

The Board implements an asset allocation policy that is predicated on several factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Historical and expected long-term capital market risk and return behavior;
3. An assessment of future economic conditions, including inflation and interest rate levels; and
4. The current and projected funding status.

The asset allocation policy provides for diversification of assets in an effort to maximize the Fund's investment return consistent with market conditions. Asset allocation modeling identifies asset classes that the Board will utilize and the percentage that each asset class represents of the total Fund. Due to fluctuations in market values, positioning within a specific range is acceptable and constitutes compliance with the policy. It is anticipated that periodic revisions to the policy may occur and implementing such changes may require an extended period of time.

In fiscal year 2015 the Board approved and implemented a Dynamic Asset Allocation structure to maximize the System's ability to meet benefit obligations by matching the time-horizon of the plan's assets and liabilities. The Dynamic Asset Allocation is based on three categories of reserves that include:

1. Cash Flow Reserves - Assets required to meet projected cash outflows in the short-term, typically over the next one to two years.

2. Recommended Reserves - Assets required to meet projected cash outflows in the intermediate-term, typically over three years.

3. Surplus Reserves - Assets that are in excess of the cash flow and recommended reserves.

INVESTMENT PERFORMANCE-ANNUALIZED RETURNS – SEPTEMBER 30, 2020

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
GERS	3.9 [a]	5.5[a]	6.9 [a]
Domestic Fixed Income			
GERS	-0.6	5.5	3.1
BBgBarc US Aggregate TR Benchmark	-0.9	5.4	2.9

Return data for the System was calculated on a time-weighted basis. Returns are net of fees paid to investment managers except where noted.

a: Total Fund returns utilize lagged valuations for private equity. Performance shown does not include local assets in which The Meketa Investment Group does not report on.

PORTFOLIO HIGHLIGHTS

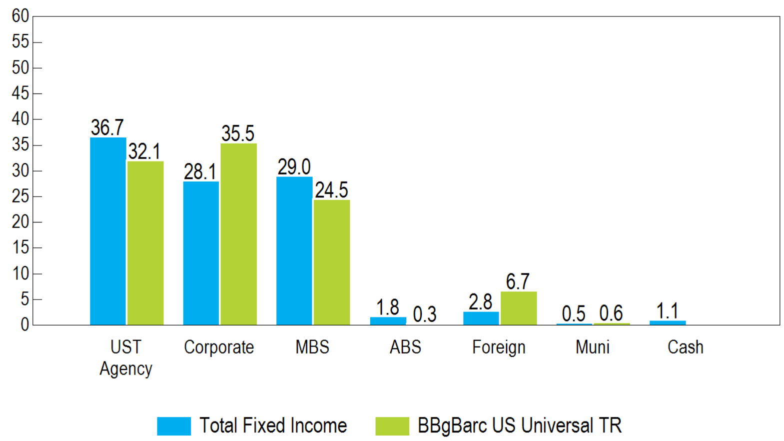
FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce the volatility of the total Fund, generate income, and provide a measure of downside protection in the event of a slowing economic environment. The market value of the Fixed Income Portfolio as of September 30, 2021 was $300.8 million which returned -0.6% for the fiscal year, outperforming the benchmark's return by 0.3%.

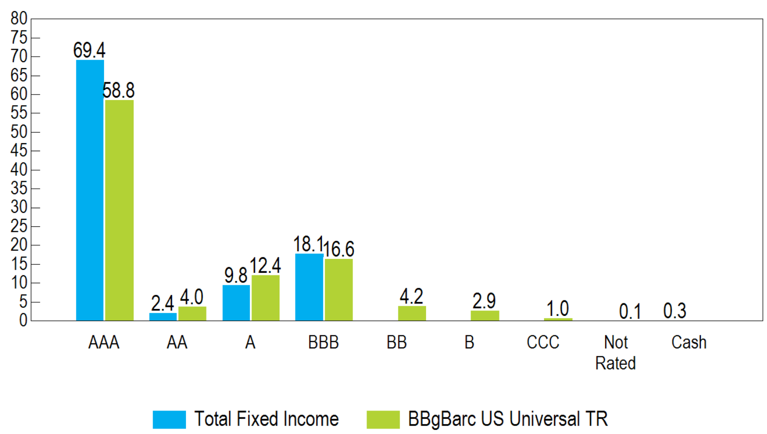
Asset Allocation on September 30, 2021	Actual	Actual
BlackRock U.S. Debt Index	$217,032,237	72.2%
Pugh Core Fixed Income	$83,724,257	27.8%
Total	**$300,756,494**	**100.0%**

INVESTMENT SECTION *(continued)*

Sector Allocation



Credit Quality Allocation



PRIVATE EQUITY

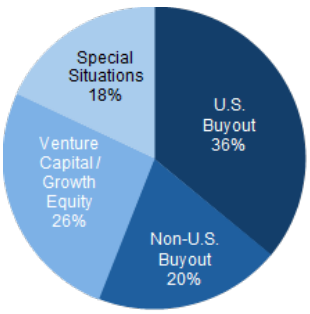
The System began investing in private equity in 2006 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At September 30, 2021, the Private Equity Portfolio fair value was at $14.3 million and approximately 94.8% of the dollars committed had been called. The system has invested in two funds, Mesirow PE Fund IV, and Fund V.

Partnership	Vintage Year	Committed	Called	Distributed	Fair Value[1]	Total Value[2]	Net IRR[3]
Mesirow Financial Private Equity Partnership Fund IV, L.P.	2006	$15.0	$14.4	$23.6	$5.2	$28.8	11.6%
Mesirow Financial Private Equity Partnership Fund V, L.P.	2009	$10.0	$9.3	$14.3	$9.2	$23.5	18.4%

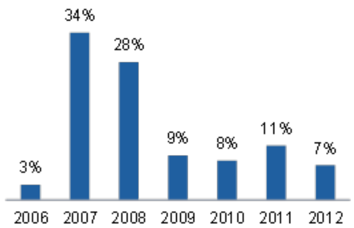
1 Fair value is calculated using the Capital Account statement as of June 30, 2021 and adjusting for cash flows that have occurred through September 30, 2021
2 Total Value is calculated using the Capital Account statement as of June 30, 2021 and adjusting for cash flows that have occurred through September 30, 2021, plus total distributions
3 IRR as of June 30, 2021

INVESTMENT SECTION *(continued)*

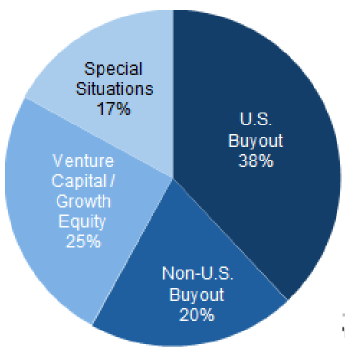
MFPE-IV Sub-Asset Class Diversification



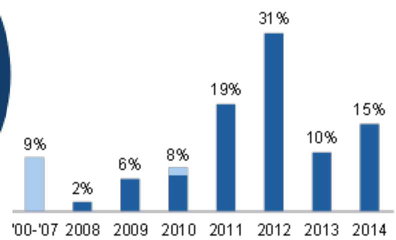
MFPE-IV Vintage Year Diversification (includes secondaries)



MFPE-V Sub-Asset Class Diversification



MFPE-V Vintage Year Diversification (includes secondaries)



PUBLIC MARKETS INVESTMENTS EXPENSE[1]

Investment Manager Expense Analysis As Of September 30, 2021				
Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Total Fixed Income		**$300,756,494**		
Domestic Fixed Income Assets		**$300,756,494**		
Pugh Core Fixed Income	0.25% of First 50.0 Mil, 0.15% of Next 50.0 Mil, 0.10% Thereafter	$83,724,257	$175,682	0.21%
BlackRock U.S. Debt Index	0.06% of First 100.0 Mil, 0.04% of Next 400.0 Mil, 0.03% Thereafter	$217,032,237	$106,813	0.05%
Total		**$300,756,494**	**$282,495**	**0.08%**