

*Financial Statements, Required Supplementary Information,  
Supplementary and Other Information,  
and Compliance and Internal Control*

**Guam Educational Telecommunications Corporation**  
(A Component Unit of the Government of Guam)

*Year ended September 30, 2022  
with Report of Independent Auditors*



Guam Educational Telecommunications Corporation  
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information,  
Supplementary and Other Information, and Compliance and Internal Control

Year ended September 30, 2022

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## Report of Independent Auditors

The Board of Trustees  
Guam Educational Telecommunications Corporation

### Report on the Audit of the Financial Statements

#### Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (PBS Guam), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise PBS Guam's basic financial statements as listed in the table of contents.

#### *Summary of Opinions*

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified

#### *Qualified Opinion on Governmental Activities*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of PBS Guam as of September 30, 2022 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinion on the General Fund*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of PBS Guam as of September 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Qualified and Unmodified Opinions

We conducted our audits 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 (*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 PBS Guam and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinion.

#### *Matter Giving Rise to Qualified Opinion on Governmental Activities*

PBS Guam recoded deferred outflow and inflow of resources and total collective other postemployment benefit (OPEB) liability in its statement of net position at September 30, 2022 of \$398,731, \$1,349,236 and \$1,536,413, respectively, and OPEB benefit of \$148,559 in the statement of activities for the year ended September 30, 2022. We were unable to obtain sufficient appropriate audit evidence about the aforementioned amounts as of September 30, 2022 and for the year then ended because we were not able to obtain evidence related to the actuarial valuation that arrived at those amounts. As a result, we were unable to determine whether any adjustments to these amounts were necessary.

#### *Responsibilities of Management for the Financial Statements*

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 control relevant to the preparation and fair presentation of financial statements that are free of 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 PBS Guam's ability to continue as a going concern for 12 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 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 GAAS 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 PBS Guam’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 PBS Guam’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 pages 5 through 7, the Budgetary Comparison Schedule – Governmental Funds on page 39, the Schedules of PBS Guam’s Proportionate Share of the Net Pension Liability on pages 40 through 42, the Schedules of PBS Guam’s Contributions on pages 43 and 45, and the Schedule of PBS Guam’s Proportionate Share of Collective Total Other Postemployment Benefit Liability on page 44 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 opinions on the financial statements that collectively comprise PBS Guam’s financial statements. The supplementary comparative financial statement information for the year ended September 30, 2022 included in pages 47 and 48 and the Supplemental Schedule of Employees and Salaries for the year ended September 30, 2022 on page 49, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, except for the effect on the supplementary information of

our inability to obtain sufficient appropriate audit evidence over the OPEB amounts as described in the Basis for Qualified and Unmodified Opinions section of our report, the comparative financial statement information and the Supplemental Schedule of Employees and Salaries are fairly stated, in all material respects, in relation to the financial statements as a whole.

We also previously audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statements of PBS Guam as of and for the year ended September 30, 2021 (not presented herein), and have issued our report thereon dated March 10, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities and General Fund of PBS Guam. The supplementary information for the year ended September 30, 2021 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023 on our consideration of PBS Guam'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 PBS Guam'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 PBS Guam's internal control over financial reporting and compliance.

The signature of Ernst + Young LLP is written in a cursive, handwritten style in black ink.

May 18, 2023

Guam Educational Telecommunications Corporation  
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis

Year ended September 30, 2022

**Financial Analysis**

Our analysis is based on the following condensed financial data for the years ended September 30, 2022 and 2021, as presented in the Statement of Net Position and the Changes in Net Position. The nature of these statements is explained in the preceding paragraph.

***Statement of Net Position***

	<u>2022</u>	<u>2021</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>		
Capital assets	\$1,487,079	\$1,515,698
Current and other assets	4,280,712	1,360,938
Deferred outflows of resources	<u>575,533</u>	<u>844,391</u>
Total assets and deferred outflows	<u>\$6,343,324</u>	<u>\$3,721,027</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>		
Liabilities:		
Long-term liabilities	\$2,273,408	\$2,366,258
Other liabilities	321,450	126,180
Deferred inflows of resources	<u>1,480,721</u>	<u>1,860,630</u>
Total liabilities and deferred inflows	<u>\$4,075,579</u>	<u>\$4,353,068</u>
<u>NET POSITION</u>		
Net position:		
Net investment in capital assets	\$1,487,079	\$1,515,698
Unrestricted	<u>780,666</u>	<u>(2,147,739)</u>
Total net position	<u>2,267,745</u>	<u>( 632,041)</u>
Total liabilities, deferred inflows and net position	<u>\$6,343,324</u>	<u>\$3,721,027</u>

Capital assets decreased by \$28,619 or 1% due to depreciation expense for FY2022. Current assets increased by \$2,919,774 or 215% primarily due to increase in cash balance and amounts due from the Government of Guam. Total liabilities decreased by \$277,489 or 6% attributed to decrease in long-term & other liability. The increase in total net position in primarily caused by the resultant changes as reflected above.

Guam Educational Telecommunications Corporation  
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Management's Discussion and Analysis, continued

***Statement of Activities***

	<u>2022</u>	<u>2021</u>
Revenues:		
Local Appropriation	\$ 671,634	\$ 491,092
Community Service Grant	469,612	1,095,926
Contribution and other	5,196,788	1,672,970
Interest Income	<u>283</u>	<u>269</u>
Total Revenues	<u>6,338,317</u>	<u>3,260,257</u>
Expenses:		
Program service	190,674	188,555
Supporting service	3,071,116	1,731,301
Depreciation expense	<u>176,741</u>	<u>127,702</u>
Total Expenses	<u>3,438,531</u>	<u>2,047,558</u>
Change in net position	2,899,786	1,212,699
Net position beginning of year	( <u>632,041</u> )	( <u>1,844,740</u> )
Net position at the end of the year	<u>\$2,267,745</u>	<u>\$(-632,041)</u>

Total revenue increased \$3,078,060 or 94% which is largely attributed to contribution and production revenues. Total operating expense increased by approximately \$1,390,973 or 68% which is primarily due to supporting services.

**Governmental Funds**

PBS GUAM utilizes fund accounting practices to provide information on a near-term inflow, outflow and balances of spendable resources. Such information is useful in assessing PBS GUAM's financing requirements. In particular, fund balance may serve as a useful measure of PBS GUAM's net resources available for spending at the end of the fiscal year. The General Fund helps supplement funds received by The Corporation of Public Broadcaster (CPB). At the end of the current fiscal year, the assigned fund balance amounted to \$3,959,262 compared with the prior year fund balance of \$1,234,758.

**Budgetary Highlights**

PBS GUAM does not prepare a total operating budget and actual analysis as only certain items are funded by the Government of Guam and a legally adopted budget is not required for the entity as a whole. PBS GUAM utilizes a budget for internal purposes and benchmarks for future projections, forecasting, and strategic planning.



Guam Educational Telecommunications Corporation  
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Management's Discussion and Analysis, continued

**Capital Assets and Long-Term Obligations**

In 2020 and 2021, PBS Guam was awarded over \$3,000,000 in funding through the Guam State Clearing House under the U.S. Department of Education's Educational Stabilization Fund. In 2022, some of this funding was available as we began work on the Memorandum of Understanding. This infusion of funding for the production of educational content will allow PBS Guam to finally afford to allocate funds toward our planned station renovations that had been overdue for over a decade. We have continued to be able to make sustainable investments in our station's equipment for the production department and other capital improvement projects. The station has never been in a better cash and equipment position. We expect an expansion of local news programming, musical shows, and educational content on Guam and our culture very soon as planning for additional content is underway. PBS Guam has also used its equipment and platform to help the Government of Guam's transparency efforts by providing filming and broadcasting of its public meetings and board meetings to help them comply with the open government law.

**Economic Factors & Institutional Factors**

PBS Guam has always found its strength in its large number of dedicated, experienced professionals under its employment. Lately, as employees have retired or left, their positions have been difficult to fill, causing vacancies or unfunded positions, particularly in the production department. Although grant funding is available, we have had difficulty recruiting qualified candidates to fill temporary positions this year, causing undue strain on the existing staff. On a positive note, we increased our accounting staff by utilizing additional funds that we procured, which will help with our accountability and transparency in the future.

**Summary**

PBS Guam has been able to positively position itself amidst a worldwide COVID pandemic. Management's strategic directive to pivot fundraising efforts from traditional underwriting and community financial support to creative and production work has placed PBS in a position to come out of this pandemic financially sound. In addition, underwriting and management has been actively applying for and received various grants to subsidize expenses for the station. Goals and objectives this year have been to completely upgrade production and broadcast equipment, administrative equipment, and begin infrastructure upgrades. With these improvements, PBS Guam will be able to carry on the mission of providing services using our medium that educate, inspire, and entertain while expressing cultural diversity and perspectives of the people of Guam, our region, and around the world.

Guam Educational Telecommunications Corporation  
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Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2022

	General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
<b>Assets and deferred outflows of resources:</b>			
Cash and cash equivalents	\$ 2,458,394	\$ ---	\$ 2,458,394
Receivables, net of allowance for uncollectible	76,038	---	76,038
Due from Government of Guam	1,088,024	---	1,088,024
Capital assets:	658,256	---	658,256
Nondepreciable capital assets	---	18,000	18,000
Capital assets, net of accumulated depreciation	<u>---</u>	<u>1,469,079</u>	<u>1,469,079</u>
Total assets	<u>4,280,712</u>	<u>1,487,079</u>	<u>5,767,791</u>
Deferred outflows of resources:			
Deferred outflows from pension	---	176,802	176,802
Deferred outflows from OPEB	<u>---</u>	<u>398,731</u>	<u>398,731</u>
Total assets and deferred outflows of resources	<u>\$ 4,280,712</u>	<u>\$ 2,062,612</u>	<u>\$ 6,343,324</u>
<b>Liabilities and deferred inflows of resources:</b>			
Accounts payable	\$ 11,993	\$ ---	\$ 11,993
Other liabilities and accruals	72,989	---	72,989
Unearned revenues	236,468	---	236,468
Long-term liabilities:			
Due within one year	---	124,754	124,754
Due after one year	<u>---</u>	<u>2,148,657</u>	<u>2,148,657</u>
Total liabilities	<u>321,450</u>	<u>2,273,411</u>	<u>2,594,861</u>
Deferred inflows of resources:			
Deferred inflows from pension	---	131,485	131,485
Deferred inflows from OPEB	<u>---</u>	<u>1,349,236</u>	<u>1,349,236</u>
Total liabilities and deferred inflows of resources	<u>321,450</u>	<u>3,754,132</u>	<u>4,075,582</u>
<b>Fund balance/Net position</b>			
Fund balance:			
Assigned - supporting services	<u>3,959,262</u>	<u>( 3,559,262 )</u>	<u>---</u>
Total fund balance	<u>3,959,262</u>	<u>( 3,559,262 )</u>	<u>---</u>
Total liabilities and fund balance	<u>\$ 4,280,712</u>		
Net position:			
Net investment in capital assets		1,487,079	1,487,079
Unrestricted		<u>780,666</u>	<u>780,666</u>
Total net position		<u>\$ 2,267,745</u>	<u>\$ 2,267,745</u>

See accompanying notes.

Guam Educational Telecommunications Corporation  
(A Component Unit of the Government of Guam)

Statement of Governmental Fund Revenues, Expenditures and Changes in Fund  
Balance/Statement of Activities

September 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Program services:			
Capital outlays	\$ 148,122	\$( 148,122 )	\$ ---
Station production	139,132	---	139,132
Station upgrade	51,542	---	51,542
Supporting services:			
Program broadcasting	506,217	---	506,217
Contractual services	1,693,410	---	1,693,410
Development and promotion	186,037	---	186,037
Supplies and materials	45,969	---	45,969
OPEB expense	---	( 148,559 )	( 148,559 )
Pension expense	---	74,296	74,296
Local appropriations:			
Personnel services	388,503	( 4,884 )	383,619
Fringe benefits	181,061	( 124,754 )	56,307
Utilities	95,878	---	95,878
In-kind expenditures/expenses	177,942	---	177,942
Unallocated depreciation	---	176,741	176,741
Total expenditures/expenses	<u>3,613,813</u>	<u>( 175,282 )</u>	<u>3,438,531</u>
Revenues:			
Corporation for Public Broadcasting grants	469,612	---	469,612
Contributions and production	3,115,371	---	3,115,371
Government of Guam appropriation	671,634	---	671,634
Underwriting	890,689	---	890,689
In-kind contributions	177,942	---	177,942
Government of Guam grants	557,798	---	557,798
Fundraising	67,259	---	67,259
Other	387,729	---	387,729
Interest	283	---	283
Total revenues	<u>6,338,317</u>	<u>---</u>	<u>6,338,317</u>
Changes in net position	<u>2,724,504</u>	<u>175,282</u>	<u>2,899,786</u>
Fund balance/net position:			
Beginning of year	<u>1,234,758</u>	<u>( 1,866,799 )</u>	<u>( 632,041 )</u>
End of year	<u>\$ 3,959,262</u>	<u>\$( 1,691,517 )</u>	<u>\$ 2,267,745</u>

See accompanying notes.

Guam Educational Telecommunications Corporation  
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Year ended September 30, 2022

**1. Organization**

Guam Educational Telecommunications Corporation (PBS Guam) a component unit of the Government of Guam, currently operates Guam's Public Broadcasting Service (PBS) station (PBS Guam Channel 12). PBS Guam was established as a public corporation by Public Law 12-194 as approved on January 2, 1975. The purpose of PBS Guam is to present educational television to the people of Guam and to involve the people of Guam in its activities to the maximum extent possible.

PBS Guam is governed by a seven-member Board of Trustees, who shall be appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Accordingly, PBS Guam is a component unit of the Government of Guam.

PBS Guam's license with the Federal Communications Commission (FCC) was renewed through February 1, 2023 with the condition that the station will only broadcast digital television.

**2. Summary of Significant Accounting Policies**

The accompanying basic financial statement of PBS Guam have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements:*

The Statement of Net Position presents PBS Guam's non-fiduciary assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consist of capital assets, net of accumulated depreciation, plus construction or improvement of those assets.

Guam Educational Telecommunications Corporation  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Government-wide and Fund Financial Statements, continued**

*Government-wide Financial Statements, continued*

- Restricted net position results when constraints placed on net position use that are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.
- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management but can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of PBS Guam's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of PBS Guam.

*Fund Financial Statements*

PBS Guam uses one governmental fund to report on its financial position and results of operations. The operations of this fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Separate financial statements are provided for governmental funds. PBS Guam presents a balance sheet and a statement of revenues, expenditures and changes in fund balances for its governmental fund. The ending fund balance on the balance sheet is then reconciled to the ending governmental net position.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Government-wide and Fund Financial Statements, continued**

*Fund Financial Statements, continued*

Adjustments required to reconcile total governmental fund balance to net position of governmental activities in the Statement of Net Position are as follows.

Total fund balance - governmental funds		\$ 3,959,262
Add:		
Land improvements	18,000	
Depreciable capital assets	4,550,141	
Accumulated depreciation	( 3,081,062)	
Deferred outflow of resources	<u>575,533</u>	<u>2,062,612</u>
Less:		
Compensated absences payable	( 28,698)	
DCRS sick leave liability	( 2,088)	
Net pension liability	( 706,209)	
OPEB liability	( 1,536,413)	
Deferred inflow of resources	<u>(1,480,721)</u>	<u>( 3,754,129)</u>
Total net position - governmental activities		<u>\$ 2,267,745</u>

Adjustments required to reconcile net change in total governmental fund balance to change in net position of governmental activities in the Statement of Activities are as follows:

Net change in fund balance – governmental funds		\$ 2,724,504
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Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts consist of:

Capital outlays	148,122	
Depreciation expense	<u>( 176,741)</u>	<u>( 28,619)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. For the current year, these activities consist of:

Net pension and OPEB activity	<u>203,901</u>	<u>203,901</u>
Change in net position - governmental activities		<u>\$ 2,899,786</u>

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements account for the general governmental activities of PBS Guam and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally, when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PBS Guam considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenue is derived from investment income and other items that are not allocated to specific programs.

Unrestricted contributions and grants are recorded as revenue in the statement of revenues, expenditures, and changes in fund balances when received (in the case of contributions) or when approved by the grantor agency (in the case of grants).

Restricted grants received are initially recorded as unexpended grant revenues until funds are expended. Revenues are then recognized equal to expenditures incurred during the period in the statement of governmental fund revenues, expenditures and changes in fund balances/net position.

**Budget**

A budget request is prepared annually by the management of PBS Guam that contains the quantitative budget for the fiscal year and a narrative of related activities. The budget request for GovGuam appropriations is submitted to Bureau of Budget and Management Research for review, approval, and certification. The budget certification is subject to review of the Guam Legislative and included in the General Appropriations once approved.

**Cash and Cash Equivalents**

For the purpose of presentation in the Governmental Funds balance sheet/statement of net position, cash consists of cash balances deposited in banks.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Cash and Cash Equivalents, continued**

Custodial credit risk is the risk that in the event of a bank failure, PBS Guam's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. PBS Guam does not have a depository policy for custodial credit risk.

PBS Guam maintains banks account with financial institutions. PBS Guam maintains its cash in bank accounts, which at times may exceed federal depository insurance limits. At September 30, 2022, \$314,081 out of PBS Guam's bank deposits totaling \$1,112,159 is covered by federal depository insurance, with the remainder being uninsured and uncollateralized.

**Receivables**

Receivables are stated net of estimated allowances for uncollectible accounts and are primarily due from businesses and individuals residing on the island of Guam. The allowance for uncollectible accounts primarily represents estimated uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

**Capital Assets**

Capital assets, which includes all property, facilities and equipment pertaining to television production transferred from the Learning Resource Center of the Government of Guam's Department of Education and the University of Guam as required under Public Law 12-194, are reported in the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Title to the land on which the station facilities and equipment are located has not been perfected in the name of PBS Guam and is still held in the name of GovGuam. Fair market rental value related to this property in the amount of \$79,200 is included in in-kind revenues in the accompanying financial statements.

Capital assets are capitalized when the cost of the individual items exceeds \$1,000. The costs of normal maintenance and repairs that do not add up to the value of assets or materially extend the asset's life are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives with a full year's depreciation charged in the year of acquisition and disposal, regardless of date. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the statement of activities.



Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Capital Assets, continued**

Estimated useful lives for depreciable assets are as follows:

Buildings and improvements	5 to 15 years
Broadcasting equipment	3 to 10 years
Studio, antenna, transmitter, and other equipment	3 to 5 years
Furniture and fixtures	3 to 9 years
Transportation equipment	5 to 20 years

**Impairment of Capital Assets**

In accordance with GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, PBS Guam evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred.

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value.

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (deduction of net position) until then. PBS Guam has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes of actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date and changes in proportion and differences between PBS Guam pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

**In-kind Contributions and Donated Volunteer Services**

In-kind contributions and donated personal services of volunteers are recorded as revenue and expense in the accompanying statement of revenues and expenditures. In-kind contributions are recorded at fair value. Donated personal services of volunteers are also recorded at fair value based upon prevailing rates in the region.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Income Taxes**

PBS Guam is exempt from Guam income taxes under Section 501 (c) (3) of the Guam Territorial Income Tax Laws.

**Compensated Absences**

It is PBS Guam's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since PBS Guam does not have a policy to pay any amounts when employees separate from service with PBS Guam. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

In accordance with Public Law 27-5 and Public Law 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service.

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service.
2. Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen years of service.
3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

Public Law 27-106 further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess at termination or retirement shall be lost.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. PBS Guam has accrued an estimated liability of \$2,088 at September 30, 2022 for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Unearned Revenues**

In the government-wide financial statements, unearned revenue is recognized as a liability when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, unearned revenue represents monies received of revenues accrued which have not been earned or do not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting. The unearned revenue in the governmental fund has primarily resulted from grant funds received in advance of eligible expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As required by GASB Statements No. 68, 71, 73 and 75, PBS Guam reports deferred outflows of resources for pension-related and OPEB related amounts: payments since the measurement date, changes in assumptions, and for difference between projected and actual earnings.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources until then. As required by GASB Statement No. 68 and 75, PBS Guam reports deferred inflows of resources for pension-related and OPEB-related amounts: for its share of the difference between expected and actual earnings, for its share of the difference between its contributions and its proportionate share of contributions, and for the difference between expected and actual experience.

**Pensions**

Pensions are required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes a net pension liability for the pension plan in which it participates, which represents PBS Guam’s proportionate share of total pension liability (actuarially calculated) over the pension plan assets, measured as of the fiscal year end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Other Post-employment Benefits**

Other post-employment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes a total collective OPEB liability for the OPEB plan in which it participates, which represents PBS Guam's proportionate share of total collective OPEB liability (actuarially calculated) measured as of the fiscal year end. Changes in the total collective OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

**Fund Balance**

Governmental fund balances are classified as follows:

*Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

*Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

*Unassigned* – includes negative fund balances in other governmental funds.

Restricted/committed amounts are spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. In addition, committed, then assigned, and lastly unassigned amounts of unrestricted fund balance are expended in that order.

A formal minimum fund balance policy has not been adopted.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncement**

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about leases; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statement no. 73 and 84 for postemployment benefits, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either (a) changing the reference rate or (b) adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, consistency, and comparability of reported information.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncement, continued**

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

These recently adopted accounting pronouncements have no effect on the Company's financial statements.

**Upcoming Accounting Pronouncements**

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 95 postponed the effective date of GASB 91 to fiscal year ending September 30, 2023.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements, continued**

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Public-private and public-public partnerships, collectively referred to hereinafter PPPs, comprise a wide variety of arrangement between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs. The objective of this Statement is to better meet the information needs of the financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements, continued**

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is 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. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

PBS Guam is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.



Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**3. Capital Assets**

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>October 1, 2021</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>September 30, 2022</u>
Non-depreciable capital assets:				
Land improvements	\$ 18,000	\$ ---	\$ ---	\$ 18,000
Depreciable capital assets:				
Broadcasting equipment	2,885,842	---	---	2,885,842
Transportation and equipment	487,776	---	---	487,776
Studio equipment	442,514	122,615	---	565,129
Buildings and improvements	346,609	25,507	---	372,116
Furniture and fixtures	239,278	---	---	239,278
	4,402,019	148,122	---	4,550,141
Less accumulated depreciation	( 2,904,321 )	( 176,741 )	---	( 3,081,062 )
	<u>1,497,698</u>	<u>( 28,619 )</u>	<u>---</u>	<u>1,469,079</u>
	<u>\$ 1,515,698</u>	<u>\$( 28,619 )</u>	<u>\$ ---</u>	<u>\$ 1,487,079</u>

**4. Long-term Obligations**

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2022, the following changes occurred in liabilities reported as part of PBS Guam's long-term liabilities in the statement of net position:

	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2022</u>	<u>Due Within One Year</u>
OPEB liability	\$ 1,490,771	\$ 45,642	\$ ---	\$ 1,536,413	\$ 19,625
Net pension liability	844,701	---	138,492	706,209	105,129
Compensated absences	30,786	---	---	30,786	---
	<u>\$ 2,366,258</u>	<u>\$ 45,642</u>	<u>\$ 138,492</u>	<u>\$ 2,273,408</u>	<u>\$ 124,754</u>

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**5. Funding Sources**

**Government of Guam (GovGuam) Appropriation**

PBS Guam receives an annual appropriation from the Guam Legislature to defray the cost of salaries and related benefits, contractual services and utilities. PBS Guam submits an annual budget for these items. This appropriation is contingent upon PBS Guam having matching funds at least equal to the appropriated amount. Any unexpended funds at the end of the fiscal year revert back to GovGuam's General Fund. For the year ended September 30, 2022, \$665,442 was expended out of the total appropriated amount of \$671,634.

**Corporation for Public Broadcasting (CPB) Grants**

CPB is a private nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) and Universal Service Support Grants (USSGs) to qualifying public telecommunications entities based on budget submissions. CSGs and USSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG and USSG may be expended over one or two fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983 Supplement). In any event, each grant must be expended within two years of the initial grant authorization.

In addition, CPB distributes other funding, including Interconnection Grants (IC), which are used to pay for interconnection and/or program distribution costs.

In accordance with the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming. In addition, the grants may be used to sustain activities begun with CPB grants awarded in prior years.

PBS Guam's CPB grants are reported in the accompanying financial statements under the General Fund. Certain guidelines must be satisfied in connection with application for and use of the grants to meet eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the FCC.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**5. Funding Sources, continued**

**Corporation for Public Broadcasting (CPB) Grants, continued**

On April 15, 2021, the CSG awarded PBS Guam its share of the American Rescue Plan Act (ARPA), which was signed into law on March 11, 2021. The funds are to be used to maintain the Grantee's public media station's programming and services impacted by the coronavirus. PBS received its share of the \$175 million grant on April 16, 2021.

CPB grants received and expended during the year ended September 30, 2022 were as follows:

Grant Year	Grant Name	Grants Received	Beginning Unexpected Portion	Grants Expended	Ending Unexpected Portion
2020	CARES Act	\$ ---	\$ 260,204	\$ ---	\$ 260,204
2021	CSG	638,605	43,122	447,419	234,308
2021	IC	11,736	---	11,736	---
2021	USSG	10,457	---	10,457	---
2021	ARPA	---	455,493	335,850	119,643
	Total	<u>\$ 660,798</u>	<u>\$ 758,819</u>	<u>\$ 805,462</u>	<u>\$ 614,155</u>

**6. Pensions**

*General Pension Plan Descriptions*

Defined Benefit (DB) Plan

The DB Plan is a single-employer plan. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. The Government of Guam Retirement Fund (GGRF or the Fund) issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - [www.ggrf.com](http://www.ggrf.com).

In accordance with Public Law 33-186, the DB 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Defined Benefit (DB) Plan, continued

The DB Plan is administered by the GGRF, to which PBS Guam contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

*Membership:* Employees of PBS Guam hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

*Contributions:* Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and PBS Guam are established and may be amended by the GGRF.

PBS Guam's statutory contribution rates was 28.32% for the year ended September 30, 2022. Employees are required to contribute 9.5% of their annual pay for the year ended September 30, 2022.

*Benefits:* The DB Plan provides pension benefits to retired employees generally 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.

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period September 30, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Valuation of assets:	3-year phase in of gain/losses relative to interest rate assumption.
Investment income:	7.0% per year
Total payroll growth:	2.75% per year
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Defined Benefit (DB) Plan, continued

Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Return of contributions:	100% withdrawing before retirement with less than 20 years of service assumed to elect a return of contributions. All those who have previously withdrawn assumed to elect a return of contributions. Contributions earn 4.5% interest.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.

*Discount Rate:* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Defined Benefit (DB) Plan, continued

*Expected Rate of Return and Asset Allocation:* The Fund has a target asset allocation based on the investment policy adopted by the GGRF 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 Asset Allocation</u>	<u>Expected Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26%	7.44%	1.93%
U.S. Equities (small cap)	4%	9.23%	0.37%
Non-U.S. Equities	17%	9.28%	1.58%
Non-U.S. Equities (emerging markets)	3%	11.32%	0.34%
U.S. Fixed Income (aggregate)	22%	3.89%	0.86%
Risk Parity	8%	5.92%	0.47%
High Yield Bonds	8%	6.42%	0.51%
Global Real Estate (REITs)	2.5%	8.55%	0.21%
Global Equity	7.0%	8.20%	0.57%
Global Infrastructure	2.5%	7.58%	0.18%
Expected average return for one year			7.04%
Expected geometric mean (50 years)			6.36%

The assumption used in the actuarial valuation (7.0%) is about equal to the average arithmetic return for one year, but higher than the expected geometric mean over 30 years. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. If the investments fail to achieve the assumed interest rate, future required contributions will increase.

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - [www.ggrf.com](http://www.ggrf.com).

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

*Membership:* The plan membership is the same as the DB Plan described above.

*Benefits:* The supplemental annuity is an amount which, when added to a retiree's annuity, increases the annual annuity up to \$40,000. The COLA payment is \$2,000 per DB retiree.

*Contributions:* PBS Guam's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to \$40,000. PBS Guam's contribution to the COLA payment of the Plan is \$2,000 per DB retiree.

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75% per year
Salary increases:	7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.0% for service over 15 years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.

*Discount Rate:* The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 2.26% for the year ended September 30, 2022. This rate was used as the benefits are not funded with the accumulated assets; they are funded historically through appropriations from the Government of Guam.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - [www.ggrf.com](http://www.ggrf.com).

*Membership:* Employees hired after September 30, 1995, are members of the DCRS.

*Benefits:* Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

*Contributions:* PBS Guam's contribution to the COLA payment of the Plan is \$2,000 per DCRS retiree.

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.

*Discount Rate:* The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.



Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

*Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions*

Net pension liability at the fiscal years presented for the aforementioned plans were measured on and was determined by actuarial valuations as of the following dates:

Reporting date	September 30, 2022
Measurement date:	September 30, 2021
Valuation date:	September 30, 2020

Net pension liability as of September 30, 2022 for the aforementioned plans are as follows:

DB Plan	\$483,266
Ad hoc COLA/SA Plan for DB Participants	164,055
Ad hoc COLA Plan for DCRS Participants	<u>58,888</u>
	<u>\$706,209</u>

Proportionate share of net pension liabilities at September 30, 2022 for the aforementioned plans are as follows:

DB Plan	0.05%
Ad hoc COLA/SA Plan for DB Participants	0.05%
Ad hoc COLA Plan for DCRS Participants	0.08%

Pension expense for the year ended September 30, 2022 for the aforementioned Plans are as follows:

DB Plan	\$ 24,936
Ad hoc COLA/SA Plan for DB Participants	48,420
Ad hoc COLA Plan for DCRS Participants	<u>940</u>
	<u>\$ 74,296</u>

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued*

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

As of September 30, 2022, PBS Guam reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2022					
	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 776	\$( 4,914 )	\$ ---	\$( 2,279 )	\$ 6,476	\$( 1,147 )
Net difference between projected and actual earnings on pension plan investments	---	( 58,378 )	---	---	---	---
PBS Guam's contributions subsequent to the measurement date	91,231	---	11,898	---	2,000	---
Changes in assumption	---	---	4,470	( 486 )	11,961	( 3,884 )
Changes in proportion and difference between the PBS Guam's contributions and proportionate share of contributions	<u>9,285</u>	<u>( 26,113 )</u>	<u>38,179</u>	<u>( --- )</u>	<u>526</u>	<u>( 34,284 )</u>
	<u>\$ 101,292</u>	<u>\$( 89,405 )</u>	<u>\$ 54,547</u>	<u>\$( 2,765 )</u>	<u>\$ 20,963</u>	<u>\$( 39,315 )</u>

Deferred outflows of resources at September 30, 2022, resulting from PBS Guam's employer contributions for the following plans are as follows:

DB Plan	\$ 91,231
Ad hoc COLA/SA Plan for DB Participants	11,898
Ad hoc COLA Plan for DCRS Participants	<u>2,000</u>
	<u>\$105,129</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$( 6,880)
2024	(17,144)
2025	(14,735)
2026	( 9,569)
2027	(17,417)
Thereafter	<u>5,933</u>
	<u>\$(59,812)</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued*

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

*Sensitivity analysis:* The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DB Plan

	1% Decrease	Current Discount	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net pension liability	<u>\$610,187</u>	<u>\$483,266</u>	<u>\$326,071</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease	Current Discount	1% Increase
	<u>1.26%</u>	<u>2.26%</u>	<u>3.26%</u>
Total collective pension liability	<u>\$179,912</u>	<u>\$164,055</u>	<u>\$150,212</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease	Current Discount	1% Increase
	<u>1.26%</u>	<u>2.26%</u>	<u>3.26%</u>
Total collective pension liability	<u>\$ 66,850</u>	<u>\$ 58,888</u>	<u>\$ 52,095</u>

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report.

*DCRS*

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam on or after October 1, 1995. Contributions into the DCRS, by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the year ended September 30, 2022 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 annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*DCRS, continued*

Members of the DCRS who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

For the year ended September 30, 2022, contributions made and amounts accrued under the DCRS amounted to \$87,678.

Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 6.2% of the employee's base salary while employer contributions are actuarially determined.

*Membership of CSG Funded Employees*

Employees whose salaries and benefits are funded via the Community Service Grant do not participate in the aforementioned Pension Plans. PBS Guam provides these employees with a private, defined contribution 401(k) plan.

**7. Other Postemployment Benefits (OPEB)**

Other post-employment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes a total collective OPEB liability for the OPEB plan in which it participates, which represents PBS Guam's proportionate share of total collective OPEB liability (actuarially calculated) measured as of the fiscal year end. Changes in the total collective OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

*OPEB Plan Description*

GovGuam, through its substantive commitment to provide OPEB benefits, maintains a single-employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. 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 to the Government of Guam Department of Administration, Suite 224, 2<sup>nd</sup> Floor, ITC Building, 590 South Marine Corps Drive, or by visiting PBS Guam website – <https://pbsguam.org>

*Membership:* All employees of PBS Guam who are members of the GGRF are members of the OPEB Plan.

*Contributions:* PBS Guam is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**7. Other Postemployment Benefits (OPEB), continued**

*OPEB Plan Description, continued*

*Benefits:* GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

*Actuarial Assumptions:* A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.75%
Healthcare cost trend rate	6.0% for 2021 through 2023, decreasing 0.25% per year to an ultimate rate of 4.25% for 2030 and later years.
Dental trend rates	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Health mortality rates:	RP-2000 Combined Health Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB.
Disabled retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.

*Discount Rate:* The discount rate used to measure the total OPEB liability was 2.26% for the year ended September 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions 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 benefits of current plan members. Therefore, the 2.26% municipal bond rate at each year end was applied to all periods to determine the total OPEB liability.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**7. Other Postemployment Benefits (OPEB), continued**

*OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB*

Total OPEB liability at the fiscal year presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2022
Measurement date:	September 30, 2021
Valuation date:	September 30, 2020

Total OPEB liability as of September 30, 2022 is \$1,536,413. Proportionate share of total OPEB liability at September 30, 2022 is 0.06%. OPEB benefit for the year ended September 30, 2022 is \$148,559.

As of September 30, 2022, PBS Guam reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 107,041	\$( 87,031 )
PBS Guam contributions subsequent to the measurement date	19,625	---
Changes in assumption	155,365	( 240,786 )
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	<u>116,700</u>	<u>( 1,021,419 )</u>
	<u>\$ 398,731</u>	<u>\$( 1,349,236 )</u>

Deferred outflows of resources at September 30, 2022 resulting from PBS Guam's employer contributions totaled \$19,625.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2022	\$ ( 267,967)
2023	( 242,175)
2024	( 263,521)
2025	( 194,166)
2026	<u>( 2,301)</u>
	<u>\$ ( 970,130)</u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**7. Other Postemployment Benefits (OPEB), continued**

*OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued*

*Sensitivity analysis:* The following presents the total OPEB liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>1.26%</u>	<u>2.26%</u>	<u>3.26%</u>
Total OPEB liability	<u>\$1,818,886</u>	<u>\$1,536,413</u>	<u>\$1,310,814</u>

The following presents the total OPEB liability calculated using a healthcare cost trend rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	1% Decrease	Current Discount	1% Increase
Total OPEB liability	<u>\$1,271,568</u>	<u>\$1,536,413</u>	<u>\$1,882,137</u>

**8. Commitments**

On January 1, 2007, PBS Guam entered into a twenty-one-year license agreement with the Chamorro Land Trust Commission for property located in Barrigada, Guam for the purposes of constructing and operating an antennae site with transmitter building facilities. The terms of the agreement require a payment of \$850 per month. Total future minimum payments for subsequent years ending September 31, are as follows:

Year Ending September 30,

2023	\$10,200
2024	10,200
2025	10,200
2026	10,200
2027	10,200
Thereafter	<u>2,550</u>
	<u>\$53,550</u>

**9. Risk and Uncertainties**

PBS Guam 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. PBS Guam has elected to purchase commercial insurance coverage from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**10. Related Party Transactions**

*GovGuam*

On January 29, 2021, PBS Guam entered into a Memorandum of Understanding (MOU) with the Office of the Governor of Guam (OGG) for the purpose of utilizing Education Stabilization Funds – Governor Funds to promote and support the use of remote distance learning for elementary and secondary education students in public, charter, private schools and post-secondary education students in Institutions of Higher Education through what is known as the PBS University Program.

On June 14, 2022, PBS Guam entered into a Memorandum of Understanding (MOU) with the Department of Health and Social Services (DPHSS) for the purpose of utilizing federal funds to promote parental choice to empower working parents to make their own decisions regarding the child care services that best suits their family needs, to encourage States to provide consumer education information to help parents make informed choices about child care services, and to promote involvement of parents and family members in the development of their children in child care settings.

For the year ended September 30, 2022, PBS Guam recognized \$2,111,153 of revenues related to the OGG MOU and \$1,582,445 of revenues related to the DPHSS MOU, and are recorded as a component of contribution and production revenues and underwriting revenues. At September 30, 2022, receivables amounted to \$1,088,024 and is recorded as due from Government of Guam.

**11. Subsequent Events**

PBS Guam has evaluated subsequent events through May 18, 2023, which is the date the financial statements were available to be issued.



## Required Supplementary Information

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
Budgetary Comparison Schedule – Governmental Funds

Year ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance with Approved Budget Positive
	Proposed	Approved		
Expenditures:				
Supporting services:				
Local appropriations:				
Personnel services	\$ 337,341	\$ 334,571	\$ 388,503	\$ (53,932)
Fringe benefits	178,899	164,669	181,061	(16,392)
Utilities	96,557	96,557	95,878	679
Contractual Services	7,285	6,192	---	6,192
	<u>620,082</u>	<u>601,989</u>	<u>665,442</u>	<u>(63,453)</u>
Revenue:				
Government of Guam appropriation	<u>620,082</u>	<u>601,989</u>	<u>671,634</u>	<u>(69,645)</u>
Excess of expenditures over revenue	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 6,192</u>	<u>\$ 6,192</u>

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
Schedule of PBS Guam's Proportionate Share of the Net Pension Liability  
(Unaudited)

Defined Benefit Plan

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PBS Guam proportion of the net pension liability	0.05%	0.05%	0.06%	0.05%	0.04%	0.07%	0.07%	0.07%	0.07%
PBS Guam proportionate share of the net pension liability	\$ 483,266	\$ 616,451	\$ 676,378	\$ 613,313	\$ 422,331	\$ 926,733	\$ 1,019,630	\$ 837,016	\$ 915,805
PBS Guam's covered-employee payroll**	\$ 389,256	\$ 283,289	\$ 267,268	\$ 267,268	\$ 187,937	\$ 364,123	\$ 383,365	\$ 339,118	\$ 323,477
PBS Guam's proportionate share of the net pension liability as percentage of its covered-employee payroll	124.15%	217.60%	253.07%	229.47%	224.72%	254.51%	265.97%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
 Schedule of PBS Guam’s Proportionate Share of the Net Pension Liability  
 (Unaudited)

Defined Benefit Plan

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PBS Guam proportionate share of the collective total pension liability	\$ 164,055	\$ 169,810	\$ 57,519	\$ 49,756	\$ 48,619	\$ 49,964	\$ 38,425
PBS Guam proportion of the collective total pension liability	0.05%	0.05%	0.02%	0.02%	0.02%	0.02%	0.02%

\* This data is presented for those years for which information is available.

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
 Schedule of PBS Guam's Proportionate Share of the Collective Total Pension Liability  
 (Unaudited)

Ad Hoc COLA Plan for DCRS Participants

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PBS Guam proportionate share of the collective total pension liability	\$ 58,888	\$ 58,440	\$ 64,951	\$ 52,660	\$ 75,875	\$ 86,793	\$ 86,976
PBS Guam proportion of the collective total pension liability	0.08%	0.09%	0.11%	0.11%	0.12%	0.14%	0.17%

\* This data is presented for those years for which information is available.

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
Schedule of PBS Guam's Contributions  
(Unaudited)

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 105,129	\$ 77,634	\$ 72,012	\$ 68,558	\$ 78,119	\$ 82,635	\$ 92,437	\$ 106,024
Contribution in relation to the contractually required contribution	<u>\$ 105,129</u>	<u>\$ 77,634</u>	<u>\$ 72,012</u>	<u>\$ 70,658</u>	<u>\$ 46,319</u>	<u>\$ 89,477</u>	<u>\$ 100,838</u>	<u>\$ 90,066</u>
Contribution excess (deficiency)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 2,100</u>	<u>\$( 31,800 )</u>	<u>\$ 6,842</u>	<u>\$ 8,401</u>	<u>\$( 15,958 )</u>
Corporation's covered-employee payroll	\$ 389,256	\$ 283,289	\$ 267,230	\$ 267,268	\$ 187,937	\$ 364,123	\$ 383,365	\$ 339,118
Contribution as a percentage of the covered-employee payroll	27.01%	27.40%	26.95%	26.44%	24.65%	24.57%	26.30%	26.56%

\* This data is presented for those years for which information is available.

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
 Schedule of PBS Guam’s Proportionate Share of the Collective Total Other Postemployment Benefit Liability  
 (Unaudited)

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PBS Guam’s proportion of the collective total OPEB liability	0.06%	0.06%	0.12%	0.12%	0.10%	0.10%
PBS Guam’s proportionate share of the collective total OPEB liability	\$ 1,536,413	\$ 1,490,771	\$ 3,049,465	\$ 2,266,732	\$ 2,494,883	\$ 2,585,959

\* This data is presented for those years for which information is available.

Guam Educational Telecommunications Corporation  
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Required Supplementary Information  
Schedule of PBS Guam's Contributions  
(Unaudited)

Other Postemployment Benefit Plan

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 19,625	\$ 19,625	\$ 14,234	\$ 19,145	\$ 14,717	\$ 14,717
Contributions in relation to the contractually required contribution	<u>19,625</u>	<u>19,625</u>	<u>14,234</u>	<u>19,145</u>	<u>14,717</u>	<u>14,717</u>
Contribution deficiency	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

\* This data is presented for those years for which information is available.



Guam Educational Telecommunications Corporation  
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Note to Required Supplementary Information  
(Unaudited)

*Changes in Assumptions – Pension Plans*

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

## Supplementary Information

**Guam Educational Telecommunications Corporation**  
(A Component Unit of the Government of Guam)

**Governmental Funds Balance Sheet/Schedule of Net Position**

September 30, 2022

(With comparative totals as of September 30, 2021)

	General Fund		Schedule of Net Position	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets and deferred outflows of resources</b>				
Cash and cash equivalents	\$ 2,458,394	\$ 1,100,503	\$ 2,458,394	\$ 1,100,503
Receivables, net	76,038	20,661	76,038	20,661
Due from Government of Guam	1,088,024	239,774	1,088,024	239,774
Prepaid expenses	658,256	---	658,256	---
Capital assets:				
Nondepreciable capital assets	---	---	18,000	18,000
Capital assets, net of accumulated depreciation	---	---	1,469,079	1,497,698
Total assets	<u>\$ 4,280,712</u>	<u>\$ 1,360,938</u>	<u>5,767,791</u>	<u>2,876,636</u>
Deferred outflows of resources:				
Deferred outflows from pension			176,802	251,592
Deferred outflows from OPEB			398,731	592,799
Total assets and deferred outflows of resources			<u>6,343,324</u>	<u>3,721,027</u>
<b>Liabilities and deferred inflows of resources</b>				
Accounts payable	\$ 11,993	\$ 37,160	11,993	37,160
Other liabilities and accruals	72,989	45,898	72,989	45,898
Unearned revenues	236,468	43,122	236,468	43,122
Long-term liabilities:				
Due within one year	---	---	124,754	15,307
Due after one year	---	---	2,148,654	2,350,951
Total liabilities	<u>321,450</u>	<u>126,180</u>	<u>2,594,858</u>	<u>2,492,438</u>
Deferred inflows of resources:				
Deferred inflows from pension			131,485	98,134
Deferred inflows from OPEB			1,349,236	1,762,496
Total liabilities and deferred inflows of resources			<u>4,075,579</u>	<u>4,353,068</u>
Fund balance/net position				
Fund balance:				
Assigned - supporting services	<u>3,959,262</u>	<u>1,234,758</u>		
Total fund balance	<u>3,959,262</u>	<u>1,234,758</u>		
Total liabilities and fund balance	<u>\$ 4,280,712</u>	<u>\$ 1,360,938</u>		
Net position:				
Net investment in capital assets			1,487,079	1,515,698
Unrestricted			780,666	( 2,147,739 )
Total net position			<u>\$ 2,267,745</u>	<u>\$ ( 632,041 )</u>

**Guam Educational Telecommunications Corporation**  
(A Component Unit of the Government of Guam)

**Governmental Funds Revenues, Expenditures and  
Changes in Fund Balance/Schedule of Activities**

Year ended September 30, 2022

(With comparative totals as of September 30, 2021)

	General Fund		Schedule of Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Expenditures/expenses:				
Program services:				
Capital outlays	\$ 148,122	\$ 248,039	\$ ---	\$ ---
Station production	139,132	146,505	139,132	146,505
Station upgrade	51,542	42,050	51,542	42,050
Supporting services:				
Program broadcasting	506,217	502,814	506,217	502,814
Contractual services	1,693,410	420,609	1,693,410	421,772
Development and promotion	186,037	119,171	186,037	119,171
Supplies and materials	45,969	6,493	45,969	6,493
OPEB expense	---	---	( 148,559 )	( 125,322 )
Pension expense	---	---	74,296	141,692
Local appropriations:				
Personnel services	388,503	287,287	383,619	257,503
Fringe benefits	181,061	128,562	56,307	31,303
Utilities	95,878	75,244	95,878	75,244
In-kind expenditures/expenses	177,942	300,631	177,942	300,631
Unallocated depreciation	---	---	176,741	127,702
Total expenditures/expenses	<u>3,613,813</u>	<u>2,277,405</u>	<u>3,438,531</u>	<u>2,047,558</u>
Revenues:				
Corporation for Public Broadcasting grants	469,612	1,095,926	469,612	1,095,926
Contributions and production	3,115,371	827,631	3,115,371	827,631
Government of Guam appropriation	671,634	491,092	671,634	491,092
Underwriting	890,689	343,075	890,689	343,075
In-kind contributions	177,942	300,631	177,942	300,631
Government of Guam grants	557,798	179,060	557,798	179,060
Fundraising	67,259	15,252	67,259	15,252
Other	387,729	7,321	387,729	7,321
Interest	283	269	283	269
Total revenues	<u>6,338,317</u>	<u>3,260,257</u>	<u>6,338,317</u>	<u>3,260,257</u>
Change in position	2,724,504	982,852	2,899,786	1,212,699
Fund balance/net position:				
Beginning of year	<u>1,234,758</u>	<u>251,906</u>	<u>( 632,041 )</u>	<u>( 1,844,740 )</u>
End of year	<u>\$ 3,959,262</u>	<u>\$ 1,234,758</u>	<u>\$ 2,267,745</u>	<u>\$ ( 632,041 )</u>

Guam Educational Telecommunications Corporation  
(A Component Unit of the Government of Guam)

Supplemental Schedule of Employees and Salaries

Year ended September 30, 2022

(With comparative totals for the year ended September 30, 2021)

	2022		2021	
	Annual Payroll	Number of Employees	Annual Payroll	Number of Employees
Expenditures:				
Community Service Grant:				
Program services:				
Station production	\$ 128,612	4	\$ 136,235	5
Station upgrade	48,306	1	39,364	1
Supporting services:				
Program broadcasting	130,814	5	128,757	5
Development and promotion	<u>101,035</u>	<u>3</u>	<u>97,899</u>	<u>4</u>
	<u>\$ 408,767</u>	<u>13</u>	<u>\$ 402,255</u>	<u>15</u>
Revenue:				
Government of Guam:				
Local appropriations	<u>\$ 334,570</u>	<u>10</u>	<u>\$ 287,287</u>	<u>8</u>

## Compliance and Internal Control



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## Report of Independent Auditors 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*

The Board of Trustees  
Guam Educational Telecommunications Corporation

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 (*Government Auditing Standards*), the financial statements of the Guam Educational Telecommunications Corporation (PBS Guam), which comprise the statement of net position as of September 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated May 18, 2023.

We issued a qualified opinion on the governmental activities of PBS Guam because we were unable to obtain sufficient appropriate audit evidence about the OPEB related amounts recorded in the financial statements as of September 30, 2022 and for the year then ended. We were not able to obtain evidence related to the actuarial valuation that arrived at the recorded amounts.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the PBS Guam’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 PBS Guam’s internal control. Accordingly, we do not express an opinion on the effectiveness of the PBS Guam’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the PBS Guam's financial statements are free of 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.

*Ernst + Young LLP*

May 18, 2023