

*The Auditor's Communication With Those Charged
With Governance*

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

Year Ended September 30, 2023





Ernst & Young LLP
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June 3, 2024

The Board of Trustees
Guam Educational Telecommunications Corporation

We have performed an audit of the financial statements of Guam Educational Telecommunications Corporation (PBS Guam), as of and for the year ended September 30, 2023, 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, and have issued our report thereon dated June 3, 2024.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

This communication is intended solely for the information and use of the Board of Trustees and management and the Office of Public Accountability of Guam, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

REQUIRED COMMUNICATIONS

Auditors' Responsibilities under GAAS and Generally Accepted Government Auditing Standards (GAGAS), including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on PBS Guam's financial statements as of and for the year ended September 30, 2023.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the November 2023 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about PBS Guam's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in footnote 2 of the financial statements.

We are not aware of any significant accounting policies used by PBS Guam in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor PBS Guam's operations. These budgets include determining how existing financial resources will be used in PBS Guam's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

Related party relationships and transactions

We discussed related party relationships and transactions on footnote 10 of the financial statements. We noted no significant matters regarding PBS Guam's relationships and transactions with related parties.

Changes to the terms of the audit with no reasonable justification for the change

We are not aware of any matters that require communication.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by PBS Guam.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

Material weakness identified during the course of our audit has been included in our 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* dated June 3, 2024. Other matter identified during the course of our audit has been included in our separately issued management letter dated June 3, 2024.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the November 2023 meeting and in the update status meetings during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no material disagreements with PBS Guam's management on financial accounting and reporting matters during the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the Company or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

Representations from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73-74 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of PBS Guam.
- The preparation of the financial statements is based on PBS Guam's trial balance with the understanding that underlying books and records are maintained by PBS Guam's accounting department and that the final trial balance prepared by PBS Guam is complete.
- The PBS Guam's General Manager and Administrative Officer have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

Appendix

A – Management Representations Letter

A – Management Representations Letter



June 3, 2024

Ernst & Young LLP
Ernst & Young Building
231 Ypao Road, Suite 201
Tamuning, Guam 96931

In connection with your audit of the basic financial statements of the Guam Educational Telecommunications Corporation (PBS Guam) as of September 30, 2023 and for the year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of PBS Guam and the respective changes in financial position and cash flows, where applicable, accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated December 20, 2023, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding years. In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued (or available to be issued, if applicable), and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

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A – Management Representations Letter, continued



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Guam Educational Telecommunication Corporation

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Company from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From May 18, 2023 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Corrected misstatements

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the PBS Guam's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.

Internal control

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2023.

Minutes and contracts and internal audit reports

The dates of meetings of shareholders, directors, committees of directors and important management committees October 1, 2022 are as follows:

October 20, 2022	September 28, 2023
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A – Management Representations Letter, continued



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December 15, 2022	October 26, 2023
January 26, 2022	December 07, 2023
March 16, 2023	January 11, 2024
April 20, 2023	February 22, 2024
July 13, 2023	March 21, 2024
August 24, 2023	

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Ownership and pledging of assets

Except for right-to-use another entity’s nonfinancial asset (the underlying asset), the Company has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which PBS Guam has satisfactory title appear in the statement of net position.

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

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A – Management Representations Letter, continued



Long-lived assets to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72—as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72—as amended.

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

A – Management Representations Letter, continued



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Guam Educational Telecommunication Corporation

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, *Contingencies*, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

We have not consulted legal counsel concerning litigation, claims or assessments and there are no oral or written guarantees, including guarantees of the debt of others.

Purchase commitments

At September 30, 2023 the Company had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that PBS Guam’s business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in PBS Guam’s internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of PBS Guam.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

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A – Management Representations Letter, continued



Independence

We have communicated to you the names of all PBS Guam’s affiliates, as defined in the AICPA Code of Professional Conduct, officers and directors.

We are not aware of any business relationship between PBS Guam and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an “EY Firm”), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of PBS Guam’s audit.

Conflicts of interest

There are no instances where any officer or employee of PBS Guam has an interest in a company with which PBS Guam does business that would be considered a “conflict of interest.” Such an interest would be contrary to PBS Guam’s policy.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the Management’s Discussion and Analysis, the Budgetary Comparison Schedule – Governmental Funds, the Schedule of PBS Guam’s Proportionate Share of the Net Pension Liability – Defined Benefit Plan, the Schedule of PBS Guam’s Proportionate Share of the Net Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants, the Schedule of PBS Guam’s Proportionate Share of the Net Pension Liability – Ad Hoc COLA Plan for DCRS Participants,

the Schedule of PBS Guam’s Pension Contributions, the Schedule of PBS Guam’s Proportionate Share of the Collective Total Other Postemployment Benefit Liability, the Schedule of Proportionate Share of the Total OPEB Liability, and the Schedule of PBS Guam’s Contributions - Other Postemployment Benefit Plan, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period. We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

We believe that the separate presentation of the schedule of changes in total pension liability and related ratios related to GASB statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

We have omitted the Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pension that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. We understand the missing information, although not a part of the basic financial statements is required by the

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A – Management Representations Letter, continued



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Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the “supplementary information”):

- G
Governmental Funds Balance Sheet/Schedule of Net Position
- G
Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Schedule of Activities
- S
Supplemental Schedule of Employees and Salaries

We believe the supplementary information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Effects of new accounting principles

As discussed in Note 1 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the following codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Errors Correction – An Amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*

PBS Guam is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

A – Management Representations Letter, continued



Pension benefits

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Other Representations

We have identified and disclosed to you, all laws, regulations and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.

We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.

The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54 — as amended.

All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (non-spendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.

Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.

A – Management Representations Letter, continued



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Provisions for uncollectible receivables have been properly identified and recorded. At September 30, 2023, PBS Guam wrote off uncollectible grants receivable amounting to \$505,579 which pertains to billings for the expenditures incurred in FY 2022 for PBS University program under the Education Stabilization Funds related to the Governor's Education Assistance and Youth Empowerment Grant Program launched on May 8, 2021.

Special and extraordinary items are appropriately classified and reported.

Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.

Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.

Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.

We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

Subsequent events have been evaluated and classified as recognized or non-recognized through the date of this letter.

PBS Guam's ability to continue as a going concern was evaluated.

The memorandum of deferment of payment of rent for the property lease from Chamorro Land Trust Commission is intended for the abatement or forgiveness of rent.

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

Other matters

We have received a draft copy of our financial statements as of and for the years ended September 30, 2023. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

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A – Management Representations Letter, continued



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- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness and we acknowledge that we have reviewed them and taken responsibility for them.

Subsequent events

Subsequent to September 30, 2023, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to PBS Guam's affairs to require mention in a

note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of PBS Guam.

* * * * *

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of PBS Guam and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Respectfully,

A handwritten signature in black ink, appearing to read "Ina V. Carillo".

Ina V. Carillo
General Manager

A handwritten signature in black ink, appearing to read "Lorraine G. Hernandez".

Lorraine G. Hernandez
Administrative Officer

A – Management Representations Letter, continued

Communication schedule for corrected misstatements

Entity:		Guam Educational Telecommunications Corporation		Period ended:	30-Sep-2023		Currency:	USD			
No.	W/P ref.	Account	Analysis of misstatements				Effect on the current period OCI		Income statement effect of the current period		
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable	
AJE UA 00		To reverse grant revenue for not meeting meeting recognition and eligibility requirements of the grant as of year-end. Grant pertains to the ESF Allocation intended for PBS station								1,500,000	
01		Gov. Guam Agency Grants									
		Accounts receivable	(1,500,000)								
AJE K 00		To record catch-up depreciation.									
02		Depreciation Expense								147,715	
		Capital Asset: Depreciable: Accumulated Depreciation		(147,715)							
AJE K 00		To adjust accumulated depreciation considering that certain items are erroneously overfully-depreciated during the year FY2023									
03		Capital Asset: Depreciable: Accumulated Depreciation		166,666						(166,666)	
		Depreciation Expense									
AJE E 00		To remove uncollectible receivable balance.									
04		Contractual Services: Contract Prod. Costs								505,579	
		Accounts receivable		(505,579)							
AJE N 00		To adjust accrued salary at year end based on an estimate of unpaid amounts for the last pay period									
05		Accrued Wages payable								39,589	
		Salary expense								(56,589)	
AJE TA1		To reconcile beginning net position against audited FY2022 ending net position.									
06		Net position at beginning of the year								471,353	
		Capital Asset: Depreciable: Accumulated Depreciation		202,807							
		Community Service grant									234,309
		Prepaid Expenses		(192,340)							
		Unearned revenue								(716,129)	
AJE IP1		To adjust the balance of pension amounts based on the audited plan schedules for plan year ended September 30, 2023									
07		Long-term liabilities: Net pension liability								(466,838)	
		Pension expense									194,141

Form 430GL (3 August 2022)

A – Management Representations Letter, continued

Communication schedule for corrected misstatements

Entity: Guam Educational Telecommunications Corporation Period ended: 30-Sep-2023 Currency: USD

No.	W/P ref.	Account	Analysis of misstatements						Income statement effect of the current period
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
		Local appropriations: Personnel Expenses							869
		Deferred inflows from pension				63,857			
		Local appropriations: Fringe benefits							(105,231)
		Deferred outflow from pension		313,202					
AJE	P2	To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2023							
06		Deferred inflows from OPEB				(97,126)			
		Long-term liabilities: Net OPEB liability				(324,697)			
		Deferred outflows from OPEB		472,842					
		OPEB expense							(62,160)
		Local Appropriations: Personnel Services							30,766
		Local Appropriations: Fringe Benefits							(19,625)
RJE	K.00	Reclassification entry to capitalize received equipment previously recorded as prepayment.							
01		Broadcast Equipment		465,916					
		Prepaid Expense	(465,916)						
RJE	E.00	To reclassify receivable amount due from Government of Guam.							
02		Due from Government of Guam		38,754					
		Accounts Receivable	(38,754)						
RJE	P2	To reclassify non-current portion of long term liabilities to current.							
03		Long-term liabilities - due after one year				124,856			
		Due within one year			(124,856)				
AJE	UA.00	To reflect proper CSG revenues at appropriate period and reconciled with deferred revenues Corporation for Public Broadcasting grants (revenue)							119,643
		Unearned revenue			(119,643)				
Total of corrected misstatements before income tax			(2,158,256)	970,139	(185,910)	(1,416,077)	471,353	0	2,318,751
Financial statement amounts			2,587,363	3,216,759	(549,209)	(4,454,077)	(800,836)		1,466,909
Effect of corrected misstatements on F/S amounts			-83.4%	30.2%	33.9%	31.8%	-58.9%		158.1%

Form 430GL (3 August 2022)

A – Management Representations Letter, continued

Communication schedule for corrected misstatements

Entity: <u>Guam Educational Telecommunications Corporation</u>		Period ended: <u>30-Sep-2023</u>	Currency: <u>USD</u>							
Corrected misstatements		Analysis of misstatements Debit/(Credit)				Income statement effect of the current period				
No.	W/P ref.	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Debit/(Credit)	Debit/(Credit)	Non taxable
(misstatements are recorded as journal entries with a description)		Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)			

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

A – Management Representations Letter, continued

Summary of uncorrected misstatements		Period Ended: 30-Sep-2023	Currency: USD	SAD consultation limit: 11,000		
Entity: Guam Educational Telecommunications Corporation		PM: 11,000	TE: 55,500	Nominal amount: 5,900		
No. W/P ref.	Account (Note 1)	Analysis of misstatements Debit/(Credit)			Income statement effect of the current period	Income statement effect of the prior period
		Assets Current	Liabilities Current	Equity components		
(misstatements are recorded as journal entries with a description)		Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Non-taxable
Uncorrected misstatements						
E.00	To adjust misrecorded billing:					
	Underlying revenue				82,445	X
	Accounts Receivable	(82,445)				
Factual misstatements:						
PY SAD	To adjust accrued salary at year end based on an estimate of unpaid amounts for the last pay period:					
	Accrued Wages payable					
	Salary expense				(46,000)	X
PY SAD	To adjust AR Aging to match GovGuam's records:					
	Contributions and production revenue				12,806	X
	Accounts receivable					
PY SAD	To adjust remaining accumulated depreciation difference base on independent compilation:					
	Depreciation expense					
	Capital Asset: Depreciable: Accumulated Depreciation				8,055	X
Total of uncorrected misstatements before income tax		(82,445)	0	0	0	(25,009)
Total of uncorrected misstatements		(82,445)	0	0	0	(25,009)
Financial statement amounts		2,587,353	3,215,759	(549,209)	(4,454,077)	(800,936)
Effect of uncorrected misstatements on F/S amounts		-3.2%	0.0%	0.0%	0.0%	0.0%
Memo: Total of non-taxable items (marked 'X' above)						
Uncorrected misstatements before income tax					82,445	
Less: Tax effect of misstatements at current year marginal rate					1,465,903	
Uncorrected misstatements in income tax					5,674	
Cumulative effect of uncorrected misstatements after tax but before turnaround					82,445	
Turnaround effect of prior period uncorrected misstatements					25,009	
Cumulative effect of uncorrected misstatements, after turnaround effect					107,454	
Current year income before tax					1,465,903	

A – Management Representations Letter, continued

Summary of uncorrected misstatements

Entity: Guam Educational Telecommunications Corporation

Period Ended: 30-Sep-2023

Currency: USD

SAD consultation limit: 111,000

PM: 111,000

TE: 55,500

Nominal amount: 5,500

Uncorrected misstatements No. W/P ref. Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)				Income statement effect of the current period Debit/(Credit)	Income statement effect of the prior period Debit/(Credit)	Non taxable
	Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)			
Current year income after tax							
					7,466,809		

(Note 1) In evaluating whether uncorrected misstatements are material, we also evaluate the misstatements in relation to the specific accounts and disclosures involved. We request management to correct misstatements identified, regardless of size.
 (Note 2) When appropriate for the entity's circumstances, we may not need to distinguish the effect on assets and liabilities between current and non-current (e.g., a non-classified balance sheet).
 (Note 3) Not all the prior period's judgmental misstatements turnaround in the current period. When experience in the current period shows that management's estimate in the prior period was correct and ours was not, we do not include those misstatements in the turnaround effect of prior period uncorrected misstatements.

A – Management Representations Letter, continued

Guam Educational Telecommunications Corporation

Subsequent Events Questionnaire

Coverage: For the period from 1 October 2023 to auditor's report date

Question
1 Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements?
2 Have any significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?
3 Have any significant changes occurred in trends in sales/revenues or costs that could affect accounting estimates (e.g., valuation of receivables or inventories, realization of deferred charges, provisions for warranties or employee benefits or unearned income)?
4 Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?
5 Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
6 Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?
7 Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?
8 Have there been any changes in the entity's related parties?
9 Have any significant new related party transactions occurred?
10 Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?
11 Are you aware of any fraud or suspected fraud affecting Guam Educational Telecommunications Corporation involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?
12 Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of Guam Educational Telecommunications Corporation ?
13 Are you aware of any close relationships, or business, employment or other relationships that could bear on EY's independence (e.g. business/financial relationships, litigation with EY, family relationships, employment, loans, cooperative arrangements, etc.)?