

*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, 2021
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, 2021

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Report of Independent Auditors

The Board of Trustees
Guam Educational Telecommunications Corporation

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise PBS Guam's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Other matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 7, the Budgetary Comparison Schedule – Governmental Funds on page 38, the Schedules of PBS Guam's Proportionate Share of the Net Pension Liability on pages 39 through 41, the Schedules of PBS Guam's Contributions on pages 42 and 44, and the Schedule of PBS Guam's Proportionate Share of Collective Total Other Postemployment Benefit Liability on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended September 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise PBS Guam's basic financial statements. The supplementary comparative financial statement information for the year ended September 30, 2021 included in pages 46 and 47 and the Supplemental Schedule of Employees and Salaries for the year ended September 30, 2021 on page 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary comparative financial statements information and the Supplemental Schedule of Employees and Salaries are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the comparative financial statement information and the Supplemental Schedule of Employees and Salaries are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2021.

Other matters, continued

We also previously audited, in accordance with the auditing standards generally accepted in the United States, the basic financial statements of PBS Guam as of and for the year ended September 30, 2020 (not presented herein), and have issued our report thereon dated March 30, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities and the General Fund of PBS Guam. The comparative financial statement information and the Supplemental Schedule of Employees and Salaries for the year ended September 30, 2020 are presented for the purpose of additional analysis and are not required part of the basic financial statements. Such information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The supplementary comparative financial statement information and the Supplementary Schedule of Employees and Salaries have been subjected to the auditing procedures applied in the audit of the 2020 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. In our opinion, the supplementary comparative financial statement information and Supplemental Schedule of Employees and Salaries are fairly presented in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 10, 2022 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.

Ernst + Young LLP

March 10, 2022

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

Management's Discussion and Analysis

Year ended September 30, 2021

Financial Analysis

Our analysis is based on the following condensed financial data for the years ended September 30, 2020 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>2021</u>	<u>2020</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>		
Capital assets	\$1,515,698	\$1,396,524
Current and other assets	1,360,938	314,571
Deferred outflows of resources	<u>844,391</u>	<u>1,167,921</u>
Total assets and deferred outflows	<u>\$3,721,027</u>	<u>\$2,879,016</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>		
Liabilities:		
Long-term liabilities	\$2,366,258	\$3,879,099
Other liabilities	126,180	62,665
Deferred inflows of resources	<u>1,860,630</u>	<u>781,992</u>
Total liabilities and deferred inflows	<u>\$4,353,068</u>	<u>\$4,723,756</u>
<u>NET POSITION</u>		
Net position:		
Net investment in capital assets	\$1,515,698	\$1,396,524
Unrestricted	<u>(2,147,739)</u>	<u>(3,241,264)</u>
Total net position	<u>(632,041)</u>	<u>(1,844,740)</u>
Total liabilities, deferred inflows and net position	<u>\$3,721,027</u>	<u>\$2,879,016</u>

Capital assets increased by \$119,174 or 9% due to station new equipment purchased for FY2021. Current assets increased by 333% or \$1,046,367 primarily due to increase in cash balance. Total liabilities and deferred inflows decreased by 8% or \$370,688, 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>2021</u>	<u>2020</u>
Revenues:		
Local Appropriation	\$ 491,092	\$ 439,057
Community Service Grant	1,095,926	901,070
Contribution and other	1,672,970	299,327
Interest Income	<u>269</u>	<u>368</u>
Total Revenues	<u>3,260,257</u>	<u>1,639,822</u>
Expenses:		
Program service	188,555	198,952
Supporting service	1,731,301	1,570,488
Depreciation expense	<u>127,702</u>	<u>145,348</u>
Total Expenses	<u>2,047,558</u>	<u>1,914,788</u>
Change in net position	1,212,699	(274,966)
Net position beginning of year	(1,844,740)	(1,569,774)
Net position at the end of the year	\$(<u>632,041</u>)	\$(1,844,740)

Total revenue increased \$1,620,435 or 99% which is largely attributed to Contribution and other. Total operating expense increased by approximately \$132,800 or 7% 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 (\$1,234,758) compared with the prior year fund balance.

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

PBS Guam has been able to improve upon and upgrade its infrastructure to improve capital assets. All building air conditioners has been replaced and have been placed on a maintenance program. A security system was installed for building security. Internet services have been upgraded to accommodate the new streaming protocol for PBS Corp. Decade old cracks and leaks in the roof have been repaired and our roof has been treated with elastomeric paint for better insulation and power consumption. In 2021, PBS Guam was able to replace our vehicle fleet with 3 new vehicles to include a truck and two suvs. Staff computers and editing bays have been replaced and or upgraded. We have been able to procure for an Emergency Alert System which will bring up into compliance with the FCC and our master control playout server, equipment necessary for the broadcast of our national programming, has also been replaced. PBS Guam continues to have no major long-term liabilities such as loans or property liens.

Economic Factors

In fiscal year 2021, the Covid-19 pandemic continues to hinder station fundraising efforts as in-person events have not been allowable. PBS Guam continues to have difficulty with its traditional fundraising efforts and underwriting. Underwriters are still focused on COVID mitigation and investing in core business operations, which makes underwriting funding more scarce and program underwriting difficult. As a result, we have pivoted our fundraising efforts and underwriting to production work and our new educational broadcast line up of PBS University, PBS University Higher Learning, and seasonal TV specials. PBS Guam was successful in attaining funding from the Department of Education's Education Stabilization Funds to underwriting PBS University and PBS University Higher Learning for the year.

Institutional Factors

PBS Guam has successfully filled all funded positions this year with the exception of 1 position open as a result of a retirement. Station productivity, job skills and comprehension levels are up, and 70% of PBS Guam staff have completed the mandated Ethics in Government course all while coping with staffing shortages due to COVID-19. PBS Guam is positioned to come out of this pandemic financially sound and stronger than ever.

PBS Guam has launched service enhancements to provide community accessibility to our programming. We have launched the PBS Video App which is a downloadable app that provides live and real time PBS Guam programming with expanded home coverage of not just Guam but to all of the CNMI. In addition, PBS Guam continues to partnered with the Governor's office to broadcast all press conferences as a public service during the pandemic. We continue to do so on all our platforms as needed.

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

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
(A Component Unit of the Government of Guam)

Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2021

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Position</u>
Assets and deferred outflows of resources:			
Cash and cash equivalents	\$ 1,100,503	\$ ---	\$ 1,100,503
Receivables, net of allowance for uncollectible	20,661	---	20,661
Due from Government of Guam	239,774	---	239,774
Capital assets:			
Nondepreciable capital assets	---	18,000	18,000
Capital assets, net of accumulated depreciation	<u>---</u>	<u>1,497,698</u>	<u>1,497,698</u>
Total assets	<u>1,360,938</u>	<u>1,515,698</u>	<u>2,876,636</u>
Deferred outflows of resources:			
Deferred outflows from pension	---	251,592	251,592
Deferred outflows from OPEB	<u>---</u>	<u>592,799</u>	<u>592,799</u>
Total assets and deferred outflows of resources	<u>\$ 1,360,938</u>	<u>2,360,089</u>	<u>3,721,027</u>
Liabilities and deferred inflows of resources:			
Accounts payable	\$ 37,160	---	37,160
Other liabilities and accruals	45,898	---	45,898
Unearned revenues	43,122	---	43,122
Long-term liabilities:			
Due within one year	---	15,307	15,307
Due after one year	<u>---</u>	<u>2,350,951</u>	<u>2,350,951</u>
Total liabilities	<u>126,180</u>	<u>2,366,258</u>	<u>2,492,438</u>
Deferred inflows of resources:			
Deferred inflows from pension	---	98,134	98,134
Deferred inflows from OPEB	<u>---</u>	<u>1,762,496</u>	<u>1,762,496</u>
Total liabilities and deferred inflows of resources	<u>126,180</u>	<u>4,226,888</u>	<u>4,353,068</u>
Fund balance/Net position			
Fund balance:			
Assigned - supporting services	<u>1,234,758</u>	(<u>1,234,758</u>)	<u>---</u>
Total fund balance	<u>1,234,758</u>	(<u>1,234,758</u>)	<u>---</u>
Total liabilities and fund balance	<u>\$ 1,360,938</u>		
Net position:			
Net investment in capital assets		1,515,698	1,515,698
Unrestricted		(<u>2,147,739</u>)	(<u>2,147,739</u>)
Total net position		<u>\$(632,041)</u>	<u>\$(632,041)</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

Year ended September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Program services:			
Capital outlays	\$ 248,039	\$(248,039)	\$ ---
Station production	146,505	---	146,505
Station upgrade	42,050	---	42,050
Supporting services:			
Program broadcasting	502,814	---	502,814
Contractual services	420,609	1,163	421,772
Development and promotion	119,171	---	119,171
Supplies and materials	6,493	---	6,493
OPEB expense	---	(125,322)	(125,322)
Pension expense	---	141,692	141,692
Local appropriations:			
Personnel services	287,287	(29,784)	257,503
Fringe benefits	128,562	(97,259)	31,303
Utilities	75,244	---	75,244
In-kind expenditures/expenses	300,631	---	300,631
Unallocated depreciation	---	127,702	127,702
Total expenditures/expenses	<u>2,277,405</u>	<u>(229,847)</u>	<u>2,047,558</u>
Revenues:			
Corporation for Public Broadcasting grants	1,095,926	---	1,095,926
Contributions and production	827,631	---	827,631
Government of Guam appropriation	491,092	---	491,092
Underwriting	343,075	---	343,075
In-kind contributions	300,631	---	300,631
Government of Guam grants	179,060	---	179,060
Fundraising	15,252	---	15,252
Other	7,321	---	7,321
Interest	269	---	269
Total revenues	<u>3,260,257</u>	<u>---</u>	<u>3,260,257</u>
Changes in net position	<u>982,852</u>	<u>229,847</u>	<u>1,212,699</u>
Fund balance/net position:			
Beginning of year, restated	<u>251,906</u>	<u>(2,096,646)</u>	<u>(1,844,740)</u>
End of year	<u>\$ 1,234,758</u>	<u>\$(1,866,799)</u>	<u>\$(632,041)</u>

See accompanying notes.

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

Notes to Financial Statements

Year ended September 30, 2021

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.

On January 16, 2019, the Governor of Guam issued Executive Order 2019-03 whereby PBS Guam was re-established as a separate autonomous agency. Prior to this date, PBS Guam was merged into the Department of Chamorro Affairs along with the Hagatna Restoration and Development Authority, Guam Council on the Arts and Humanities Agency, and Guam Public Library System in accordance with Reorganization Advisory No. 6. The accompanying financial statements relate solely to those accounting records maintained by PBS Guam, and do not incorporate any accounts related to other departments or agencies within the Department of Chamorro Affairs.

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 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		\$ 1,234,758
Add:		
Land improvements	18,000	
Depreciable capital assets	4,402,019	
Accumulated depreciation	(2,904,321)	
Deferred outflow of resources	<u>844,391</u>	<u>2,360,089</u>
Less:		
Compensated absences payable	(28,698)	
DCRS sick leave liability	(2,088)	
Net pension liability	(844,701)	
OPEB liability	(1,490,771)	
Deferred inflow of resources	<u>(1,860,630)</u>	<u>(4,226,888)</u>
Total net position - governmental activities		\$(<u>632,041</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		\$ 982,852
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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	246,876	
Depreciation expense	<u>(127,702)</u>	119,174

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>110,673</u>	<u>110,673</u>
Change in net position - governmental activities		\$ <u>1,212,699</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 at times maintains cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation. PBS Guam has not made any provisions as it has not incurred any losses due to exceeding insured amounts. All of PBS Guam's bank balances were fully insured as of September 30, 2021.

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
(A Component Unit of the Government of Guam)

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, 2021 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

Deferred 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

Upcoming Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. GASB Statement No. 95 postponed the effective date of GASB 87 to fiscal year ending September 30, 2023.

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. GASB Statement No. 95 postponed the effective date of GASB 89 to fiscal year ending September 30, 2022.

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.

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. GASB Statement No. 95 postponed the effective date of GASB 93 to fiscal year ending September 30, 2022.

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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 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. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

Guam Educational Telecommunications Corporation
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

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

Restatement

PBS Guam restated its previously issued financial statements to account for the funds received through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The funds were received in April 2020 and should have been recorded as revenues during FY20. PBS Guam's net position for the year ended September 30, 2020 has been restated to reflect the following:

	<u>As Previously Reported</u>	<u>Adjusted</u>	<u>As Restated</u>
As of October 01, 2020			
Total Net Position	\$(<u>2,104,944</u>)	\$ <u>260,204</u>	\$(<u>1,844,740</u>)

	<u>As Previously Reported</u>	<u>Adjusted</u>	<u>As Restated</u>
As of October 01, 2020			
Total General Fund	\$(<u>8,298</u>)	\$ <u>260,204</u>	\$ <u>251,906</u>

Subsequent Events

PBS Guam has evaluated subsequent events through March 10, 2022, which is the date the financial statements were available to be issued.

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, 2021, was as follows:

	<u>October 1, 2020</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>September 30, 2021</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	411,918	75,858	---	487,776
Studio equipment	271,495	171,019	---	442,514
Buildings and improvements	346,609	---	---	346,609
Furniture and fixtures	239,278	---	---	239,278
	4,155,142	246,877	---	4,402,019
Less accumulated depreciation	(2,776,619)	(127,702)	---	(2,904,321)
	<u>1,378,523</u>	<u>119,175</u>	<u>---</u>	<u>1,497,698</u>
	<u>\$ 1,396,523</u>	<u>\$ 119,175</u>	<u>\$ ---</u>	<u>\$ 1,515,698</u>

4. Long-term Obligations

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2021, 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, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2021</u>	<u>Due Within One Year</u>
OPEB liability	\$ 3,049,465	\$ ---	\$ 1,558,694	\$ 1,490,771	\$ ---
Net pension liability	798,848	45,853	---	844,701	---
Compensated absences	30,786	---	---	30,786	15,307
	<u>\$ 3,879,099</u>	<u>\$ 45,853</u>	<u>\$ 1,558,694</u>	<u>\$ 2,366,258</u>	<u>\$ 15,307</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, 2021, \$491,092 was expended out of the total appropriated amount of \$513,158.

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.

On April 16, 2020, the CPB Board of Directors unanimously approved a distribution plan for the \$75 million of emergency stabilization funds for public media included in the CARES Act, which was signed into law on March 27, 2020. The funds are considered unrestricted and have no expenditure period. PBS received its share of the \$75 million grant on April 28, 2020.

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, 2021 were as follows:

Grant Year	Grant Name	Grants Received	Beginning Unexpected Portion	Grants Extended	Ending Unexpected Portion
2020	CSG	\$ ---	\$ 17,357	\$ 17,357	\$ ---
2020	CARES Act	---	260,204	---	260,204
2021	CSG	643,994	---	600,872	43,122
2021	IC	12,181	---	12,181	---
2021	USSG	10,023	---	10,023	---
2021	ARPA	455,493	---	---	455,493
Total		<u>\$ 1,121,691</u>	<u>\$ 277,561</u>	<u>\$ 640,433</u>	<u>\$ 758,819</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) 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.

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 26.97% for the year ended September 30, 2021. Employees are required to contribute 9.5% of their annual pay for the year ended September 30, 2021.

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.
Amortization method:	Level percentage of payroll, closed.
Remaining amortization period:	At September 30, 2019, the remaining period is 13.58 years.

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.

Expected Remaining Service Lives: Under GASB Statement No. 68, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 1.5 years in the 2014 valuation, at 1.4 in the 2015 actuarial valuation, at 1.3 years in the 2016 actuarial valuation, at 1.0 in the 2017 actuarial valuation, at 3.1 years in the 2018 actuarial valuation and at 3.3 years in the 2019 valuation and 3.1 years in the 2020 valuation.

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 amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

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%	7.01%	1.82%
U.S. Equities (small cap)	4%	8.61%	0.34%
Non-U.S. Equities	17%	8.66%	1.47%
Non-U.S. Equities (emerging markets)	3%	10.59%	0.32%
U.S. Fixed Income (aggregate)	24%	3.33%	0.80%
Risk Parity	8%	5.66%	0.45%
High Yield Bonds	8%	6.11%	0.49%
Global Real Estate (REITs)	2.5%	8.55%	0.21%
Global Equity	7.5%	7.74%	0.58%
Expected average return for one year			6.49%
Expected geometric mean (50 years)			5.89%

The assumption used in the actuarial valuation (7.0%) is slightly higher than the expected geometric average return over the next 50 years. If the investments do not return the expected results, future pension expense 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.

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:	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:	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.
Amortization method:	Level percentage of payroll, closed.
Remaining Amortization period:	At September 30, 2019, the remaining period is 13.58 years.

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 2.21% for the year ended September 30, 2021. 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.

Expected Remaining Service Lives: The expected remaining service life is the same as that used in the DB Plan.

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.

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.
Amortization method:	Level percentage of payroll, closed.
Remaining Amortization period:	At September 30, 2019, the remaining period is 13.58 years.

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
(A Component Unit of the Government of Guam)

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

Expected Remaining Service Lives: The expected remaining service life is the same as that used in the DB Plan.

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, 2021
Measurement date:	September 30, 2020
Valuation date:	September 30, 2019

Net pension liability as of September 30, 2021 for the aforementioned plans are as follows:

DB Plan	\$616,451
Ad hoc COLA/SA Plan for DB Participants	169,810
Ad hoc COLA Plan for DCRS Participants	<u>58,440</u>
	<u>\$844,701</u>

Proportionate share of net pension liabilities at September 30, 2021 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	0.09%

Pension expense for the year ended September 30, 2021 for the aforementioned Plans are as follows:

DB Plan	\$92,419
Ad hoc COLA/SA Plan for DB Participants	48,213
Ad hoc COLA Plan for DCRS Participants	<u>1,060</u>
	<u>\$141,692</u>

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

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, 2021, PBS Guam reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2021					
	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	\$ 1,539	\$(3,010)	\$ 108	\$(2,712)	\$ 5,636	\$(1,370)
Net difference between projected and actual earnings on pension plan investments	44,168	---	---	---	---	---
PBS Guam's contributions subsequent to the measurement date	63,634	---	12,000	---	2,000	---
Changes in assumption	---	---	13,317	(242)	14,219	(4,431)
Changes in proportion and difference between the PBS Guam's contributions and proportionate share of contributions	22,783	(49,853)	71,586	(---)	602	(36,516)
	<u>\$ 132,124</u>	<u>\$(52,863)</u>	<u>\$ 97,011</u>	<u>\$(2,954)</u>	<u>\$ 22,457</u>	<u>\$(42,317)</u>

Deferred outflows of resources at September 30, 2021, resulting from PBS Guam's employer contributions for the following plans are as follows:

DB Plan	\$ 63,634
Ad hoc COLA/SA Plan for DB Participants	12,000
Ad hoc COLA Plan for DCRS Participants	<u>2,000</u>
	<u>\$ 77,634</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:

2022	\$16,624
2023	21,725
2024	16,191
2025	12,780
2026	1,387
Thereafter	<u>7,117</u>
	<u>\$75,824</u>

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

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

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>\$772,679</u>	<u>\$616,451</u>	<u>\$481,987</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease	Current Discount	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total collective pension liability	<u>\$186,677</u>	<u>\$169,810</u>	<u>\$155,158</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease	Current Discount	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total collective pension liability	<u>\$ 66,282</u>	<u>\$ 58,440</u>	<u>\$ 51,767</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, 2021 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, 2021, contributions made and amounts accrued under the DCRS amounted to \$51,531.

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 an agent multiple 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, 2nd 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 2.21% for the year ended September 30, 2021. 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 municipal bond rate at each year end was applied to all periods to determine the total OPEB liability.

Expected Remaining Service Lives: Under GASB Statement No. 75, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 5.66 years. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

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

Total OPEB liability as of September 30, 2021 is \$1,490,771. Proportionate share of total OPEB liability at September 30, 2021 is 0.06%. OPEB benefit for the year ended September 30, 2021 is \$125,322.

As of September 30, 2021, 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	\$ 136,479	\$(142,665)
PBS Guam contributions subsequent to the measurement date	19,625	---
Changes in assumption	242,531	(322,122)
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	<u>194,164</u>	<u>(1,297,709)</u>
	<u>\$ 592,799</u>	<u>\$(1,762,496)</u>

Deferred outflows of resources at September 30, 2021 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:

2021	\$ (235,365)
2022	(264,560)
2023	(238,690)
2024	(260,012)
2025	<u>(190,695)</u>
	<u>\$ (1,189,322)</u>

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

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

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

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>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB liability	<u>\$1,769,905</u>	<u>\$1,490,771</u>	<u>\$1,268,260</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>\$1,241,727</u>	<u>\$1,490,771</u>	<u>\$1,814,611</u>

8. Lease Commitments

On January 1, 2007, PBS Guam entered into a twenty-one-year lease 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 lease require a lease payment of \$850 per month. Total future minimum rentals for subsequent years ending September 31, are as follows:

<u>Year Ending September 30,</u>	
2022	\$10,200
2023	10,200
2024	10,200
2025	10,200
2026	10,200
Thereafter	<u>12,750</u>
	<u>\$63,750</u>

Guam Educational Telecommunications Corporation
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Notes to Financial Statements, continued

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.

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.

For the year ended September 30, 2021, PBS Guam recognized \$1,214,942 of revenues related to the MOU. At September 30, 2021, receivables amounted to \$239,774 and is recorded as due from Government of Guam.

Required Supplementary Information

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

Required Supplementary Information
Budgetary Comparison Schedule – Governmental Funds

Year ended September 30, 2021

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Approved Budget Positive</u>
	<u>Proposed</u>	<u>Approved</u>		
Expenditures:				
Supporting services:				
Local appropriations:				
Personnel services	\$ 399,830	\$ 296,354	\$ 287,287	\$ 9,067
Fringe benefits	183,275	140,265	128,562	11,703
Utilities	74,381	76,539	75,243	1,295
	<u>657,486</u>	<u>513,158</u>	<u>491,092</u>	<u>22,065</u>
Revenue:				
Government of Guam appropriation	<u>657,486</u>	<u>513,158</u>	<u>491,092</u>	<u>22,065</u>
Excess of expenditures over revenue	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

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

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

Defined Benefit Plan

Last 10 Fiscal Years*

	<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%	0.06%	0.05%	0.04%	0.07%	0.07%	0.07%	0.07%
PBS Guam proportionate share of the net pension liability	\$ 616,451	\$ 676,378	\$ 613,313	\$ 422,331	\$ 926,733	\$ 1,019,630	\$ 837,016	\$ 915,805
PBS Guam's covered-employee payroll**	\$ 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	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	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 Collective Total Pension Liability
 (Unaudited)

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants

Last 10 Fiscal Years*

	<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	\$ 169,810	\$ 57,519	\$ 49,756	\$ 48,619	\$ 49,964	\$ 38,425
PBS Guam proportion of the collective total pension liability	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>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	\$ 58,440	\$ 64,951	\$ 52,660	\$ 75,875	\$ 86,793	\$ 86,976
PBS Guam proportion of the collective total pension liability	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
(A Component Unit of the Government of Guam)

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

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 77,634	\$ 72,012	\$ 68,558	\$ 78,119	\$ 82,635	\$ 92,437	\$ 106,024
Contribution in relation to the contractually required contribution	\$ <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>2,100</u>	\$(<u>31,800</u>)	\$ <u>6,842</u>	\$ <u>8,401</u>	\$(<u>15,958</u>)
Corporation's covered-employee payroll	\$ 283,289	\$ 267,230	\$ 267,268	\$ 187,937	\$ 364,123	\$ 383,365	\$ 339,118
Contribution as a percentage of the covered-employee payroll	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
 (A Component Unit of the Government of Guam)

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

Last 10 Fiscal Years*

	<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%	0.12%	0.12%	0.10%	0.10%
PBS Guam’s proportionate share of the collective total OPEB liability	\$ 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
(A Component Unit of the Government of Guam)

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

Other Postemployment Benefit Plan

Last 10 Fiscal Years*

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

* 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 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, 2021

(With comparative totals as of September 30, 2020)

	General Fund		Schedule of Net Position	
	<u>2021</u>	<u>2020</u> <i>Restated</i>	<u>2021</u>	<u>2020</u> <i>Restated</i>
Assets and deferred outflows of resources				
Cash and cash equivalents	\$ 1,100,503	\$ 271,333	\$ 1,100,503	\$ 271,333
Receivables, net	20,661	43,238	20,661	43,238
Due from Government of Guam	239,774	---	239,774	---
Capital assets:				
Nondepreciable capital assets	---	---	18,000	18,000
Capital assets, net of accumulated depreciation	---	---	1,497,698	1,378,524
Total assets	<u>\$ 1,360,938</u>	<u>\$ 314,571</u>	<u>2,876,636</u>	<u>1,711,095</u>
Deferred outflows of resources:				
Deferred outflows from pension			251,592	217,337
Deferred outflows from OPEB			592,799	950,584
Total assets and deferred outflows of resources			<u>3,721,027</u>	<u>2,879,016</u>
Liabilities and deferred inflows of resources				
Accounts payable	\$ 37,160	\$ 7,712	37,160	7,712
Other liabilities and accruals	45,898	37,596	45,898	37,596
Unearned revenues	43,122	17,357	43,122	17,357
Long-term liabilities:				
Due within one year	---	---	15,307	15,307
Due after one year	---	---	2,350,951	3,863,792
Total liabilities	<u>126,180</u>	<u>62,665</u>	<u>2,492,438</u>	<u>3,941,764</u>
Deferred inflows of resources:				
Deferred inflows from pension			98,134	46,511
Deferred inflows from OPEB			1,762,496	735,481
Total liabilities and deferred inflows of resources			<u>4,353,068</u>	<u>4,723,756</u>
Fund balance/net position				
Fund balance:				
Assigned - supporting services	<u>1,234,758</u>	<u>251,906</u>		
Total fund balance	<u>1,234,758</u>	<u>251,906</u>		
Total liabilities and fund balance	<u>\$ 1,360,938</u>	<u>\$ 314,571</u>		
Net position:				
Net investment in capital assets			1,515,698	1,396,524
Unrestricted			(2,147,739)	(3,241,264)
Total net position			<u>\$(632,041)</u>	<u>\$(1,844,740)</u>

Guam Educational Telecommunications Corporation
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Governmental Funds Revenues, Expenditures and
Changes in Fund Balance/Schedule of Activities

Year ended September 30, 2021

(With comparative totals as of September 30, 2020)

	General Fund		Schedule of Activities	
	<u>2021</u>	<u>2020</u> <i>Restated</i>	<u>2021</u>	<u>2020</u> <i>Restated</i>
Expenditures/expenses:				
Program services:				
Capital outlays	\$ 248,039	\$ 39,938	\$ ---	\$ ---
Station production	146,505	156,485	146,505	156,485
Station upgrade	42,050	42,467	42,050	42,467
Supporting services:				
Program broadcasting	502,814	436,138	502,814	436,138
Contractual services	420,609	190,859	421,772	190,859
Development and promotion	119,171	138,070	119,171	138,070
Supplies and materials	6,493	7,152	6,493	7,152
OPEB expense	---	---	(125,322)	226,397
Pension expense	---	---	141,692	134,087
Local appropriations:				
Personnel services	287,287	267,230	257,503	255,942
Fringe benefits	128,562	97,444	31,303	11,198
Utilities	75,244	74,383	75,244	74,383
In-kind expenditures/expenses	300,631	96,262	300,631	96,262
Unallocated depreciation	---	---	127,702	145,348
Total expenditures/expenses	<u>2,277,405</u>	<u>1,546,428</u>	<u>2,047,558</u>	<u>1,914,788</u>
Revenues:				
Corporation for Public Broadcasting grants	1,095,926	901,070	1,095,926	901,070
Contributions and production	827,631	71,979	827,631	71,979
Government of Guam appropriation	491,092	439,057	491,092	439,057
Underwriting	343,075	32,500	343,075	32,500
In-kind contributions	300,631	96,262	300,631	96,262
Government of Guam grants	179,060	---	179,060	---
Fundraising	15,252	88,313	15,252	88,313
Other	7,321	10,273	7,321	10,273
Interest	269	368	269	368
Total revenues	<u>3,260,257</u>	<u>1,639,822</u>	<u>3,260,257</u>	<u>1,639,822</u>
Change in position	982,852	93,394	1,212,699	(274,966)
Fund balance/net position:				
Beginning of year	<u>251,906</u>	<u>158,512</u>	(1,844,740)	(1,569,774)
End of year	<u>\$ 1,234,758</u>	<u>\$ 251,906</u>	\$(632,041)	\$(1,844,740)

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

Supplemental Schedule of Employees and Salaries

Year ended September 30, 2021

(With comparative totals for the year ended September 30, 2020)

	<u>2021</u>		<u>2020</u>	
	<u>Annual</u>	<u>Number of</u>	<u>Annual</u>	<u>Number of</u>
	<u>Payroll</u>	<u>Employees</u>	<u>Payroll</u>	<u>Employees</u>
Expenditures:				
Community Service Grant:				
Program services:				
Station production	\$ 136,235	5	\$ 131,378	5
Station upgrade	39,364	1	39,747	1
Supporting services:				
Program broadcasting	128,757	5	109,320	4
Development and promotion	<u>97,899</u>	<u>4</u>	<u>100,987</u>	<u>6</u>
	<u>\$ 402,255</u>	<u>15</u>	<u>\$ 381,432</u>	<u>16</u>
Revenue:				
Government of Guam:				
Local appropriations	<u>\$ 287,287</u>	<u>8</u>	<u>\$ 267,230</u>	<u>6</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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Guam Educational Telecommunications Corporation (PBS Guam), which comprise the statement of net position as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2022.

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

March 10, 2022