

*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, 2024  
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, 2024

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## Report of Independent Auditors

The Board of Trustees  
 Guam Educational Telecommunications Corporation

### Report on the Audit of the Financial Statements

#### *Qualified and Unmodified Opinions*

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (PBS Guam), a component unit of the Government of Guam, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise PBS Guam’s basic financial statements as listed in the table of contents (collectively referred to as the “financial statements”).

#### *Summary of Opinions*

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

#### *Qualified Opinion on Governmental Activities*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of PBS Guam as of September 30, 2024 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of PBS Guam as of September 30, 2024 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Qualified and Unmodified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PBS Guam and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

PBS Guam recorded deferred outflow and inflow of resources and total collective other postemployment benefit (OPEB) liability in its statement of net position at September 30, 2024 of \$919,397, \$984,339 and \$2,232,322, respectively, and OPEB benefit of \$27,581 in the statement of activities for the year ended September 30, 2024. We were unable to obtain sufficient appropriate audit evidence about the aforementioned amounts as of September 30, 2024 and for the year then ended because we were not able to obtain evidence related to the actuarial valuation that arrived at those amounts. As a result, we were unable to determine whether any adjustments to these amounts were necessary.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PBS Guam's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis pages 6 through 9, the Budgetary Comparison Schedule – Governmental Funds on page 39, the Schedules of PBS Guam's Proportionate Share of the Net Pension Liability on pages 40 through 42, the Schedules of PBS Guam's Contributions on pages 43 and 45, and the Schedule of PBS Guam's Proportionate Share of Collective Total Other Postemployment Benefit Liability on page 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming 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, 2024 and the Supplemental Schedule of Employees and Salaries for the year ended September 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS.

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

We previously audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statements of PBS Guam for the year ended September 30, 2023 (none of which are presented herein) and expressed unmodified opinions on the governmental activities and General Fund of PBS Guam. The supplementary financial statement information for the year ended September 30, 2023, and the Supplemental Schedule of Employees and Salaries for the year ended September 30, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the basic financial statements. The other information comprises the employee count included in the Supplemental Schedule of Employees and Salaries but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2025 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*

April 10, 2025

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

Management's Discussion and Analysis

Year ended September 30, 2023 and 2024

**Financial Analysis**

Our analysis is based on the following condensed financial data for the years ended September 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>		
Capital asset	\$1,443,004	\$1,855,182
Current and other assets	2,470,452	2,587,363
Deferred outflows of resources	<u>1,448,403</u>	<u>1,361,577</u>
Total assets and deferred outflows	<u>\$5,361,859</u>	<u>\$5,804,122</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>		
Liabilities:		
Long-term liabilities	\$3,656,529	\$3,064,943
Other liabilities	649,305	424,353
Deferred inflows of resources	<u>1,060,134</u>	<u>1,513,990</u>
Total liabilities and deferred inflows	<u>5,365,968</u>	<u>5,003,286</u>
<b><u>NET POSITION</u></b>		
Net position:		
Net investment in capital assets	1,443,004	1,855,182
Unrestricted	<u>(1,447,113)</u>	<u>(1,054,346)</u>
Total net position	<u>( 4,109)</u>	<u>800,836</u>
Total liabilities, deferred inflows and net position	<u>\$5,361,859</u>	<u>\$5,804,122</u>

Capital assets decreased by \$412,178 or 22% due to net depreciation expense for FY2024. Current assets decreased by \$116,911 or 5% primarily due to decrease in cash balance and amounts collected from the Government of Guam. Total liabilities increased by \$362,682 or 7% attributed to increase in long-term & other liability. The decrease 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>2024</u>	<u>2023</u>
Revenues:		
Local appropriation	\$ 805,029	\$ 882,624
Community service grant	798,109	446,292
Contribution and other	457,116	534,599
Interest income	<u>794</u>	<u>715</u>
Total revenues	<u>\$2,061,048</u>	<u>\$1,864,230</u>
Expenses:		
Program service	146,148	167,935
Supporting service	2,240,126	3,031,435
Depreciation expense	<u>479,719</u>	<u>131,769</u>
Total expenses	<u>2,865,993</u>	<u>3,331,139</u>
Change in net position	( 804,945)	(1,466,909)
Net position beginning of year	<u>800,836</u>	<u>2,267,745</u>
Net position at the end of the year	\$( <u>4,109</u> )	\$ <u>800,836</u>

Total revenue increased \$196,818 or 11% which is largely attributed to CSG revenues. Total operating expense decreased by approximately \$465,146 or 14% which is primarily due to program and supporting services.

**Governmental Funds**

PBS Guam utilizes fund accounting practices to provide information on a near-term inflow, outflow and balances of spendable resources. Such information is useful in assessing PBS Guam's financing requirements. In particular, fund balance may serve as a useful measure of PBS Guam's net resources available for spending at the end of the fiscal year. The General Fund helps supplement funds received by the Corporation of Public Broadcaster (CPB). At the end of the current fiscal year, the assigned fund balance amounted to \$1,821,147 compared with the prior year fund balance of \$2,163,010.

**Budgetary Highlights**

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

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

**Capital Assets and Long-Term Obligations**

In 2024, PBS Guam made strides in enhancing its capital assets to improve both operational capacity and community outreach. One of the key upgrades was the acquisition of a new on-the-go trailer, equipped with state of the cameras and production technology. This upgrade will greatly enhance PBS Guam's ability to provide high-quality live broadcasts, including coverage of local sports events, community activities, and on-the-go programming, which will broaden the station's reach and engagement with audiences across the island.

The station also continued to focus on long-term obligations by prioritizing infrastructure improvements and technology modernization. Investments in capital improvements, including electrical retrofits and equipment upgrades in key departments like master control and production, ensure that PBS Guam remains adaptable to changing technological trends and capable of delivering superior content to its viewers. These initiatives are part of a broader strategy to future-proof the station, maintain operational efficiency, and support its mission of providing educational, informative, and culturally relevant programming for the people of Guam.

**Economic Factors & Institutional Factors**

In 2024, PBS Guam navigated an ailing economic landscape while trying to continue to strengthen its institutional foundation. The station faced challenges with low underwriting and difficulty in garnering community buy in by local businesses due to a weak economic environment, inflationary pressures, and the rising costs of goods and services. We believe these conditions had a direct impact on operational budgets for many businesses and affected PBS Guam's ability to garner meaningful underwriting. In addition, PBS continues to operate with a skeleton crew. It is necessary that all positions to be funded to run the station properly and effectively. Despite these challenges, PBS Guam has been securing funding through business supporters and grants. These funds enabled the station to address disaster recovery needs and invest in critical infrastructure upgrades, ensuring long-term sustainability and service continuity.

Institutionally, PBS Guam continued to focus on reinforcing its organizational resilience and adapting to ongoing technological advancements. The station's strategic priorities continue to be to the modernization of equipment, enhanced production capabilities, and future-proofing its facilities. This will be essential to maintaining a competitive advantage in a rapidly evolving media landscape while meeting the diverse needs of the local community. As the station continues its path of modernization and recovery, it remains committed to delivering high-quality educational and public programming, further solidifying its role as a vital cultural and informational resource for the people of Guam.

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

Management's Discussion and Analysis, continued

**Summary**

In 2024, PBS Guam continued to face significant institutional challenges in securing the necessary funding and legislative support to sustain its operations. Despite its vital role in providing educational programming and community-focused content, the station encountered difficulties in securing full financial backing from local legislators. The most pressing concern was the underfunding of utility expenses, with PBS Guam receiving only partial coverage for essential power and utility costs. The station's reliance on a limited staffing model, with funding allocated only for essential positions, further strained its ability to operate at full capacity, as all positions on our staffing pattern are essential to the operations of organization. These financial shortfalls underscored the urgent need for more comprehensive support from legislative bodies to ensure PBS Guam's long-term viability and its ability to serve the community effectively.

Amid these challenges, PBS Guam remained steadfast in its mission to deliver valuable, locally relevant content to the people of Guam. The station made notable strides in developing and launching meaningful local programming, including new seasons from the PBS University Higher Learning umbrella including Saina, PBS Passport, KGTF Guam Classics, and other longstanding programming such as Academic Challenge Bowl and CHamoru Challenge Bowl.

We are committed to striving towards and advancing the financial sustainability of the station by producing our annual beacon events, which we believe will provide a steady source of support and help secure the station's long-term viability.

However, the continued success of these efforts was directly tied to addressing staffing shortages and securing sustainable funding. To achieve long-term sustainability, PBS Guam sought to foster stronger collaboration with legislative stakeholders, ensuring that the station remains a resilient and adaptable resource that meets the evolving educational, cultural, and informational needs of the island community.

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

Governmental Funds Balance Sheet/Statement of Net Position

September 30, 2024

	General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
<b>Assets and deferred outflows of resources:</b>			
Cash and cash equivalents	\$ 2,264,218	\$ ---	\$ 2,264,218
Receivables, net of allowance for uncollectible	8,282	---	8,282
Due from related parties	98,137	---	98,137
Prepaid expenses	99,815	---	99,815
Capital assets:			
Nondepreciable capital assets	---	18,000	18,000
Capital assets, net of accumulated depreciation	<u>---</u>	<u>1,425,004</u>	<u>1,425,004</u>
Total assets	<u>2,470,452</u>	<u>1,443,004</u>	<u>3,913,456</u>
Deferred outflows of resources:			
Deferred outflows from pension	---	529,006	529,006
Deferred outflows from OPEB	<u>---</u>	<u>919,397</u>	<u>919,397</u>
Total assets and deferred outflows of resources	<u>\$ 2,470,452</u>	<u>\$ 2,891,407</u>	<u>\$ 5,361,859</u>
<b>Liabilities and deferred inflows of resources:</b>			
Accounts payable	\$ 10,361	\$ ---	\$ 10,361
Other liabilities and accruals	20,860	---	20,860
Due to grantor	618,084	---	618,084
Long-term liabilities:			
Due within one year	---	203,956	203,956
Due after one year	<u>---</u>	<u>3,452,573</u>	<u>3,452,573</u>
Total liabilities	<u>649,305</u>	<u>3,656,529</u>	<u>4,305,834</u>
Deferred inflows of resources:			
Deferred inflows from pension	---	75,795	75,795
Deferred inflows from OPEB	<u>---</u>	<u>984,339</u>	<u>984,339</u>
Total liabilities and deferred inflows of resources	<u>649,305</u>	<u>4,716,663</u>	<u>5,365,968</u>
<b>Fund balance/Net position</b>			
Fund balance:			
Assigned - supporting services	<u>1,821,147</u>	<u>( 1,821,147 )</u>	<u>---</u>
Total fund balance	<u>1,821,147</u>	<u>( 1,821,147 )</u>	<u>---</u>
Total liabilities and fund balance	<u>\$ 2,470,452</u>		
Net position:			
Net investment in capital assets		1,443,004	1,443,004
Unrestricted		<u>( 1,447,113 )</u>	<u>( 1,447,113 )</u>
Total net position		<u>\$ ( 4,109 )</u>	<u>\$ ( 4,109 )</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, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Program services:			
Capital outlays	\$ 67,541	\$( 67,541 )	\$ ---
Station production	74,854	---	74,854
Station upgrade	71,294	---	71,294
Supporting services:			
Program broadcasting	510,983	---	510,983
Contractual services	626,986	---	626,986
Development and promotion	113,377	---	113,377
Supplies and materials	14,644	---	14,644
OPEB benefit	---	( 27,581 )	( 27,581 )
Pension expense	---	365,452	365,452
Local appropriations:			
Personnel services	491,039	( 83,011 )	408,028
Fringe benefits	214,201	( 203,956 )	10,245
Utilities	56,692	---	56,692
In-kind expenditures/expenses	161,300	---	161,300
Unallocated depreciation	---	479,719	479,719
Total expenditures/expenses	<u>2,402,911</u>	<u>463,082</u>	<u>2,865,993</u>
Revenues:			
Corporation for Public Broadcasting grants	798,109	---	798,109
Contributions and production	60,399	---	60,399
Government of Guam appropriation	805,029	---	805,029
Underwriting	132,080	---	132,080
In-kind contributions	161,300	---	161,300
Fundraising	65,931	---	65,931
Other	37,406	---	37,406
Interest	794	---	794
Total revenues	<u>2,061,048</u>	<u>---</u>	<u>2,061,048</u>
Changes in net position	<u>( 341,863 )</u>	<u>( 463,082 )</u>	<u>( 804,945 )</u>
Fund balance/net position:			
Beginning of year	2,163,010	( 1,362,174 )	800,836
End of year	<u>\$ 1,821,147</u>	<u>\$( 1,825,256 )</u>	<u>\$( 4,109 )</u>

See accompanying notes.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements

Year Ended September 30, 2024

**1. Organization**

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

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

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

**2. Summary of Significant Accounting Policies**

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

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements:*

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

- Net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets, plus construction or improvement of those assets.
- Restricted net position results when constraints placed on net position use that are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

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*

- 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		\$ 1,821,147
Add:		
Land improvements	18,000	
Depreciable capital assets	5,175,186	
Accumulated depreciation	(3,750,182)	
Deferred outflow of resources	<u>1,448,403</u>	<u>2,891,407</u>
Less:		
Compensated absences payable	( 28,698)	
DCRS sick leave liability	( 2,088)	
Net pension liability	(1,393,421)	
OPEB liability	(2,232,322)	
Deferred inflow of resources	<u>(1,060,134)</u>	<u>(4,716,663)</u>
Total net position - governmental activities		\$( <u>4,109</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		\$( 341,863)
---	--	--------------

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	67,541	
Depreciation expense	<u>( 479,719)</u>	<u>( 412,178)</u>

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

Net pension and OPEB activity	<u>( 50,904)</u>	<u>( 50,904)</u>
Change in net position - governmental activities		\$( <u>804,945</u> )

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

**Budget**

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

**Cash and Cash Equivalents**

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

**Cash and Cash Equivalents, continued**

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

PBS Guam maintains banks account with financial institutions. PBS Guam maintains its cash in bank accounts, which at times may exceed federal depository insurance limits. At September 30, 2024, \$540,117 out of PBS Guam's bank deposits totaling \$2,174,031 is covered by federal depository insurance. \$104,383 is maintained in credit unions subject to National Credit Union Administration (NCUA) insurance, with the remainder being uninsured and uncollateralized.

**Receivables**

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

**Capital Assets**

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

Title to the land on which the station facilities and equipment are located has not been perfected in the name of PBS Guam and is still held in the name of GovGuam. Fair market rental value related to this property in the amount of \$90,300 is included in in-kind revenues in the accompanying financial statements.

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

**Capital Assets, continued**

Estimated useful lives for depreciable assets are as follows:

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

**Impairment of Capital Assets**

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

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

**Deferred Outflows of Resources**

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

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

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

**Income Taxes**

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

**Compensated Absences**

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

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

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

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

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. PBS Guam has accrued an estimated liability of \$2,088 at September 30, 2024 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**

**Due to Grantor**

Due to grantor is recognized as a liability when cash is received prior to eligible expenditures related to a grant is incurred.

**Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

**Other Post-employment Benefits**

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

**Fund Balance**

Governmental fund balances are classified as follows:

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

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

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

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

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

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

A formal minimum fund balance policy has not been adopted.

**Estimates**

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

## 2. Summary of Significant Accounting Policies, continued

### Recently Adopted Accounting Pronouncement

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The adoption of this statement does not have material effect on the financial statements.

These recently adopted accounting pronouncement has no effect on PBS Guam’s financial statements.

### Upcoming Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal years ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for fiscal years ending September 30, 2025.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

**Upcoming Accounting Pronouncements, continued**

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for fiscal years ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for fiscal years ending September 30, 2026.

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**3. Capital Assets**

Capital asset activity for the year ended September 30, 2024, was as follows:

	<u>October 1, 2023</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>September 30, 2024</u>
Non-depreciable capital assets:				
Land improvements	\$ 18,000	\$ ---	\$ ---	\$ 18,000
Depreciable capital assets:				
Broadcasting equipment	3,373,425	34,570	---	3,407,995
Transportation and equipment	506,376	---	---	506,376
Studio equipment	616,450	7,688	---	624,138
Buildings and improvements	372,116	---	---	372,116
Furniture and fixtures	<u>239,278</u>	<u>25,283</u>	<u>---</u>	<u>264,561</u>
	5,107,645	67,541	---	5,175,186
Less accumulated depreciation	( <u>3,270,463</u> )	( <u>479,719</u> )	<u>---</u>	( <u>3,750,182</u> )
	<u>1,837,182</u>	( <u>412,178</u> )	<u>---</u>	<u>1,425,004</u>
	<u>\$ 1,855,182</u>	<u>\$ ( 412,178 )</u>	<u>\$ ---</u>	<u>\$ 1,443,004</u>

**4. Long-term Obligations**

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2024, 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, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
OPEB liability	\$ 1,861,110	\$ 371,212	\$ ---	\$ 2,232,322	\$ 63,351
Net pension liability	1,173,047	220,374	---	1,393,421	140,605
Compensated absences	<u>30,786</u>	<u>---</u>	<u>---</u>	<u>30,786</u>	<u>---</u>
	<u>\$ 3,064,943</u>	<u>\$ 591,586</u>	<u>\$ ---</u>	<u>\$ 3,656,529</u>	<u>\$ 203,956</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, 2024, the total appropriated amount of \$805,029 was fully expended.

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

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

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

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

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**5. Funding Sources, continued**

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

CPB grants received and expended during the year ended September 30, 2024 were as follows:

<u>Grant Name</u>	<u>Grants Received</u>	<u>Beginning Unexpected Portion</u>	<u>Grants Expended</u>	<u>Ending Unexpended Portion</u>
CSG	\$ ---	\$ 383,229	\$ 383,229	\$ ---
CSG	766,829	---	153,890	612,939
IC	12,609	---	12,609	---
USSG	167,723	---	167,723	---
EF	80,588	---	77,516	3,072
Total	\$ <u>1,027,749</u>	\$ <u>383,229</u>	\$ <u>794,967</u>	\$ <u>616,011</u>

**6. Pensions**

*General Pension Plan Descriptions*

The Government of Guam Retirement Fund (GGRF or the Fund) administers the Government of Guam Defined Benefit (DB) Plan and the Defined Contribution Retirement System (DCRS) Plan. By statute, PBS Guam provides pension benefits for its employees through the GGRF.

Defined Benefit (DB) Plan

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

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

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.

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

*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 rate was 29.43% for the year ended September 30, 2024. Employees are required to contribute 9.5% of their annual pay for the year ended September 30, 2024.

*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, 2015 through September 30, 2020. 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:	2.50%
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15 and 3.0% for service after 15 years.
Retirement age:	40% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.

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

Mortality: Mortality rates for pre-retirement and post-retirement were based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80. The mortality table used for disabled lives is the PUB-2010 Disabled Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, then increased 30% for ages less than 80. Mortality improvement is projected generationally from 2010 using 50% of Scale MP-2020 from 2010.

*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 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 Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.88%	2.05%
U.S. Equities (small cap)	4.0%	9.44%	0.38%
Non-U.S. Equities	17.0%	10.16%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.09%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.71%	1.04%
Risk Parity	8.0%	6.64%	0.53%
High Yield Bonds	8.0%	6.52%	0.52%
Global Real Estate (REITs)	2.5%	9.38%	0.23%
Global Equity	7.5%	8.73%	0.65%
Global Infrastructure	2.0%	8.20%	0.16%

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

Defined Benefit (DB) Plan, continued

*Expected Rate of Return and Asset Allocation, continued*

Expected arithmetic mean (1 year)	7.66%
Expected geometric mean (30 years)	6.94%

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

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

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

*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 \$2,200 per DB retiree for the year ended September 30, 2024.

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

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. 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:	2.50%
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15 and 3.0% for service after 15 years.
Retirement age:	40% 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:	Mortality rates for pre-retirement and post-retirement were based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80. The mortality table used for disabled lives is the PUB-2010 Disabled Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, then increased 30% for ages less than 80. Mortality improvement is projected generationally from 2010 using 50% of Scale MP-2020 from 2010.

*Discount Rate:* The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 4.09% for the year ended September 30, 2024. This rate was used as the benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam.

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

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

COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - [www.ggrf.com](http://www.ggrf.com).

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

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

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

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. 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:	2.50%
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15 and 3.0% for service after 15 years.
Retirement age:	40% 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:	Mortality rates for pre-retirement and post-retirement were based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80. The mortality table used for disabled lives is the PUB-2010 Disabled Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, then increased 30% for ages less than 80. Mortality improvement is projected generationally from 2010 using 50% of Scale MP-2020 from 2010.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

*General Pension Plan Descriptions, continued*

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

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

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

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

Reporting Date:	September 30, 2024
Measurement Date:	September 30, 2023
Valuation Date:	September 30, 2022

Net pension liability as of September 30, 2024 for the aforementioned plans are as follows:

DB Plan	\$1,181,615
Ad hoc COLA/SA Plan for DB Participants	154,847
Ad hoc COLA Plan for DCRS Participants	<u>56,959</u>
	<u>\$1,393,421</u>

Proportionate share of net pension liability at September 30, 2024 for the aforementioned plans are as follows:

DB Plan	0.08%
Ad hoc COLA/SA Plan for DB Participants	0.06%
Ad hoc COLA Plan for DCRS Participants	0.07%

Pension expense for the year ended September 30, 2024 for the aforementioned Plans are as follows:

DB Plan	\$335,680
Ad hoc COLA/SA Plan for DB Participants	23,175
Ad hoc COLA Plan for DCRS Participants	<u>6,597</u>
	<u>\$365,452</u>

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

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

As of September 30, 2024, PBS Guam reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2024					
	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	\$ 12,133	\$( 13,291 )	\$ ---	\$( 6,271 )	\$ 5,580	\$( 733 )
Net difference between projected and actual earnings on pension plan investments	153,785	---	---	---	---	---
PBS Guam's contributions subsequent to the measurement date	125,205	---	13,200	---	2,200	---
Changes in assumption	---	---	2,372	( 7,889 )	11,027	( 10,084 )
Changes in proportion and difference between the PBS Guam's contributions and proportionate share of contributions	196,515	( 7,131 )	6,615	---	374	( 30,396 )
	<u>\$ 487,638</u>	<u>\$( 20,422 )</u>	<u>\$ 22,187</u>	<u>\$( 14,160 )</u>	<u>\$ 19,181</u>	<u>\$( 41,213 )</u>

Deferred outflows of resources at September 30, 2024 resulting from PBS Guam's employer contributions for the following plans are as follows:

DB Plan	\$125,205
Ad hoc COLA/SA Plan for DB Participants	13,200
Ad hoc COLA Plan for DCRS Participants	<u>2,200</u>
	<u>\$140,605</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:

2025	\$ 98,004
2026	84,600
2027	137,660
2028	( 12,524 )
2029	796
Thereafter	<u>4,070</u>
	<u>\$ 312,606</u>

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**6. Pensions, continued**

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

*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 <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Net pension liability	\$ <u>1,451,162</u>	\$ <u>1,181,615</u>	\$ <u>950,880</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease <u>3.09%</u>	Current Discount <u>4.09%</u>	1% Increase <u>5.09%</u>
Total collective pension liability	\$ <u>168,950</u>	\$ <u>154,847</u>	\$ <u>130,647</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease <u>3.09%</u>	Current Discount <u>4.09%</u>	1% Increase <u>5.09%</u>
Total collective pension liability	\$ <u>64,285</u>	\$ <u>56,959</u>	\$ <u>50,765</u>

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report. 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, 2024 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.

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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, 2024, contributions made and amounts accrued under the DCRS amounted to \$127,532.

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

*Membership of CSG Funded Employees*

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

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

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

*OPEB Plan Description*

GovGuam, through its substantive commitment to provide OPEB benefits, maintains a single-employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2<sup>nd</sup> Floor, ITC Building, 590 South Marine Corps Drive, or by visiting PBS Guam website – <https://pbsguam.org>

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

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

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

*OPEB Plan Description, continued*

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

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

Inflation:	2.50%
Healthcare cost trend rate:	For non-Medicare claims, 8% for FY2023, then 26% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For Medicare claims, 8% for FY2023, then 14% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For both Medicare and non-Medicare retiree contributions, 8% for FY2023, then 0% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.
Dental trend rates:	For claims, the initial trend rates are 4.25% for year 1 and 8.21% for year two and reflect the actual changes in plan costs through October 1, 2024, and then 4.25% in subsequent years. For retiree contributions, the initial trend rate is 4.25% for year one and 0% for year two and reflects the actual changes in retiree contributions through October 1, 2024, and then 4.25% in subsequent years. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Healthy retiree mortality rates:	PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
Disabled retiree mortality rates:	PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

*Discount Rate:* The discount rate used to measure the total OPEB liability was 4.09% as of September 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, tax-exempt, high quality municipal bond rate at each year was applied respectively to all periods to determine the total OPEB liability.

*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, 2024
Measurement Date:	September 30, 2023
Valuation Date:	September 30, 2022

Total OPEB liability as of September 30, 2024 is \$2,232,322. Proportionate share of total OPEB liability at September 30, 2024 is 0.08%. OPEB benefit for the year ended September 30, 2024 is \$27,581.

As of September 30, 2024, 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	\$ 341,564	\$( 94,277 )
PBS Guam contributions subsequent to the measurement date	63,351	---
Changes in assumption	75,432	( 427,736 )
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	<u>439,050</u>	<u>( 462,326 )</u>
	<u>\$ 919,397</u>	<u>\$( 984,339 )</u>

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

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

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

Deferred outflows of resources at September 30, 2024 resulting from PBS Guam's employer contributions totaled \$63,351.

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

2025	\$(189,618)
2026	(130,902)
2027	58,428
2028	46,618
2029	46,616
Thereafter	<u>40,565</u>
	<u>\$(128,293)</u>

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>3.09%</u>	<u>4.09%</u>	<u>5.09%</u>
Total OPEB liability	<u>\$2,587,613</u>	<u>\$2,232,322</u>	<u>\$1,943,987</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>\$1,899,945</u>	<u>\$2,232,322</u>	<u>\$2,657,946</u>

**8. 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 agreement require a payment of \$850 per month.

Guam Educational Telecommunications Corporation  
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Notes to Financial Statements, continued

**8. Commitments, continued**

Total future minimum payments for subsequent years ending September 30, are as follows:

<u>Year Ending September 30,</u>	
2025	\$10,200
2026	10,200
2027	<u>10,200</u>
	<u>\$30,600</u>

**9. Risk and Uncertainties**

PBS Guam is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. PBS Guam has elected to purchase commercial insurance coverage from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**10. Related Party Transactions**

*GovGuam*

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

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

At September 30, 2024, receivables amounted to \$98,137 is recorded as due from related parties.

## Required Supplementary Information

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

Year Ended September 30, 2024

	Budget Amounts		Actual Amounts	Variance with Approved Budget Positive
	Proposed	Approved		
Expenditures:				
Supporting services:				
Local appropriations:				
Personnel services	\$ 479,114	\$ 491,039	\$ 491,039	\$ ---
Fringe benefits	222,672	214,201	214,201	---
Utilities	60,913	56,692	56,692	---
Capital outlays	---	43,097	43,097	---
	<u>762,699</u>	<u>805,029</u>	<u>805,029</u>	<u>---</u>
Revenue:				
Government of Guam appropriation	<u>762,699</u>	<u>805,029</u>	<u>805,029</u>	<u>---</u>
Excess of expenditures over revenue	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>

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

Defined Benefit Plan

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PBS Guam's proportion of the net pension liability	0.08%	0.07%	0.05%	0.05%	0.06%	0.05%	0.04%	0.07%	0.07%	0.07%
PBS Guam's proportionate share of the net pension liability	\$ 1,181,615	\$ 984,901	\$ 483,266	\$ 616,451	\$ 676,378	\$ 613,313	\$ 422,331	\$ 926,733	\$ 1,019,630	\$ 837,016
PBS Guam's covered payroll**	\$ 367,983	\$ 389,256	\$ 283,289	\$ 267,268	\$ 267,268	\$ 187,937	\$ 364,123	\$ 383,365	\$ 339,118	\$ 323,477
PBS Guam's proportionate share of the net pension liability	321.11%	253.02%	170.59%	230.65%	253.07%	326.34%	115.99%	241.74%	300.67%	258.76%
Plan fiduciary net position as a percentage of total pension liability	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	53.32%	56.60%

\*\* Covered payroll data from actuarial validation 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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PBS Guam's proportionate share of the collective total pension liability	\$ 154,847	\$ 141,493	\$ 164,055	\$ 169,810	\$ 57,519	\$ 49,756	\$ 48,619	\$ 49,964	\$ 38,425
PBS Guam's proportion of the collective total pension liability	0.06%	0.06%	0.05%	0.05%	0.02%	0.02%	0.02%	0.02%	0.02%

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

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

Ad Hoc COLA Plan for DCRS Participants

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PBS Guam proportionate share of the collective total pension liability	\$ 56,959	\$ 46,653	\$ 58,888	\$ 58,440	\$ 64,951	\$ 52,660	\$ 75,875	\$ 86,793	\$ 86,976
PBS Guam proportion of the collective total pension liability	0.07%	0.08%	0.08%	0.09%	0.11%	0.11%	0.12%	0.14%	0.17%

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

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

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 140,605	\$ 105,231	\$ 105,129	\$ 77,634	\$ 72,012	\$ 68,558	\$ 78,119	\$ 82,635	\$ 92,437	\$ 106,024
Contribution in relation to the contractually required contribution	\$ <u>140,605</u>	\$ <u>105,231</u>	\$ <u>105,129</u>	\$ <u>77,634</u>	\$ <u>72,012</u>	\$ <u>70,658</u>	\$ <u>46,319</u>	\$ <u>89,477</u>	\$ <u>100,838</u>	\$ <u>90,066</u>
Contribution excess (deficiency)	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</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 payroll	\$ 504,647	\$ 367,983	\$ 389,256	\$ 283,289	\$ 267,230	\$ 267,268	\$ 187,937	\$ 364,123	\$ 383,365	\$ 339,118
Contribution as a percentage of the covered payroll	27.86%	28.60%	27.01%	27.40%	26.95%	26.44%	24.65%	24.57%	26.30%	26.56%

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

Other Postemployment Benefit Liability

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PBS Guam’s proportion of the collective total OPEB liability	0.08%	0.08%	0.06%	0.06%	0.12%	0.12%	0.10%	0.10%
PBS Guam’s proportionate share of the collective total OPEB liability	\$ 2,232,322	\$ 1,861,110	\$ 1,536,413	\$ 1,490,771	\$ 3,049,465	\$ 2,266,732	\$ 2,494,883	\$ 2,585,959

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

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

Other Postemployment Benefit Plan

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 63,351	\$ 19,625	\$ 19,625	\$ 19,625	\$ 14,234	\$ 19,145	\$ 14,717	\$ 14,717
Contributions in relation to the contractually required contribution	\$ <u>63,351</u>	<u>19,625</u>	<u>19,625</u>	<u>19,625</u>	<u>14,234</u>	<u>19,145</u>	<u>14,717</u>	<u>14,717</u>
Contribution deficiency	\$ <u>---</u>	<u>---</u>						

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

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

Note to Required Supplementary Information  
(Unaudited)

*Changes in Assumptions – Pension Plans*

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,565,000 per year.

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

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

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

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

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

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

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

## Supplementary Information and Other Information

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

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

September 30, 2024

(With comparative totals as of September 30, 2023)

	General Fund		Schedule of Net Position	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Assets and deferred outflows of resources</b>				
Cash and cash equivalents	\$ 2,264,218	\$ 2,401,005	\$ 2,264,218	\$ 2,401,005
Receivables, net	8,282	147,604	8,282	147,604
Due from related parties	98,137	38,754	98,137	38,754
Prepaid expenses	99,815	---	99,815	---
Capital assets:				
Nondepreciable capital assets	---	---	18,000	18,000
Capital assets, net of accumulated depreciation	---	---	1,425,004	1,837,182
Total assets	<u>\$ 2,470,452</u>	<u>\$ 2,587,363</u>	<u>3,913,456</u>	<u>4,442,545</u>
Deferred outflows of resources:				
Deferred outflows from pension			529,006	490,004
Deferred outflows from OPEB			<u>919,397</u>	<u>871,573</u>
Total assets and deferred outflows of resources			<u>5,361,859</u>	<u>5,804,122</u>
<b>Liabilities and deferred inflows of resources</b>				
Accounts payable	\$ 10,361	\$ 17,941	10,361	17,941
Other liabilities and accruals	20,860	20,492	20,860	20,492
Due to grantor	618,084	385,920	618,084	385,920
Long-term liabilities:				
Due within one year	---	---	203,956	124,856
Due after one year	---	---	<u>3,452,573</u>	<u>2,940,087</u>
Total liabilities	<u>649,305</u>	<u>424,353</u>	<u>4,305,834</u>	<u>3,489,296</u>
Deferred inflows of resources:				
Deferred inflows from pension			75,795	67,628
Deferred inflows from OPEB			<u>984,339</u>	<u>1,446,362</u>
Total liabilities and deferred inflows of resources			<u>5,365,968</u>	<u>5,003,286</u>
Fund balance/net position				
Fund balance:				
Assigned - supporting services	<u>1,821,147</u>	<u>2,163,010</u>		
Total fund balance	<u>1,821,147</u>	<u>2,163,010</u>		
Total liabilities and fund balance	<u>\$ 2,470,452</u>	<u>\$ 2,587,363</u>		
Net position:				
Net investment in capital assets			1,443,004	1,855,182
Unrestricted			( <u>1,447,113</u> )	( <u>1,054,346</u> )
Total net position			\$( <u>4,109</u> )	<u>\$ 800,836</u>

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

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

Year Ended September 30, 2024

(With comparative totals year ended September 30, 2023)

	General Fund		Schedule of Activities	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Expenditures/expenses:				
Program services:				
Capital outlays	\$ 67,541	\$ 499,872	\$ ---	\$ ---
Station production	74,854	99,711	74,854	99,711
Station upgrade	71,294	68,224	71,294	68,224
Supporting services:				
Program broadcasting	510,983	521,869	510,983	521,869
Contractual services	626,986	1,127,926	626,986	1,127,926
Development and promotion	113,377	165,791	113,377	165,791
Supplies and materials	14,644	175,735	14,644	175,735
OPEB benefit	---	---	( 27,581 )	( 62,160 )
Pension expense	---	---	365,452	194,141
Local appropriations:				
Personnel services	491,039	497,548	408,028	529,183
Fringe benefits	214,201	245,001	10,245	120,145
Utilities	56,692	81,487	56,692	81,487
In-kind expenditures/expenses	161,300	177,318	161,300	177,318
Unallocated depreciation	---	---	479,719	131,769
Total expenditures/expenses	<u>2,402,911</u>	<u>3,660,482</u>	<u>2,865,993</u>	<u>3,331,139</u>
Revenues:				
Corporation for Public Broadcasting grants	798,109	446,292	798,109	446,292
Contributions and production	60,399	21,170	60,399	21,170
Government of Guam appropriation	805,029	882,624	805,029	882,624
Underwriting	132,080	179,017	132,080	179,017
In-kind contributions	161,300	177,318	161,300	177,318
Fundraising	65,931	109,290	65,931	109,290
Other	37,406	47,804	37,406	47,804
Interest	794	715	794	715
Total revenues	<u>2,061,048</u>	<u>1,864,230</u>	<u>2,061,048</u>	<u>1,864,230</u>
Change in position	( 341,863 )	( 1,796,252 )	( 804,945 )	( 1,466,909 )
Fund balance/net position:				
Beginning of year	<u>2,163,010</u>	<u>3,959,262</u>	<u>800,836</u>	<u>2,267,745</u>
End of year	<u>\$ 1,821,147</u>	<u>\$ 2,163,010</u>	<u>\$ ( 4,109 )</u>	<u>\$ 800,836</u>

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

Supplemental Schedule of Employees and Salaries

Year Ended September 30, 2024

(With comparative totals for the year ended September 30, 2023)

	2024		2023	
	Annual Payroll	Number of Employees	Annual Payroll	Number of Employees
Expenditures:				
Community Service Grant:				
Program services:				
Station production	\$ 69,431	2	\$ 92,625	3
Station upgrade	66,667	2	64,100	2
Supporting services:				
Program broadcasting	98,334	3	126,539	4
Development and promotion	<u>56,137</u>	<u>2</u>	<u>105,125</u>	<u>3</u>
	<u>\$ 290,569</u>	<u>9</u>	<u>\$ 388,389</u>	<u>12</u>
Revenue:				
Government of Guam:				
Local appropriations	<u>\$ 491,039</u>	<u>13</u>	<u>\$ 552,955</u>	<u>12</u>

## Compliance and Internal Control



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## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees  
Guam Educational Telecommunications Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and General Fund of the Guam Educational Telecommunications Corporation (PBS Guam), which comprise the statement of financial position as of September 30, 2024, and the statement of activities for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated April 10, 2025.

We issued a qualified opinion on the governmental activities of PBS Guam because we were unable to obtain sufficient appropriate audit evidence about the OPEB related amounts recorded in the financial statements as of September 30, 2024 and for the year then ended. We were not able to obtain evidence related to the actuarial valuation that arrived at the recorded amounts.

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

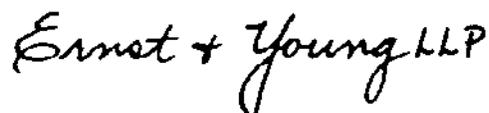
As part of obtaining reasonable assurance about whether the PBS Guam’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*.

### **PBS Guam’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the PBS Guam’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. PBS Guam’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

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

April 10, 2025

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

Schedule of Findings and Responses

Year Ended September 30, 2024

**Finding No. 2024-001**

Area: Financial Statement Close Process

Criteria

Accounting principles generally accepted in the United States of America (US GAAP) require that transactions and events are recorded in the correct accounting period.

Condition

We identified that PBS Guam incorrectly recorded a prior year adjustment which caused overstatement of beginning net position and understatement of due to grantor by approximately \$380k. Accordingly, the beginning net position did not reconcile with the prior year financial statements.

Cause

Prior year adjusting journal entries were erroneously posted in the general ledger.

Effect or potential effect

Errors may exist and not be identified and corrected in a timely manner resulting in the preparation of misstated financial statements.

Recommendation

We recommend that adjusting journal entries are reviewed and posted in the correct accounting period and the correct general ledger accounts.

Views of responsible officials

Management agrees with the finding. Management will seek proper guidance from responsible personnel to ensure prior year adjustments are properly recorded.

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

Schedule of Findings and Responses, continued

**Finding No. 2024-002**

Area: Depreciable Capital Assets

Criteria

Government Accounting Standards Board (GASB) Codification section 1400 stipulates that capital assets should be depreciated in a systematic and rational method, reflecting the pattern in which the asset's economic benefits are consumed. Depreciation of capital assets commences when the asset is available for use and ready for its intended purpose.

Condition

PBS Guam did not capitalize its Omega Broadcasting equipment in the period in which it was ready for use. Further, other capital assets were not depreciated accurately. This caused depreciation and accumulated depreciation to be understated by \$247k.

Cause

PBS Guam did not start depreciation of its capital asset in the period when it was ready for use. Further, there are inaccuracies in the computation of depreciation expense in its fixed asset register.

Effect or potential effect

An adjustment was identified to record additional depreciation expense and accumulated depreciation amounting to approximately \$247k.

Recommendation

We recommend that capital assets, including equipment, are capitalized in the period when they are available for their intended use. Further, management should review accuracy of computations included in PBS Guam's fixed asset register.

Views of responsible officials

Management agrees with the finding. Management will seek proper guidance from responsible personnel to ensure depreciation is properly recorded.