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M&C Fwd: PBS Guam FY 2019 Financial Audit Transmittal

1 message

Speaker's Office <speaker@guamlegislature.org>
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>

04-27-20	4:37 PM	04-27-20	Guam Educational Telecommunication Corporation's (PBS Guam) FY 2019 Financial Statements and Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.	Office of Public Accountability

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yang mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Christian Rivera** <crivera@guamopa.com>
Date: Mon, Apr 27, 2020 at 4:37 PM
Subject: PBS Guam FY 2019 Financial Audit Transmittal
To: Office of Public Accountability <admin@guamopa.com>

Hafa Adai!

Transmitted here are the Guam Educational Telecommunication Corporation's (PBS Guam) FY 2019 Financial Statements and Report on Compliance and Internal Controls, Management Let Charged with Governance. We also attached our two-page financial highlights and PBS Guam's FY 2019 financial operation visual presentation. You may visit our website at www.opaguam.o reports.

Thank you.

--

Chris Rivera
Accountability Auditor

Office *of* Public Accountability - Guam
"Auditing for Good Governance"

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5 attachments

- **PBS Guam FY 2019_HL.pdf** 251K
- **PBS Guam FY 2019_visual.pdf** 572K
- **KGTF_ml19 [FINAL 04.24.20].pdf** 148K
- **KGTF_fs19 [FINAL 04.24.20].pdf** 672K
- **KGTF_sas19 [FINAL 04.24.20].pdf** 1172K

Doc. No. 35GL-20-1731.*

OFFICE OF PUBLIC ACCOUNTABILITY

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Guam Educational Telecommunications Corporation (PBS Guam) – FY 2019 Financial Highlights

April 27, 2020

Hagåtña, Guam – The Office of Public Accountability (OPA) has released the Guam Educational Telecommunications Corporations' (dba PBS Guam) financial statements, Internal Control over Financial Reporting and Compliance, Management Letter, and the auditor's communication with those charged with governance for fiscal year (FY) 2019.

PBS Guam closed FY 2019 with a net loss of $202 thousand (K), which increased its negative net position from $1.37 million (M) to $1.57M. Independent auditors, Deloitte & Touche, LLP, issued an unmodified (clean) opinion on PBS Guam's financial statements. OPA commends PBS Guam for its 12th consecutive year without any material weaknesses and significant deficiencies in its Internal Control over Financial Reporting and Compliance.

Dedication to Improve Local Programming
Beginning in 2019, PBS Guam was re-established as a separate autonomous agency from the Department of Chamorro Affairs. With re-organization and under management of a new General Manager, the station is capitalizing on this new direction to improve its local programming. To date, PBS Guam hired several positions and provided training to increase the quality of its team.

$500K U.S. DOI Grant Earmarked to Upgrade Equipment
The U.S. Department of Interior (U.S. DOI) Technical Assistance awarded PBS Guam $500K grant in 2019. The station has long been operating with antiquated equipment to deliver programs. It will use the grant to upgrade aging equipment and thereby expand the level of production and increase development and underwriting with government agencies to produce public service announcements, local sporting events, and quarterly magazines. Upon the approval of the Memorandum of Understanding (MOU) by the Attorney General and the Lieutenant Governor, procurement to upgrade the equipment can begin.

Increased in Revenues and Expenditures
PBS Guam's total revenues increased by 9%, or $141K, from $1.53M in FY 2018 to $1.67M in FY 2019. Its most significant revenue sources, the Corporation for Public Broadcasting grants at $645K and the Government of Guam (GovGuam) appropriations at $570K, did not significantly change. However, Underwriting, Fundraising, and Contributions, which collectively made up 16% of the total revenues, increased, ranging from $21K to $68K. PBS Guam marketed to existing and new corporate partners, worked with several GovGuam entities, and created annual signature fundraising events, which all contributed to the uptick in revenues.

Doc. No. 35GL-20-1731.*

Overall expenses increased by 34%, or $474K, from $1.40M in FY 2018 to $1.87M in FY 2019. Program Broadcasting ($374K), Personnel Services ($289K), Station Production ($127K) were some of its biggest expenses. PBS Guam paid for the removal of an old tower in the prior year which reduced Contractual Services by $33K from $156K in FY 2018.

Other Post-Employment Benefits (OPEB) Liability at $2.27M
Under the OPEB Plan, GovGuam provides medical, dental, and life insurance benefits to retirees, spouses, children, and survivors. As of FY 2019, PBS Guam's OPEB liability stood at $2.27M, which includes its proportionate share in GovGuam's OPEB liability of $1.87 billion. It also recognized a total OPEB expense of $151K for FY 2019.

Two Deficiencies Concerning Fixed Assets
The independent auditors did not identify any material weaknesses or significant deficiencies in PBS Guam's report on Internal Control over Financial Reporting and Compliance. However, in a separate Management Letter issued, the independent auditors identified two deficiencies concerning (1) five fixed assets totaling $38K were either not in use, obsolete, or non-existent, and (2) non-specific recording of fixed asset descriptions.

Summary of Adjustments and Uncorrected Misstatements
In FY 2019, the auditors proposed 13 adjustments that decreased the net position by $162K and two passed adjustments that increased net position by $5K.

Old Challenges and Promising Outlook
PBS Guam continues to face declining viewership over online media platforms. As a result, creating meaningful programs with local producers proved unsuccessful. This affected the station's ability to underwrite new local programming, which similar national PBS counterparts face. However, PBS Guam focused instead on creating signature fundraising events that obtained underwriting sponsorship rather than through traditional underwriting.

With a new executive director, a new line-up of local programming is set to launch. Among these include the Academic Challenge Bowl, shows featuring a movie submission from the Guam Film Festival, and three new shows, which are now on hold. PBS Guam looks ahead with confidence as key individuals and qualified personnel create new informative local programs, sustained underwriting with novel ideas materialize, and upgrade to its capital assets will improve its level of production.

For a more detailed discussion on PBS Guam's operations, refer to the Management's Discussion and Analysis in the audit report at opaguam.org or pbsguam.org. You may also visit our website for PBS Guam's financial operation visual summary.

Guam Education Telecommunications Corporation (dba PBS GUAM)

PBS GUAM FY 2019

Financial Statements
Management Letter
Internal Control over Financial Reporting and Compliance
Auditor's Communication with Those Charged with Governance

Office of Public Accountability
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FINANCIAL OPERATION FY 2019

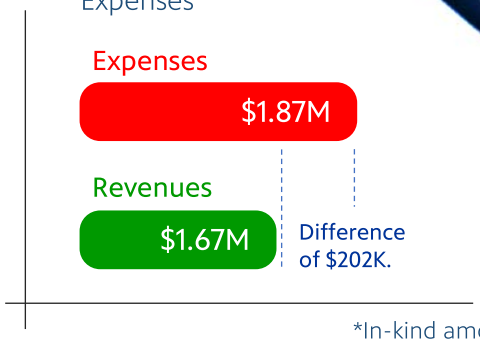
Independent auditors, Deloitte & Touche, LLP, issued an unmodified (clean) opinion.

FY 2018 Net Position
-$1.37M

PBS Guam ended FY 2019 with a net loss of $202K. This decreased net position from -$1.37M to -$1.57M.

FY 2019 Net Position
-$1.57M

Total Revenues vs. Expenses*



*In-kind amounted to $190K.

9% ↑ REVENUES

Corporation for Public Broadcasting (CPB) grants and GovGuam appropriation are PBS Guam's biggest revenue source.

34% ↑ EXPENSES

PBS Guam spent $374K on program broadcasting in FY 2019, followed by personnel services at $289K.

12 FY 2019 marks PBS Guam's 12th consecutive year without any material weaknesses and significant deficiencies in its Internal Control over Financial Reporting and Compliance.

BY THE numbers

1. PBS Guam's OPEB Liability stood at $2.27M.
2. Awarded $500K U.S. DOI Technical Grant to upgrade antiquated equipment.
3. Five fixed assets totaling $38K were either not in use, obsolete, or non-existent.
4. Independent auditors proposed 13 adjustments that decreased Net Position by $162K and two passed adjustments that increased Net Position by $5K.

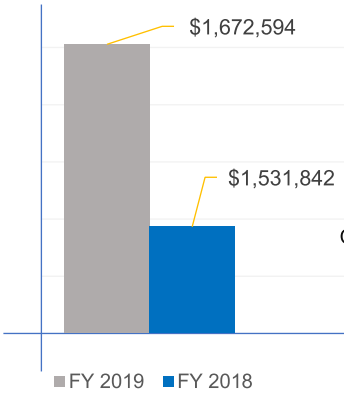
OUTLOOK

- New line-up of local programming.
- Sustainable signature fundraising events.
- Staff trainings and hired key personnel.

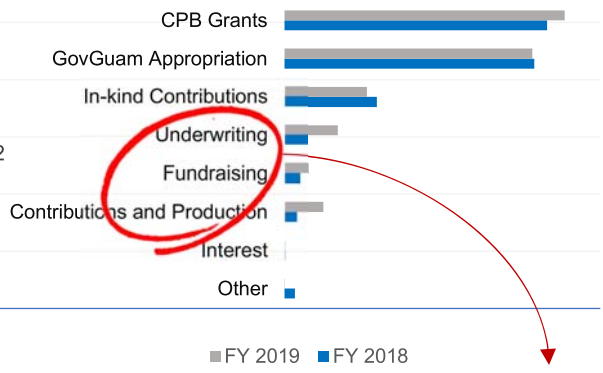


- Revenues increased by 9%, or $141K, from the previous year of $1.53M.

Total Revenues FY 2019 vs. FY 2018



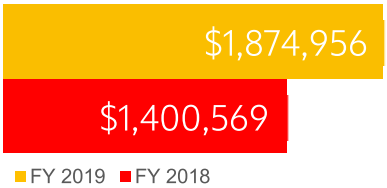
FY 2019 Revenues Sources Comparison to FY 2018



All increased, ranging from $21K to $68K, because of marketing, synergy with GovGuam entities, and annual signature events.

- Expenses increased by 34%, or $474K, from the previous year of $1.40M.

Total Expenses FY 2019 vs. FY 2018



Top Five Expenses FY 2019[1]

		from FY 2018
Program Broadcasting	$ 373,673	↑
Personnel Services	$ 289,325	↑
OPEB Expense	$ 150,990	↓
Unallocated Depreciation	$ 147,604	↑
Station Production	$ 127,200	↓

[1]Excluded In-kind totaling $189,840.

For a detailed discussion on PBS Guam's operations, please visit opaguam.org or pbsguam.org.

Doc. No. 35GL-20-1731.*

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April 15, 2020

Ms. Ina Carillo
Guam Educational Telecommunications Corporation
P.O. Box 21449
Hagatna, GU 96921

Dear Ms. Carillo:

In planning and performing our audit of the financial statements of the Guam Educational Telecommunications Corporation (PBS Guam) as of and for the year ended September 30, 2019 (on which we have issued our report dated April 15, 2020), 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, we considered PBS Guam's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PBS Guam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PBS Guam's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting. However, in connection with our audit, we identified, and included in the attached Appendix I, deficiencies related to PBS Guam's internal control over financial reporting as of September 30, 2019, that we wish to bring to your attention.

We have also issued a separate report to the Board of Trustees, also dated April 15, 2020, 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 definition of a deficiency is also set forth in the attached Appendix I.

A description of the responsibility of management for establishing and maintaining internal control over financial reporting and of the objectives of and inherent limitations of internal control over financial reporting, is set forth in the attached Appendix II and should be read in conjunction with this report.

This report is intended solely for the information and use of the Office of the Public Accountability - Guam, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

We wish to thank the staff and management of PBS Guam for their cooperation and assistance during the course of this engagement.

Very truly yours,

Deloitte & Touche LLP

SECTION I – CONTROL DEFICIENCIES

We identified, and have included below, deficiencies involving PBS Guam's internal control over financial reporting as of September 30, 2019 that we wish to bring to your attention:

(1) Fixed Assets Monitoring

Of twenty fully-depreciated assets tested, the following were not in use, were obsolete or were non-existent. Some assets were replaced but were not removed from the listing.

Date	Asset Description	Cost
02/28/2001	Lennox 5-Ton	$ 3,395
04/09/2007	9000 BTU Split Aircon	$ 539
01/05/2009	PSIP Computer Generator	$ 13,095
05/24/2012	Nvezion & Video Technics	$ 18,941
10/13/2014	Video Guys Adobe Creative Cloud for Teams	$ 2,395

We recommend that PBS Guam conduct an annual fixed asset inventory.

(2) Asset Description in the Fixed Assets Listing

Asset descriptions on the fixed assets listing are non-specific. We recommend that PBS Guam input asset names based on specific name/model instead of grouping assets into one-line item.

SECTION II – DEFINITION

The definition of a deficiency is as follows:

A *deficiency* 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are adapted from auditing standards generally accepted in the United States of America.

Management's Responsibility

PBS Guam's management is responsible for the overall accuracy of the financial statements and their conformity with generally accepted accounting principles. In this regard, management is also responsible for establishing and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

Internal control over financial reporting is a process affected by those charged with governance, management, and other personnel and designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting (i.e., the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles).

Inherent Limitations of Internal Control over Financial Reporting

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION

(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2019

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Year Ended September 30, 2019
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Guam Educational Telecommunications Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (PBS Guam), a component unit of the Government of Guam, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise PBS Guam's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Deloitte.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 6 as well as the Schedule of Proportionate Share of the Net Pension Liability on pages 32 through 34, the Schedule of Pension Contributions on page 35, the Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios on page 36, the Schedule of Proportionate Share of the Total OPEB Liability on page 37, and the Schedule of OPEB Contributions on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB 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. This supplementary information is the responsibility of PBS Guam's management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

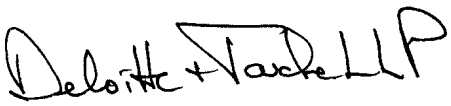
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PBS Guam's basic financial statements. The Other Supplementary Information, as set forth in Section V of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management. The 2019 additional information on pages 39 and 40 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 2019 additional information on pages 39 and 40 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2018 information on pages 39 and 40 as well as the additional information on page 41 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, 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.



April 15, 2020

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Management's Discussion and Analysis
Year Ended September 30, 2019

This discussion and analysis of Guam Educational Telecommunications Corporation (dba PBS Guam) is intended to give an overview of the financial performance for the year ended September 30, 2019. This analysis should be read in conjunction with the following financial statements, related footnotes and required supplementary information.

Financial Statements

PBS Guam's financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The required financial statements include a Governmental Funds Balance Sheet/Statement of Net Position that identified the characteristics and value of an entity's available resources (assets) and as well as its obligations (liabilities) at a specific point in time. Net Position represents the amount by which an entity's assets exceed its liabilities and represents resources available to fund future operations. The Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities is an additional required statement. This particular statement provides information about the entity's sources of revenue and nature of the related expenditures/expenses during the period being reported. It reflects the entity's ability to recover costs associated with providing services.

Statement of Net Position	2019	2018
ASSETS AND DEFERRED OUTFLOWS		
Capital assets	$ 1,501,934	$ 1,646,034
Current and other assets	225,519	137,982
Deferred outflows of resources	741,963	297,246
Total assets and deferred outflows	$ 2,469,416	$ 2,081,262
LIABILITIES AND DEFERRED INFLOWS		
Liabilities:		
Long-term liabilities	$ 3,013,247	$ 3,083,256
Other liabilities	67,007	96,276
Deferred inflows of resources	958,936	269,142
Total liabilities and deferred inflows	4,039,190	3,448,674
NET POSITION		
Net position:		
Net investment in capital assets	1,501,934	1,646,034
Unrestricted	(3,071,708)	(3,013,446)
Total net position	(1,569,774)	(1,367,412)
Total liabilities, deferred inflows and net position	$ 2,469,416	$ 2,081,262

Capital assets decreased by $144,100 or 8.7% due to station depreciation expense; new equipment purchased during the year amounted to only $3,504. Current assets increased by $87,537 or 63.4% primarily due to receivables from production and underwriting. Total liabilities decreased by 3.1% or $99,278, attributed to a decrease in the other postemployment benefit (OPEB) liability. The decrease in total net position in primarily caused by the resultant changes as reflected above.

Statement of Activities	2019	2018
Revenues:		
Local appropriation	$ 570,357	$ 574,578
Community Service Grant	644,536	604,323
Contribution and other	457,405	352,540
Interest income	296	401
Total revenues	1,672,594	1,531,842
Expenses:		
Program service	162,695	163,540
Supporting service	1,564,657	1,104,182
Depreciation expense	147,604	132,847
Total expenses	1,874,956	1,400,569
Change in net position	(202,362)	131,273
Net position beginning of year	(1,367,412)	(1,498,685)
Net position at the end of the year	$ (1,569,774)	$ (1,367,412)

Total revenue increased by 9.2% or $140,752, which is largely attributed to utilization of the Community Service Grant and programming and underwriting earned from the Commission on Decolonization. Total operating expenses increased by approximately 33.9% or $474,387 which is primarily due to pension expense.

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 Broadcasting (CPB). At the end of the current fiscal year, the assigned fund balance amounted to $158,512, an increase of $116,806 compared with the prior year fund balance.

Budgetary Highlights

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

Capital Assets and Long-Term Obligations

In 2019, PBS Guam sought and was awarded a $500,000 grant from the U.S. Department of Interior under the Technical Assistance Program. Funding from this grant will be used specifically to upgrade capital assets in the production department. This upgrade will not only improve the station's level of production, it will also increase development and underwriting as the station will be able to partner with government agencies to produce public service announcements, local sporting events and high school and college quarterly magazines.

In fiscal year 2020, PBS Guam has initiated a 25-year lease of the property in Barrigada Heights where its transmitter is situated, as against the current 3-year license agreement with the Chamorro Land Trust Commission. This will give PBS Guam the ability to add to its existing assets. Also, PBS Guam had the opportunity to upgrade more than 50% of the air conditioning system in the Mangilao office, purchase new editing equipment for three stations in the production department and completely renovate the studio. Despite these upgrades, its net capital assets have decreased for a third year in a row due to depreciation of majority of the existing equipment determined to be beyond economic repair and/or antiquated. Majority of the station's equipment has not been upgraded or well-maintained resulting in the decrease in total asset depreciation. For additional information concerning general assets, please refer to Note 3 to the financial statements. PBS Guam does not have external debt. For more information concerning long-term liabilities, refer to Note 4 to the financial statements.

Economic Factors

Additional challenges faced by PBS Guam over the last several years, and in 2019 particularly, is the increasing number of online platforms that stream various media which negatively impacts the viewership and thereby affecting its ability to underwrite new local programming. PBS has been unsuccessful in attracting local producers to create meaningful programming in the past but in 2019, with a new executive producer, PBS Guam is setting up the station to launch a new line up of local programming soon.

Institutional Factors

PBS Guam has always found its strength in the large number of dedicated, experienced professionals. Unfortunately, as employees retire or leave their posts, PBS has had a difficult time getting those positions filled causing the positions to be unfunded, particularly in the production department. This has led to the inability to pass on institutional knowledge to new employees. As a result, much of 2019 was spent on training staff and getting their skill levels up to par. In Development, although there has been an increase in the quality of the team, the department still lacks basic sales and marketing techniques that are essential to moving the station forward. As a result, a considerable amount of time in 2019 was spent on training in standard operating procedures and underwriting techniques.

With most of the year spent reorganizing the agency, filling key positions with competent and qualified personnel as well as creating sustainable beacon fundraising events, the outlook for the station is much more positive this year. Potential clients are beginning to take notice and are now taking the agency more seriously. Production work from corporate clients and other government agencies has drastically increased and has been essential in the agency's ability to meet its fundraising goal. Management is confident that PBS Guam's mission to create new informative local programming will finally be realized as it capitalizes on the new administration's dedication to improving the education that Guam students are receiving.

In 2019, PBS Guam experienced very minimal programming underwriting. Similar with its national PBS counterparts, limiting underwriting with no call to action has hampered the ability of the Development department to obtain sustainable underwriters. Most efforts were focused not on traditional underwriting, but in creating beacon fundraising events that obtained underwriting sponsorships. PBS Kid's membership program has been revitalized and membership has increased.

Summary

The current fiscal year looks to be much more lucrative; goals and objectives have been set into motion. PBS Guam has created an aggressive and steady fundraising strategy, with multiple production projects in the pipeline and has finally brought some credibility to the production department. Finally, with an increase community and education outreach plan in effect, management is confident that it will be able to carry on the mission of PBS Guam.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Governmental Funds Balance Sheet/Statement of Net Position
September 30, 2019

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	$ 89,292	$ -	$ 89,292
Receivables, net of allowance for uncollectible accounts of $48,394	25,309	-	25,309
Due from GovGuam	110,000	-	110,000
Restricted assets:			
Cash and cash equivalents	918	-	918
Capital assets:			
Nondepreciable capital assets	-	18,000	18,000
Capital assets, net of accumulated depreciation	-	1,483,934	1,483,934
Total assets	225,519	1,501,934	1,727,453
Deferred outflows of resources:			
Deferred outflows from pension	-	207,303	207,303
Deferred outflows from OPEB	-	534,660	534,660
Total assets and deferred outflows of resources	$ 225,519	2,243,897	2,469,416
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	$ 4,210	-	4,210
Other liabilities and accruals	13,586	-	13,586
Unexpended grant revenues	49,211	-	49,211
Long-term liabilities:			
Due within one year	-	15,307	15,307
Due after one year	-	2,997,940	2,997,940
Total liabilities	67,007	3,013,247	3,080,254
Deferred inflows of resources:			
Deferred inflows from pension	-	54,660	54,660
Deferred inflows from OPEB	-	904,276	904,276
Total liabilities and deferred inflows of resources	67,007	3,972,183	4,039,190
Commitments and contingencies			
FUND BALANCE/NET POSITION			
Fund balance:			
Assigned - supporting services	158,512	(158,512)	-
Total fund balance	158,512	(158,512)	-
Total liabilities and fund balance	$ 225,519		
Net position:			
Net investment in capital assets		1,501,934	1,501,934
Unrestricted		(3,071,708)	(3,071,708)
Total net position		$ (1,569,774)	$ (1,569,774)

See accompanying notes to financial statements.

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, 2019

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
Corporation for Public Broadcasting grants	$ 644,536	$ -	$ 644,536
Government of Guam appropriation	570,357	-	570,357
In-kind contributions	189,840	-	189,840
Underwriting	122,250	-	122,250
Fundraising	55,308	-	55,308
Contributions and production	89,550	-	89,550
Interest	296	-	296
Other	457	-	457
Total revenues	1,672,594	-	1,672,594
Expenditures/expenses:			
Program services:			
Station production	127,200	-	127,200
Station upgrade	35,495	-	35,495
Capital outlays	3,504	(3,504)	-
Supporting services:			
Program broadcasting	373,673	-	373,673
Contractual services	122,233	-	122,233
Development and promotion	122,758	-	122,758
Supplies and materials	10,728	-	10,728
OPEB expense	-	150,990	150,990
Pension expense	-	56,240	56,240
Local appropriations:			
Personnel services	300,087	(10,762)	289,325
Fringe benefits	115,257	(21,400)	93,857
Utilities	82,546	-	82,546
Contractual services	72,467	-	72,467
In-kind expenditures/expenses	189,840	-	189,840
Unallocated depreciation	-	147,604	147,604
Total expenditures/expenses	1,555,788	319,168	1,874,956
Deficiency of revenues under expenditures	116,806	(116,806)	
Changes in net position		(202,362)	(202,362)
Fund balance/net position:			
Beginning of the year	41,706	-	(1,367,412)
End of the year	$ 158,512	$ -	$ (1,569,774)

See accompanying notes to financial statements.

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

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

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

(2) Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements:

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

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

- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management, but can be removed or modified.

(2) Summary of Significant Accounting Policies, Continued

Government-wide and Fund Financial Statements, Continued

Government-wide Financial Statements, Continued:

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.

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		$ 158,512
Add:		
Land improvements	18,000	
Depreciable capital assets	4,115,205	
Accumulated depreciation	(2,631,271)	
Deferred outflow of resources	741,963	
		2,243,897
Less:		
Compensated absences payable	(28,698)	
DCRS sick leave liability	(2,088)	
Net pension liability	(715,729)	
OPEB liability	(2,266,732)	
Deferred inflow of resources	(958,936)	
		(3,972,183)
Total net position - governmental activities		$ (1,569,774)

(2) Summary of Significant Accounting Policies, Continued

Government-wide and Fund Financial Statements, Continued

Fund Financial Statements, Continued:

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		$ 116,806
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	3,504	
Depreciation expense	(147,604)	
		(144,100)
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:		
Change in compensated absences	7,640	
Change in DCRS sick leave liability	3,122	
Net pension and OPEB activity	(185,830)	
		(175,068)
Change in net position - governmental activities		$ (202,362)

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.

(2) Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting, Continued

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

An annual appropriated budget has not been formally adopted on a legal basis or a basis consistent with GAAP. Accordingly, a budget to actual presentation is not required or presented.

Cash and Cash Equivalents

Custodial credit risk is the risk that in an 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 deposit policy for custodial credit risk.

For purposes of the balance sheet/statement of net position, cash and cash equivalents is defined as cash on hand and cash held in demand accounts. As of September 30, 2019, the carrying amount of cash and cash equivalents was $90,210 and the corresponding bank balance was $101,140. Of the bank balance, $66,450 is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance and $34,690 is maintained in credit unions subject to National Credit Union Administration (NCUA) insurance. As of September 30, 2019, all bank deposits are fully insured.

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.

Prepaid Items

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain assets are classified as restricted assets because their use is completely restricted through grant agreements or enabling legislation. Specifically, cash and cash equivalents are restricted in that they are not available to be used in current operations.

(2) Summary of Significant Accounting Policies, Continued

Capital Assets

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

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

Capital assets are capitalized when the cost of the individual items exceeds $1,000. The costs of normal maintenance and repairs that do not add to the value of asset 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.

Estimated useful lives for depreciable assets are as follows:

Buildings and improvements	5 - 15 years
Broadcasting equipment	3 - 10 years
Studio, antenna, transmitter, and other equipment	3 - 5 years
Furniture and fixtures	3 - 13 years
Transportation equipment	3 - 20 years

Deferred Outflows of Resources

In addition to assets, the statements 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.

Income Taxes

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

(2) Summary of Significant Accounting Policies, Continued

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 and 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 (15) 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 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, 2019 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.

Unexpended Grant Revenues

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

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (additions to 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 and OPEB liabilities, net difference between projected and actual earnings on pension plan investments, changes of actuarial assumptions or other inputs, and changes in proportion and differences between PBS Guam pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

(2) Summary of Significant Accounting Policies, Continued

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents PBS Guam's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes PBS Guam's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members.

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. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes of actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are 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 are 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.

OPEB is required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes an OPEB liability for the defined benefit OPEB plan in which it participates, which represents PBS Guam's proportionate share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the total 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. Those changes in total OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes of actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are 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.

(2) Summary of Significant Accounting Policies, Continued

Fund Balance, Continued

- 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 of 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.

New Accounting Standards

During the year ended September 30, 2019, PBS Guam implemented the following pronouncements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The implementation of these statements did not have a material effect on PBS Guam's financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

(3) Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	October 1, 2018	Additions	Transfers and Deletions	September 30, 2019
Non-depreciable capital assets:				
Land improvements	$ 18,000	$ -	$ -	$ 18,000
Depreciable capital assets:				
Buildings and improvements	346,609	-	-	346,609
Broadcasting equipment	2,916,203	-	(30,361)	2,885,842
Studio, antenna, transmitter, and other equipment	271,496	-	-	271,496
Furniture and fixtures	212,865	3,504	(17,029)	199,340
Transportation equipment	411,918	-	-	411,918
	4,159,091	3,504	(47,390)	4,115,205
Less accumulated depreciation	(2,531,057)	(147,604)	47,390	(2,631,271)
	1,628,034	(144,100)	-	1,483,934
	$ 1,646,034	$ (144,100)	$ -	$ 1,501,934

(4) Long-term Obligations

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2019, the following changes occurred in liabilities reported as part of PBS Guam's long-term liabilities in the statement of net position:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Compensated absences	$ 36,338	$ -	$ 7,640	$ 28,698	$ 15,307
DCRS sick leave liability	5,210	-	3,122	2,088	-
OPEB liability	2,494,883	-	228,151	2,266,732	-
Net pension liability	546,825	168,904	-	715,729	-
	$ 3,083,256	$ 168,904	$ 238,913	$ 3,013,247	$ 15,307

(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, 2019, the total appropriation was $570,357.

Commission on Decolonization

PBS Guam entered into a memorandum of agreement with Commission on Decolonization under the Office of the Governor of Guam for its Media Education Plan. For the year ended and as of September 30, 2019, PBS Guam recorded $110,000 of revenues and receivable, respectively.

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 Local Service Grants (LSGs) to qualifying public telecommunications entities based on budget submissions. CSGs and LSGs 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 LSG 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, 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.

(5) Funding Sources, Continued

Corporation for Public Broadcasting (CPB) Grants, Continued

CPB grants received and expended during the year ended September 30, 2019 were as follows:

Grant Year	Grant Name	Grants Received	Beginning Unexpended Portion	Grants Expended	Ending Unexpended Portion
2018	CSG	$ -	$ 82,269	$ 82,269	$ -
2019	CSG	590,379	-	541,168	49,211
2019	SSG	9,857	-	9,857	-
2019	Interconnection	11,242	-	11,242	-
	Total	$ 611,478	$ 82,269	$ 644,536	$ 49,211

Commission on Decolonization (COD)

During the year ended September 30, 2019, PBS Guam entered into a memorandum of agreement with the COD within GovGuam's Office of the Governor for the provision of broadcast underwriting services in the amount of $110,000, which is presented as a receivable due from GovGuam in the accompanying financial statements.

(6) Pensions

PBS Guam is statutorily responsible for providing pension benefits for certain PBS Guam employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes PBS Guam, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and the DCRS Plans are eligible to receive an annual ad hoc cost of living allowance (COLA).

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

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Plan Membership: As of September 30, 2018 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,273
Inactive employees entitled to but not yet receiving benefits	3,170
Active employees	5,188
	15,631
DCRS members:	
Active employees	5,921
	21,552

Benefits Provided: 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. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP). Commencing April 1, 2017 through September 30, 2019, eligible employees may elect, during the "election window", to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018. Beginning January 1, 2018, all new employees shall be automatically enrolled in the GRSP. New employees have sixty (60) days from the date of hire to elect to participate in the DCRS.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan 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. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the GovGuam as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for three years of service which produce the highest average.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2017 actuarial valuation was used for determining the year ended September 30, 2019 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2017, 2016 and 2015, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2019, 2018 and 2017, respectively, have been determined as follows:

	2019	2018	2017
Normal costs (% of DB Plan payroll)	13.54%	15.97%	16.27%
Employee contributions (DB Plan employees)	9.52%	9.55%	9.55%
Employer portion of normal costs (% of DB Plan payroll)	4.02%	6.42%	6.72%
Employer portion of normal costs (% of total payroll)	2.29%	1.60%	1.87%
Unfunded liability cost (% of total payroll)	21.29%	22.12%	21.60%
Government contribution as a % of total payroll	23.58%	23.72%	23.47%

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Statutory contribution rates as a % of DB Plan payroll:			
Employer	26.56%	27.83%	27.41%
Employee	9.52%	9.55%	9.55%

PBS Guam's contributions to the DB Plan for the years ended September 30, 2019, 2018 and 2017 were $43,359, $60,432 and $50,149, respectively, which were equal to the statutorily required contributions for the respective years then ended.

PBS Guam's contributions for supplemental annuity benefit and COLA payments were $8,000, $6,000 and $6,000 for the years ended September 30, 2019, 2018 and 2017, which were equal to the statutorily required contributions for the respective years then ended.

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

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay, which increased to 6.2% effective January 1, 2018. 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 for the DCRS plan for the year ended September 30, 2019 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the DCRS, which increased to 6.2% effective January 1, 2018. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

PBS Guam's contributions to the DCRS Plan for the years ended September 30, 2019, 2018 and 2017 were $32,872, $22,241 and $39,734, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $25,198, $17,687 and $32,486 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2019, 2018 and 2017, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2019, PBS Guam reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2018, which is comprised of the following:

Defined benefit plan	$ 613,313
Ad hoc COLA/supplemental annuity plan for DB retirees	49,756
Ad hoc COLA plan for DCRS retirees	52,660
	$ 715,729

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

PBS Guam's proportion of the GovGuam net pension liabilities was based on PBS Guam's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2019, PBS Guam's proportionate shares of the GovGuam net pension liabilities were as follows:

Defined benefit plan	0.05%
Ad hoc COLA/supplemental annuity plan for DB retirees	0.02%
Ad hoc COLA plan for DCRS retirees	0.11%

Pension Expense: For the year ended September 30, 2019, PBS Guam recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

Defined benefit plan	$ 75,412
Ad hoc COLA/supplemental annuity plan for DB retirees	(418)
Ad hoc COLA plan for DCRS retirees	(18,754)
	$ 56,240

Deferred Outflows and Inflows of Resources: At September 30, 2019, PBS Guam reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,731	$ -	$ 736	$ -	$ 7,566	$ 481
Net difference between projected and actual earnings on pension plan investments	-	10,995	-	-	-	-
Changes of assumptions	-	-	-	1,651	6,272	7,028
Contributions subsequent to the measurement date	68,558	-	6,000	-	2,000	-
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	113,870	-	570	-	-	34,504
	$ 184,159	$ 10,995	$ 7,306	$ 1,651	$ 15,838	$ 42,014

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2019 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/SA Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2020	$ 51,914	$ (163)	$ (2,792)
2021	49,432	(164)	(2,792)
2022	402	(18)	(2,792)
2023	2,858	-	(2,792)
2024	-	-	(2,792)
Thereafter	-	-	(14,216)
	$ 104,606	$ (345)	$ (28,176)

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (15.58 years remaining as of September 30, 2017)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4.00% to 7.50%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015.

The investment rate assumption as of September 30, 2017 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Return
U.S. Equities (large cap)	29.0%	7.47%
U.S. Equities (small cap)	7.0%	8.73%
Non-U.S. Equities	16.5%	9.27%
Non-U.S. Equities (emerging markets)	2.0%	11.09%
U.S. Fixed Income (aggregate)	21.5%	4.67%
Risk parity	8.0%	6.50%
High yield bonds	8.0%	6.59%
Global Real Estate (REITs)	5.0%	8.60%
Master Limited Partnerships	3.0%	6.56%

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2016 valuation to the September 30, 2017 valuation:

Remaining Amortization Period: The unfunded liability was being amortized over a closed period ending on May 1, 2031. This was extended by 2 years to May 1, 2033 by Public Law 33-186.

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2018 was 7%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2018 was 4.18%, which is equal to the rate of return of a high quality bond index.

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to PBS Guam's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$ 782,042	$ 613,313	$ 468,480

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 54,432	$ 49,756	$ 45,716

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 59.241	$ 52,660	$ 47,039

(7) Other Postemployment Benefits (OPEB)

PBS Guam participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides 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. The program covers retirees and is considered an other postemployment benefits plan.

A. General Information About the OPEB Plan:

Plan Description: The other postemployment benefits plan is a single employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

(7) Other Postemployment Benefits (OPEB), Continued

A. General Information About the OPEB Plan, Continued:

Plan Membership: As of September 30, 2018, the most recent measurement date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	7,930
Active plan members	10,136
	18,066

Benefits Provided: The OPEB Plan provides postemployment medical, dental and life insurance benefits to PBS Guam retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. PBS Guam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard island wide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2019, 2018 and 2017, PBS Guam's contributions to this Plan amounted to $21,400, $16,089 and $18,134, respectively, equal to the statutorily required contributions for each year.

B. Total OPEB Liability:

As of September 30, 2019, PBS Guam's proportionate share of the total OPEB liability was $2,266,732, which is equal to the total OPEB liability multiplied by PBS Guam's proportionate share percentage of 0.12% for the year ended September 30, 2019.

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%.
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.

(7) Other Postemployment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Salary increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years. Previously, 7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Previously, 8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retires will elect to participate. Life - 100% of eligible retirees will elect to participate. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical – 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental – 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life – 100% of spouses of active employees will elect to participate at the active employee's retirement. Previously, 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.

(7) Other Postemployment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. Previously, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.523% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and females.
Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the Government of Guam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. Previously, 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the Government of Guam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.18% as of September 30, 2018. 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, the 4.18% municipal bond rate as of September 30, 2018 was applied to determine the total OPEB liability.

OPEB plan fiduciary net position: As of September 30, 2019, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

(7) Other Postemployment Benefits (OPEB), Continued

C. Changes in the Total OPEB Liability:

Changes in PBS Guam's proportionate share of the net OPEB liability is as follows:

At October 1, 2018	$ 2,494,883
Changes for the year:	
Service cost	100,560
Interest	93,867
Change of assumptions	(249,848)
Change in proportionate share	477,915
Difference between expected and actual experience	(631,500)
Benefit payments	(19,145)
Net change at September 30, 2019	(228,151)
	$ 2,266,732

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to PBS Guam's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Total OPEB Liability	$ 2,673,204	$ 2,266,732	$ 1,940,220

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to PBS Guam's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current healthcare cost trend rate.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 1,890,220	$ 2,266,732	$ 2,754,109

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2019, PBS Guam reported total OPEB expense of $150,990. At September 30, 2019, 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
Changes of assumptions	$ 164,170	$ 376,196
Differences between expected and actual experience	-	518,125
Contributions subsequent to the measurement date	21,400	-
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	349,090	9,955
	$ 534,660	$ 904,276

(7) Other Postemployment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued:

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEB that will be recognized in OPEB expense as follows:

Year Ending September 30	
2020	$ (71,879)
2021	(71,879)
2022	(71,879)
2023	(128,737)
2024	(46,642)
	$ (391,016)

(8) Lease Commitments

On January 1, 2007, PBS Guam entered into a twenty-one year lease agreement with the Chamorro Land Trust Commission for property located in Barrigada for the purposes of constructing and operating an antennae site with transmitter building facilities. The terms of the lease require a lease payment of $850 per month. Total future minimum rentals for subsequent years ending September 30, are as follows:

Year Ending September 30,	
2020	$ 10,200
2021	10,200
2022	10,200
2023	10,200
2024	10,200
2025 - 2028	40,800
	$ 91,800

(9) Risk Management

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

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	Defined Benefit Plan					
	2019	2018	2017	2016	2015	2014
Total net pension liability	$1,179,192,550	$ 1,142,249,393	$ 1,368,645,126	$ 1,436,814,230	$ 1,246,306,754	$ 1,303,304,636
PBS GUAM's proportionate share of the net pension liability	$ 613,313	$ 422,331	$ 926,733	$ 1,019,630	$ 837,016	$ 915,805
PBS GUAM's proportion of the net pension liability	0.05%	0.04%	0.07%	0.07%	0.07%	0.07%
PBS GUAM's covered-employee payroll**	$ 267,268	$ 187,937	$ 364,123	$ 383,365	$ 339,118	$ 323,477
PBS GUAM's proportionate share of the net pension liability as percentage of its covered-employee payroll	229.47%	224.72%	254.51%	265.97%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

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

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

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2019	2018	2017	2016
Total net pension liability***	$ 289,875,668	$ 288,147,121	$ 229,486,687	$ 235,799,709
PBS GUAM's proportionate share of the net pension liability	$ 49,756	$ 48,619	$ 49,964	$ 38,425
PBS GUAM's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%
PBS GUAM's covered-employee payroll**	$ 88,203	$ 85,765	$ 84,471	$ 83,330
PBS GUAM's proportionate share of the net pension liability as percentage of its covered-employee payroll	56.41%	56.69%	59.15%	46.11%

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

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

*** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

	2019	2018	2017	2016
Total net pension liability***	$ 49,342,424	$ 62,445,490	$ 61,688,067	$ 52,115,736
PBS GUAM's proportionate share of the net pension liability	$ 52,660	$ 75,875	$ 86,793	$ 86,976
PBS GUAM's proportion of the net pension liability	0.11%	0.12%	0.14%	0.17%
PBS GUAM's covered-employee payroll**	$ 282,258	$ 457,817	$ 513,640	$ 593,954
PBS GUAM's proportionate share of the net pension liability as percentage of its covered- employee payroll	18.66%	16.57%	16.90%	14.64%

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

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

*** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 68,558	$ 78,119	$ 82,635	$ 92,437	$ 106,024	$ 93,144
Contributions in relation to the statutorily required contribution	70,658	46,319	89,477	100,838	90,066	85,685
Contribution (excess) deficiency	$ (2,100)	$ 31,800	$ (6,842)	$ (8,401)	$ 15,958	$ 7,459
PBS GUAM's covered-employee payroll **	$ 267,268	$ 187,937	$ 364,123	$ 383,365	$ 339,118	$ 323,477
Contributions as a percentage of covered-employee payroll	26.44%	24.65%	24.57%	26.30%	26.56%	26.49%

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

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

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2019	2018	2017	2016
Total OPEB liability:				
Service cost	$ 100,560	$ 112,265	91,079	Not Available
Interest	93,867	82,287	82,235	Not Available
Change of assumptions	(249,848)	(255,290)	294,511	Not Available
Change in proportionate share	477,915	(15,621)	-	Not Available
Difference between expected and actual experience	(631,500)	-	-	Not Available
Benefit payments	(19,145)	(14,717)	(14,717)	Not Available
Net change in total OPEB liability	(228,151)	(91,076)	453,108	
Toal OPEB liability - beginning	2,494,883	2,585,959	2,132,851	Not Available
Total OPEB liability - ending	$ 2,266,732	$ 2,494,883	$ 2,585,959	$ 2,132,851
Covered-employee payroll	$ 281,525	$ 369,825	$ 369,825	
PBS Guam's total OPEB liability as a percentage of covered-employee payroll	805.16%	674.61%	699.24%	
Notes to schedule				
Discount rate	4.18%	3.63%	3.06%	3.71%

Changes of benefit terms:
None

Changes of assumptions:
Discount rate has changed from respective measurement dates

* Information for 2010 - 2015 is not available

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB liability	$1,874,970,335	$ 2,431,048,672	$ 2,532,753,040
PBS GUAM's proportionate share of the total OPEB Liability	$ 2,266,732	$ 2,494,883	$ 2,585,959
PBS GUAM's proportion of the total OPEB Liability	0.12%	0.10%	0.10%
PBS GUAM's covered-employee payroll	281,525	369,825	369,825
PBS GUAM's proportionate share of the total OPEB Liability as a percentage of its covered-employee payroll	805.16%	674.61%	699.24%

* Information for 2010 - 2016 is not available
** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of OPEB Contributions
Last 10 Fiscal Years*

	2019	2018	2017
Actuarially determined contribution	$ 242,101	$ 248,618	$ 213,510
Contributions in relation to the actuarially determined contribution	19,145	14,717	14,717
Contribution deficiency	$ 222,956	$ 233,901	$ 198,793
PBS Guam's covered payroll	$ 281,525	$ 369,825	$ 369,825
Contributions as a percentage of covered-employee payroll	6.80%	3.98%	3.98%

Notes to Schedule

Valuation date:

Actuarially determined contributions rates are calculated as of September 30, 2017.

Method and assumptions used to determine contributions rates:

Actuarial cost method:	Entry age normal.
Amortization method:	Level dollar amount on an open amortization period
Amortization period:	30 years
Inflation:	2.75%
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years
Salary increase:	4% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively.
Mortality (Disabled Retiree):	RP-2000 Disable Mortality Table, set forward 6 years and 4 years for males and females, respectively.

* Information for 2010 - 2016 is not available

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Governmental Funds Balance Sheet/Schedule of Net Position
September 30, 2019
(With comparative totals as of September 30, 2018)

	General Fund		Schedule of Net Position	
	2019	2018	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	$ 89,292	$ 123,479	$ 89,292	$ 123,479
Receivables, net	25,309	13,587	25,309	13,587
Due from govGuam	110,000	-	110,000	-
Restricted assets:				
Cash and cash equivalents	918	916	918	916
Capital assets:				
Nondepreciable capital assets	-	-	18,000	18,000
Capital assets, net of accumulated depreciation	-	-	1,483,934	1,628,034
Total assets	$ 225,519	$ 137,982	1,727,453	1,784,016
Deferred outflows of resources:				
Deferred outflows from pension			207,303	95,329
Deferred outflows from OPEB			534,660	201,917
Total assets and deferred outflows of resources			2,469,416	2,081,262
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 4,210	$ 2,631	4,210	2,631
Other liabilities and accruals	13,586	11,376	13,586	11,376
Unexpended grant revenues	49,211	82,269	49,211	82,269
Long-term liabilities:				
Due within one year	-	-	15,307	13,592
Due after one year	-	-	2,997,940	3,069,664
Total liabilities	67,007	96,276	3,080,254	3,179,532
Deferred inflows of resources:				
Deferred inflows from pension			54,660	55,350
Deferred inflows from OPEB			904,276	213,792
Total liabilities and deferred inflows of resources			4,039,190	3,448,674
FUND BALANCE/NET POSITION				
Fund balance:				
Assigned - supporting services	158,512	41,706		
Total fund balance	158,512	41,706		
Total liabilities and fund balance	$ 225,519	$ 137,982		
Net position:				
Net investment in capital assets			1,501,934	1,646,034
Unrestricted			(3,071,708)	(3,013,446)
Total net position			$ (1,569,774)	$ (1,367,412)

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Governmental Fund Revenues, Expenditures and
Changes in Fund Balance/Schedule of Activities
Year Ended September 30, 2019
(With comparative totals for the year ended September 30, 2018)

	General Fund		Schedule of Activities	
	2019	2018	2019	2018
Revenues:				
Corporation for Public Broadcasting grants	$ 644,536	$ 604,323	$ 644,536	$ 604,323
Government of Guam appropriation	570,357	574,578	570,357	574,578
In-kind contributions	189,840	212,490	189,840	212,490
Underwriting	122,250	54,077	122,250	54,077
Fundraising	55,308	34,678	55,308	34,678
Contributions and production	89,550	27,633	89,550	27,633
Interest	296	401	296	401
Other	457	23,662	457	23,662
Total revenues	1,672,594	1,531,842	1,672,594	1,531,842
Expenditures/expenses:				
Program services:				
Station production	127,200	128,772	127,200	128,772
Station upgrade	35,495	34,768	35,495	34,768
Capital outlays	3,504	36,551	-	-
Supporting services:				
Program broadcasting	373,673	373,230	373,673	373,230
Contractual services	122,233	155,580	122,233	155,580
Development and promotion	122,758	105,883	122,758	105,883
Supplies and materials	10,728	6,815	10,728	6,815
OPEB expense	-	-	150,990	201,413
Pension (benefit) expense	-	-	56,240	(493,786)
Local appropriations:				
Personnel services	300,087	280,513	289,325	264,580
Fringe benefits	115,257	127,689	93,857	111,600
Utilities	82,546	78,100	82,546	78,100
Contractual services	72,467	88,277	72,467	88,277
In-kind expenditures/expenses	189,840	212,490	189,840	212,490
Unallocated depreciation	-	-	147,604	132,847
	1,555,788	1,628,668	1,874,956	1,400,569
Excess (deficiency) of revenues over (under) expenditures	116,806	(96,826)		
Change in net position			(202,362)	131,273
Fund balance/net position:				
Beginning of the year	41,706	138,532	(1,367,412)	(1,498,685)
End of the year	$ 158,512	$ 41,706	$ (1,569,774)	$ (1,367,412)

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Supplemental Schedule of Employees and Salaries
Year Ended September 30, 2019
(With comparative totals for the year ended September 30, 2018)

	2019		2018	
	Annual Payroll	Number of Employees	Annual Payroll	Number of Employees
Expenditures:				
Community Service Grant:				
Program services:				
Station production	$ 118,161	3	$ 119,621	3
Station upgrade	33,186	1	32,700	1
Supporting services:				
Program broadcasting	87,316	3	99,708	3
Development and promotion	72,734	3	62,616	2
	$ 311,397	10	$ 314,645	9
Government of Guam:				
Local appropriations	$ 300,087	6	$ 280,513	7

See Accompanying Independent Auditors' Report.

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INDEPENDENT AUDITORS' REPORT 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*

Board of Trustees
Guam Educational Telecommunications Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (PBS Guam) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise PBS Guam's basic financial statements, and have issued our report thereon dated April 15, 2020.

Internal Control Over Financial Reporting

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

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

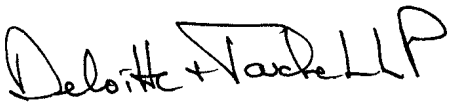
Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. 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*.

Deloitte.

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.



April 15, 2020

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION

(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2019

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Year Ended September 30, 2019
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Guam Educational Telecommunications Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (PBS Guam), a component unit of the Government of Guam, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise PBS Guam's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Deloitte.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 6 as well as the Schedule of Proportionate Share of the Net Pension Liability on pages 32 through 34, the Schedule of Pension Contributions on page 35, the Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios on page 36, the Schedule of Proportionate Share of the Total OPEB Liability on page 37, and the Schedule of OPEB Contributions on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB 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. This supplementary information is the responsibility of PBS Guam's management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

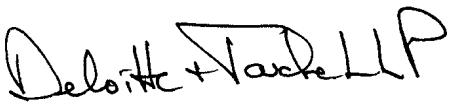
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PBS Guam's basic financial statements. The Other Supplementary Information, as set forth in Section V of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management. The 2019 additional information on pages 39 and 40 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 2019 additional information on pages 39 and 40 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2018 information on pages 39 and 40 as well as the additional information on page 41 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, 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.



April 15, 2020

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Management's Discussion and Analysis
Year Ended September 30, 2019

This discussion and analysis of Guam Educational Telecommunications Corporation (dba PBS Guam) is intended to give an overview of the financial performance for the year ended September 30, 2019. This analysis should be read in conjunction with the following financial statements, related footnotes and required supplementary information.

Financial Statements

PBS Guam's financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The required financial statements include a Governmental Funds Balance Sheet/Statement of Net Position that identified the characteristics and value of an entity's available resources (assets) and as well as its obligations (liabilities) at a specific point in time. Net Position represents the amount by which an entity's assets exceed its liabilities and represents resources available to fund future operations. The Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities is an additional required statement. This particular statement provides information about the entity's sources of revenue and nature of the related expenditures/expenses during the period being reported. It reflects the entity's ability to recover costs associated with providing services.

Statement of Net Position	2019	2018
ASSETS AND DEFERRED OUTFLOWS		
Capital assets	$ 1,501,934	$ 1,646,034
Current and other assets	225,519	137,982
Deferred outflows of resources	741,963	297,246
Total assets and deferred outflows	$ 2,469,416	$ 2,081,262
LIABILITIES AND DEFERRED INFLOWS		
Liabilities:		
Long-term liabilities	$ 3,013,247	$ 3,083,256
Other liabilities	67,007	96,276
Deferred inflows of resources	958,936	269,142
Total liabilities and deferred inflows	4,039,190	3,448,674
NET POSITION		
Net position:		
Net investment in capital assets	1,501,934	1,646,034
Unrestricted	(3,071,708)	(3,013,446)
Total net position	(1,569,774)	(1,367,412)
Total liabilities, deferred inflows and net position	$ 2,469,416	$ 2,081,262

Capital assets decreased by $144,100 or 8.7% due to station depreciation expense; new equipment purchased during the year amounted to only $3,504. Current assets increased by $87,537 or 63.4% primarily due to receivables from production and underwriting. Total liabilities decreased by 3.1% or $99,278, attributed to a decrease in the other postemployment benefit (OPEB) liability. The decrease in total net position in primarily caused by the resultant changes as reflected above.

Statement of Activities	2019	2018
Revenues:		
Local appropriation	$ 570,357	$ 574,578
Community Service Grant	644,536	604,323
Contribution and other	457,405	352,540
Interest income	296	401
Total revenues	1,672,594	1,531,842
Expenses:		
Program service	162,695	163,540
Supporting service	1,564,657	1,104,182
Depreciation expense	147,604	132,847
Total expenses	1,874,956	1,400,569
Change in net position	(202,362)	131,273
Net position beginning of year	(1,367,412)	(1,498,685)
Net position at the end of the year	$ (1,569,774)	$ (1,367,412)

Total revenue increased by 9.2% or $140,752, which is largely attributed to utilization of the Community Service Grant and programming and underwriting earned from the Commission on Decolonization. Total operating expenses increased by approximately 33.9% or $474,387 which is primarily due to pension expense.

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 Broadcasting (CPB). At the end of the current fiscal year, the assigned fund balance amounted to $158,512, an increase of $116,806 compared with the prior year fund balance.

Budgetary Highlights

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

Capital Assets and Long-Term Obligations

In 2019, PBS Guam sought and was awarded a $500,000 grant from the U.S. Department of Interior under the Technical Assistance Program. Funding from this grant will be used specifically to upgrade capital assets in the production department. This upgrade will not only improve the station's level of production, it will also increase development and underwriting as the station will be able to partner with government agencies to produce public service announcements, local sporting events and high school and college quarterly magazines.

In fiscal year 2020, PBS Guam has initiated a 25-year lease of the property in Barrigada Heights where its transmitter is situated, as against the current 3-year license agreement with the Chamorro Land Trust Commission. This will give PBS Guam the ability to add to its existing assets. Also, PBS Guam had the opportunity to upgrade more than 50% of the air conditioning system in the Mangilao office, purchase new editing equipment for three stations in the production department and completely renovate the studio. Despite these upgrades, its net capital assets have decreased for a third year in a row due to depreciation of majority of the existing equipment determined to be beyond economic repair and/or antiquated. Majority of the station's equipment has not been upgraded or well-maintained resulting in the decrease in total asset depreciation. For additional information concerning general assets, please refer to Note 3 to the financial statements. PBS Guam does not have external debt. For more information concerning long-term liabilities, refer to Note 4 to the financial statements.

Economic Factors

Additional challenges faced by PBS Guam over the last several years, and in 2019 particularly, is the increasing number of online platforms that stream various media which negatively impacts the viewership and thereby affecting its ability to underwrite new local programming. PBS has been unsuccessful in attracting local producers to create meaningful programming in the past but in 2019, with a new executive producer, PBS Guam is setting up the station to launch a new line up of local programming soon.

Institutional Factors

PBS Guam has always found its strength in the large number of dedicated, experienced professionals. Unfortunately, as employees retire or leave their posts, PBS has had a difficult time getting those positions filled causing the positions to be unfunded, particularly in the production department. This has led to the inability to pass on institutional knowledge to new employees. As a result, much of 2019 was spent on training staff and getting their skill levels up to par. In Development, although there has been an increase in the quality of the team, the department still lacks basic sales and marketing techniques that are essential to moving the station forward. As a result, a considerable amount of time in 2019 was spent on training in standard operating procedures and underwriting techniques.

With most of the year spent reorganizing the agency, filling key positions with competent and qualified personnel as well as creating sustainable beacon fundraising events, the outlook for the station is much more positive this year. Potential clients are beginning to take notice and are now taking the agency more seriously. Production work from corporate clients and other government agencies has drastically increased and has been essential in the agency's ability to meet its fundraising goal. Management is confident that PBS Guam's mission to create new informative local programming will finally be realized as it capitalizes on the new administration's dedication to improving the education that Guam students are receiving.

In 2019, PBS Guam experienced very minimal programming underwriting. Similar with its national PBS counterparts, limiting underwriting with no call to action has hampered the ability of the Development department to obtain sustainable underwriters. Most efforts were focused not on traditional underwriting, but in creating beacon fundraising events that obtained underwriting sponsorships. PBS Kid's membership program has been revitalized and membership has increased.

Summary

The current fiscal year looks to be much more lucrative; goals and objectives have been set into motion. PBS Guam has created an aggressive and steady fundraising strategy, with multiple production projects in the pipeline and has finally brought some credibility to the production department. Finally, with an increase community and education outreach plan in effect, management is confident that it will be able to carry on the mission of PBS Guam.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Governmental Funds Balance Sheet/Statement of Net Position
September 30, 2019

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	$ 89,292	$ -	$ 89,292
Receivables, net of allowance for uncollectible accounts of $48,394	25,309	-	25,309
Due from GovGuam	110,000	-	110,000
Restricted assets:			
Cash and cash equivalents	918	-	918
Capital assets:			
Nondepreciable capital assets	-	18,000	18,000
Capital assets, net of accumulated depreciation	-	1,483,934	1,483,934
Total assets	225,519	1,501,934	1,727,453
Deferred outflows of resources:			
Deferred outflows from pension	-	207,303	207,303
Deferred outflows from OPEB	-	534,660	534,660
Total assets and deferred outflows of resources	$ 225,519	2,243,897	2,469,416
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	$ 4,210	-	4,210
Other liabilities and accruals	13,586	-	13,586
Unexpended grant revenues	49,211	-	49,211
Long-term liabilities:			
Due within one year	-	15,307	15,307
Due after one year	-	2,997,940	2,997,940
Total liabilities	67,007	3,013,247	3,080,254
Deferred inflows of resources:			
Deferred inflows from pension	-	54,660	54,660
Deferred inflows from OPEB	-	904,276	904,276
Total liabilities and deferred inflows of resources	67,007	3,972,183	4,039,190
Commitments and contingencies			
FUND BALANCE/NET POSITION			
Fund balance:			
Assigned - supporting services	158,512	(158,512)	-
Total fund balance	158,512	(158,512)	-
Total liabilities and fund balance	$ 225,519		
Net position:			
Net investment in capital assets		1,501,934	1,501,934
Unrestricted		(3,071,708)	(3,071,708)
Total net position		$ (1,569,774)	$ (1,569,774)

See accompanying notes to financial statements.

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, 2019

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
Corporation for Public Broadcasting grants	$ 644,536	$ -	$ 644,536
Government of Guam appropriation	570,357	-	570,357
In-kind contributions	189,840	-	189,840
Underwriting	122,250	-	122,250
Fundraising	55,308	-	55,308
Contributions and production	89,550	-	89,550
Interest	296	-	296
Other	457	-	457
Total revenues	1,672,594	-	1,672,594
Expenditures/expenses:			
Program services:			
Station production	127,200	-	127,200
Station upgrade	35,495	-	35,495
Capital outlays	3,504	(3,504)	-
Supporting services:			
Program broadcasting	373,673	-	373,673
Contractual services	122,233	-	122,233
Development and promotion	122,758	-	122,758
Supplies and materials	10,728	-	10,728
OPEB expense	-	150,990	150,990
Pension expense	-	56,240	56,240
Local appropriations:			
Personnel services	300,087	(10,762)	289,325
Fringe benefits	115,257	(21,400)	93,857
Utilities	82,546	-	82,546
Contractual services	72,467	-	72,467
In-kind expenditures/expenses	189,840	-	189,840
Unallocated depreciation	-	147,604	147,604
Total expenditures/expenses	1,555,788	319,168	1,874,956
Deficiency of revenues under expenditures	116,806	(116,806)	
Changes in net position		(202,362)	(202,362)
Fund balance/net position:			
Beginning of the year	41,706	-	(1,367,412)
End of the year	$ 158,512	$ -	$ (1,569,774)

See accompanying notes to financial statements.

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

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

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

(2) Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements:

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

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

- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management, but can be removed or modified.

(2) Summary of Significant Accounting Policies, Continued

Government-wide and Fund Financial Statements, Continued

Government-wide Financial Statements, Continued:

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.

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		$ 158,512
Add:		
Land improvements	18,000	
Depreciable capital assets	4,115,205	
Accumulated depreciation	(2,631,271)	
Deferred outflow of resources	741,963	
		2,243,897
Less:		
Compensated absences payable	(28,698)	
DCRS sick leave liability	(2,088)	
Net pension liability	(715,729)	
OPEB liability	(2,266,732)	
Deferred inflow of resources	(958,936)	
		(3,972,183)
Total net position - governmental activities		$ (1,569,774)

(2) Summary of Significant Accounting Policies, Continued

Government-wide and Fund Financial Statements, Continued

Fund Financial Statements, Continued:

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		$ 116,806
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	3,504	
Depreciation expense	(147,604)	
		(144,100)
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:		
Change in compensated absences	7,640	
Change in DCRS sick leave liability	3,122	
Net pension and OPEB activity	(185,830)	
		(175,068)
Change in net position - governmental activities		$ (202,362)

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.

(2) Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting, Continued

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

An annual appropriated budget has not been formally adopted on a legal basis or a basis consistent with GAAP. Accordingly, a budget to actual presentation is not required or presented.

Cash and Cash Equivalents

Custodial credit risk is the risk that in an 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 deposit policy for custodial credit risk.

For purposes of the balance sheet/statement of net position, cash and cash equivalents is defined as cash on hand and cash held in demand accounts. As of September 30, 2019, the carrying amount of cash and cash equivalents was $90,210 and the corresponding bank balance was $101,140. Of the bank balance, $66,450 is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance and $34,690 is maintained in credit unions subject to National Credit Union Administration (NCUA) insurance. As of September 30, 2019, all bank deposits are fully insured.

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.

Prepaid Items

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain assets are classified as restricted assets because their use is completely restricted through grant agreements or enabling legislation. Specifically, cash and cash equivalents are restricted in that they are not available to be used in current operations.

(2) Summary of Significant Accounting Policies, Continued

Capital Assets

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

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

Capital assets are capitalized when the cost of the individual items exceeds $1,000. The costs of normal maintenance and repairs that do not add to the value of asset 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.

Estimated useful lives for depreciable assets are as follows:

Buildings and improvements	5 - 15 years
Broadcasting equipment	3 - 10 years
Studio, antenna, transmitter, and other equipment	3 - 5 years
Furniture and fixtures	3 - 13 years
Transportation equipment	3 - 20 years

Deferred Outflows of Resources

In addition to assets, the statements 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.

Income Taxes

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

(2) Summary of Significant Accounting Policies, Continued

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 and 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 (15) 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 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, 2019 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.

Unexpended Grant Revenues

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

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (additions to 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 and OPEB liabilities, net difference between projected and actual earnings on pension plan investments, changes of actuarial assumptions or other inputs, and changes in proportion and differences between PBS Guam pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

(2) Summary of Significant Accounting Policies, Continued

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents PBS Guam's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes PBS Guam's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members.

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. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes of actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are 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 are 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.

OPEB is required to be recognized and disclosed using the accrual basis of accounting. PBS Guam recognizes an OPEB liability for the defined benefit OPEB plan in which it participates, which represents PBS Guam's proportionate share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the total 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. Those changes in total OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes of actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are 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.

(2) Summary of Significant Accounting Policies, Continued

Fund Balance, Continued

- 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 of 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.

New Accounting Standards

During the year ended September 30, 2019, PBS Guam implemented the following pronouncements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The implementation of these statements did not have a material effect on PBS Guam's financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

(3) Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	October 1, 2018	Additions	Transfers and Deletions	September 30, 2019
Non-depreciable capital assets:				
Land improvements	$ 18,000	$ -	$ -	$ 18,000
Depreciable capital assets:				
Buildings and improvements	346,609	-	-	346,609
Broadcasting equipment	2,916,203	-	(30,361)	2,885,842
Studio, antenna, transmitter, and other equipment	271,496	-	-	271,496
Furniture and fixtures	212,865	3,504	(17,029)	199,340
Transportation equipment	411,918	-	-	411,918
	4,159,091	3,504	(47,390)	4,115,205
Less accumulated depreciation	(2,531,057)	(147,604)	47,390	(2,631,271)
	1,628,034	(144,100)	-	1,483,934
	$ 1,646,034	$ (144,100)	$ -	$ 1,501,934

(4) Long-term Obligations

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2019, the following changes occurred in liabilities reported as part of PBS Guam's long-term liabilities in the statement of net position:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Compensated absences	$ 36,338	$ -	$ 7,640	$ 28,698	$ 15,307
DCRS sick leave liability	5,210	-	3,122	2,088	-
OPEB liability	2,494,883	-	228,151	2,266,732	-
Net pension liability	546,825	168,904	-	715,729	-
	$ 3,083,256	$ 168,904	$ 238,913	$ 3,013,247	$ 15,307

(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, 2019, the total appropriation was $570,357.

Commission on Decolonization

PBS Guam entered into a memorandum of agreement with Commission on Decolonization under the Office of the Governor of Guam for its Media Education Plan. For the year ended and as of September 30, 2019, PBS Guam recorded $110,000 of revenues and receivable, respectively.

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 Local Service Grants (LSGs) to qualifying public telecommunications entities based on budget submissions. CSGs and LSGs 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 LSG 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, 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.

(5) Funding Sources, Continued

Corporation for Public Broadcasting (CPB) Grants, Continued

CPB grants received and expended during the year ended September 30, 2019 were as follows:

Grant Year	Grant Name	Grants Received	Beginning Unexpended Portion	Grants Expended	Ending Unexpended Portion
2018	CSG	$ -	$ 82,269	$ 82,269	$ -
2019	CSG	590,379	-	541,168	49,211
2019	SSG	9,857	-	9,857	-
2019	Interconnection	11,242	-	11,242	-
	Total	$ 611,478	$ 82,269	$ 644,536	$ 49,211

Commission on Decolonization (COD)

During the year ended September 30, 2019, PBS Guam entered into a memorandum of agreement with the COD within GovGuam's Office of the Governor for the provision of broadcast underwriting services in the amount of $110,000, which is presented as a receivable due from GovGuam in the accompanying financial statements.

(6) Pensions

PBS Guam is statutorily responsible for providing pension benefits for certain PBS Guam employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes PBS Guam, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and the DCRS Plans are eligible to receive an annual ad hoc cost of living allowance (COLA).

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

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Plan Membership: As of September 30, 2018 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,273
Inactive employees entitled to but not yet receiving benefits	3,170
Active employees	5,188
	15,631
DCRS members:	
Active employees	5,921
	21,552

Benefits Provided: 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. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP). Commencing April 1, 2017 through September 30, 2019, eligible employees may elect, during the "election window", to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018. Beginning January 1, 2018, all new employees shall be automatically enrolled in the GRSP. New employees have sixty (60) days from the date of hire to elect to participate in the DCRS.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan 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. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the GovGuam as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for three years of service which produce the highest average.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2017 actuarial valuation was used for determining the year ended September 30, 2019 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2017, 2016 and 2015, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2019, 2018 and 2017, respectively, have been determined as follows:

	2019	2018	2017
Normal costs (% of DB Plan payroll)	13.54%	15.97%	16.27%
Employee contributions (DB Plan employees)	9.52%	9.55%	9.55%
Employer portion of normal costs (% of DB Plan payroll)	4.02%	6.42%	6.72%
Employer portion of normal costs (% of total payroll)	2.29%	1.60%	1.87%
Unfunded liability cost (% of total payroll)	21.29%	22.12%	21.60%
Government contribution as a % of total payroll	23.58%	23.72%	23.47%

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Statutory contribution rates as a % of DB Plan payroll:			
Employer	26.56%	27.83%	27.41%
Employee	9.52%	9.55%	9.55%

PBS Guam's contributions to the DB Plan for the years ended September 30, 2019, 2018 and 2017 were $43,359, $60,432 and $50,149, respectively, which were equal to the statutorily required contributions for the respective years then ended.

PBS Guam's contributions for supplemental annuity benefit and COLA payments were $8,000, $6,000 and $6,000 for the years ended September 30, 2019, 2018 and 2017, which were equal to the statutorily required contributions for the respective years then ended.

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

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay, which increased to 6.2% effective January 1, 2018. 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 for the DCRS plan for the year ended September 30, 2019 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the DCRS, which increased to 6.2% effective January 1, 2018. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

PBS Guam's contributions to the DCRS Plan for the years ended September 30, 2019, 2018 and 2017 were $32,872, $22,241 and $39,734, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $25,198, $17,687 and $32,486 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2019, 2018 and 2017, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2019, PBS Guam reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2018, which is comprised of the following:

Defined benefit plan	$ 613,313
Ad hoc COLA/supplemental annuity plan for DB retirees	49,756
Ad hoc COLA plan for DCRS retirees	52,660
	$ 715,729

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

PBS Guam's proportion of the GovGuam net pension liabilities was based on PBS Guam's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2019, PBS Guam's proportionate shares of the GovGuam net pension liabilities were as follows:

Defined benefit plan	0.05%
Ad hoc COLA/supplemental annuity plan for DB retirees	0.02%
Ad hoc COLA plan for DCRS retirees	0.11%

Pension Expense: For the year ended September 30, 2019, PBS Guam recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

Defined benefit plan	$ 75,412
Ad hoc COLA/supplemental annuity plan for DB retirees	(418)
Ad hoc COLA plan for DCRS retirees	(18,754)
	$ 56,240

Deferred Outflows and Inflows of Resources: At September 30, 2019, PBS Guam reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,731	$ -	$ 736	$ -	$ 7,566	$ 481
Net difference between projected and actual earnings on pension plan investments	-	10,995	-	-	-	-
Changes of assumptions	-	-	-	1,651	6,272	7,028
Contributions subsequent to the measurement date	68,558	-	6,000	-	2,000	-
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	113,870	-	570	-	-	34,504
	$ 184,159	$ 10,995	$ 7,306	$ 1,651	$ 15,838	$ 42,014

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2019 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/SA Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2020	$ 51,914	$ (163)	$ (2,792)
2021	49,432	(164)	(2,792)
2022	402	(18)	(2,792)
2023	2,858	-	(2,792)
2024	-	-	(2,792)
Thereafter	-	-	(14,216)
	$ 104,606	$ (345)	$ (28,176)

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (15.58 years remaining as of September 30, 2017)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4.00% to 7.50%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015.

The investment rate assumption as of September 30, 2017 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Return
U.S. Equities (large cap)	29.0%	7.47%
U.S. Equities (small cap)	7.0%	8.73%
Non-U.S. Equities	16.5%	9.27%
Non-U.S. Equities (emerging markets)	2.0%	11.09%
U.S. Fixed Income (aggregate)	21.5%	4.67%
Risk parity	8.0%	6.50%
High yield bonds	8.0%	6.59%
Global Real Estate (REITs)	5.0%	8.60%
Master Limited Partnerships	3.0%	6.56%

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2016 valuation to the September 30, 2017 valuation:

Remaining Amortization Period: The unfunded liability was being amortized over a closed period ending on May 1, 2031. This was extended by 2 years to May 1, 2033 by Public Law 33-186.

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2018 was 7%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2018 was 4.18%, which is equal to the rate of return of a high quality bond index.

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to PBS Guam's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$ 782,042	$ 613,313	$ 468,480

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 54,432	$ 49,756	$ 45,716

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 59.241	$ 52,660	$ 47,039

(7) Other Postemployment Benefits (OPEB)

PBS Guam participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides 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. The program covers retirees and is considered an other postemployment benefits plan.

A. General Information About the OPEB Plan:

Plan Description: The other postemployment benefits plan is a single employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

(7) Other Postemployment Benefits (OPEB), Continued

A. General Information About the OPEB Plan, Continued:

Plan Membership: As of September 30, 2018, the most recent measurement date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	7,930
Active plan members	10,136
	18,066

Benefits Provided: The OPEB Plan provides postemployment medical, dental and life insurance benefits to PBS Guam retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. PBS Guam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard island wide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2019, 2018 and 2017, PBS Guam's contributions to this Plan amounted to $21,400, $16,089 and $18,134, respectively, equal to the statutorily required contributions for each year.

B. Total OPEB Liability:

As of September 30, 2019, PBS Guam's proportionate share of the total OPEB liability was $2,266,732, which is equal to the total OPEB liability multiplied by PBS Guam's proportionate share percentage of 0.12% for the year ended September 30, 2019.

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%.
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.

(7) Other Postemployment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Salary increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years. Previously, 7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Previously, 8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retires will elect to participate. Life - 100% of eligible retirees will elect to participate. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical – 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental – 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life – 100% of spouses of active employees will elect to participate at the active employee's retirement. Previously, 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.

(7) Other Postemployment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. Previously, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.523% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and females.
Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the Government of Guam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. Previously, 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the Government of Guam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.18% as of September 30, 2018. 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, the 4.18% municipal bond rate as of September 30, 2018 was applied to determine the total OPEB liability.

OPEB plan fiduciary net position: As of September 30, 2019, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

(7) Other Postemployment Benefits (OPEB), Continued

C. Changes in the Total OPEB Liability:

Changes in PBS Guam's proportionate share of the net OPEB liability is as follows:

At October 1, 2018	$ 2,494,883
Changes for the year:	
Service cost	100,560
Interest	93,867
Change of assumptions	(249,848)
Change in proportionate share	477,915
Difference between expected and actual experience	(631,500)
Benefit payments	(19,145)
Net change at September 30, 2019	(228,151)
	$ 2,266,732

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to PBS Guam's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Total OPEB Liability	$ 2,673,204	$ 2,266,732	$ 1,940,220

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to PBS Guam's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current healthcare cost trend rate.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 1,890,220	$ 2,266,732	$ 2,754,109

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2019, PBS Guam reported total OPEB expense of $150,990. At September 30, 2019, 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
Changes of assumptions	$ 164,170	$ 376,196
Differences between expected and actual experience	-	518,125
Contributions subsequent to the measurement date	21,400	-
Changes in proportion and difference between PBS Guam contributions and proportionate share of contributions	349,090	9,955
	$ 534,660	$ 904,276

(7) Other Postemployment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued:

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEB that will be recognized in OPEB expense as follows:

Year Ending September 30	
2020	$ (71,879)
2021	(71,879)
2022	(71,879)
2023	(128,737)
2024	(46,642)
	$ (391,016)

(8) Lease Commitments

On January 1, 2007, PBS Guam entered into a twenty-one year lease agreement with the Chamorro Land Trust Commission for property located in Barrigada for the purposes of constructing and operating an antennae site with transmitter building facilities. The terms of the lease require a lease payment of $850 per month. Total future minimum rentals for subsequent years ending September 30, are as follows:

Year Ending September 30,	
2020	$ 10,200
2021	10,200
2022	10,200
2023	10,200
2024	10,200
2025 - 2028	40,800
	$ 91,800

(9) Risk Management

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

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	Defined Benefit Plan					
	2019	2018	2017	2016	2015	2014
Total net pension liability	$1,179,192,550	$ 1,142,249,393	$ 1,368,645,126	$ 1,436,814,230	$ 1,246,306,754	$ 1,303,304,636
PBS GUAM's proportionate share of the net pension liability	$ 613,313	$ 422,331	$ 926,733	$ 1,019,630	$ 837,016	$ 915,805
PBS GUAM's proportion of the net pension liability	0.05%	0.04%	0.07%	0.07%	0.07%	0.07%
PBS GUAM's covered-employee payroll**	$ 267,268	$ 187,937	$ 364,123	$ 383,365	$ 339,118	$ 323,477
PBS GUAM's proportionate share of the net pension liability as percentage of its covered-employee payroll	229.47%	224.72%	254.51%	265.97%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

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

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

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2019	2018	2017	2016
Total net pension liability***	$ 289,875,668	$ 288,147,121	$ 229,486,687	$ 235,799,709
PBS GUAM's proportionate share of the net pension liability	$ 49,756	$ 48,619	$ 49,964	$ 38,425
PBS GUAM's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%
PBS GUAM's covered-employee payroll**	$ 88,203	$ 85,765	$ 84,471	$ 83,330
PBS GUAM's proportionate share of the net pension liability as percentage of its covered-employee payroll	56.41%	56.69%	59.15%	46.11%

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

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

*** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

	2019	2018	2017	2016
Total net pension liability***	$ 49,342,424	$ 62,445,490	$ 61,688,067	$ 52,115,736
PBS GUAM's proportionate share of the net pension liability	$ 52,660	$ 75,875	$ 86,793	$ 86,976
PBS GUAM's proportion of the net pension liability	0.11%	0.12%	0.14%	0.17%
PBS GUAM's covered-employee payroll**	$ 282,258	$ 457,817	$ 513,640	$ 593,954
PBS GUAM's proportionate share of the net pension liability as percentage of its covered- employee payroll	18.66%	16.57%	16.90%	14.64%

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

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

*** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 68,558	$ 78,119	$ 82,635	$ 92,437	$ 106,024	$ 93,144
Contributions in relation to the statutorily required contribution	70,658	46,319	89,477	100,838	90,066	85,685
Contribution (excess) deficiency	$ (2,100)	$ 31,800	$ (6,842)	$ (8,401)	$ 15,958	$ 7,459
PBS GUAM's covered-employee payroll **	$ 267,268	$ 187,937	$ 364,123	$ 383,365	$ 339,118	$ 323,477
Contributions as a percentage of covered-employee payroll	26.44%	24.65%	24.57%	26.30%	26.56%	26.49%

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

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

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2019	2018	2017	2016
Total OPEB liability:				
Service cost	$ 100,560	$ 112,265	91,079	Not Available
Interest	93,867	82,287	82,235	Not Available
Change of assumptions	(249,848)	(255,290)	294,511	Not Available
Change in proportionate share	477,915	(15,621)	-	Not Available
Difference between expected and actual experience	(631,500)	-	-	Not Available
Benefit payments	(19,145)	(14,717)	(14,717)	Not Available
Net change in total OPEB liability	(228,151)	(91,076)	453,108	
Toal OPEB liability - beginning	2,494,883	2,585,959	2,132,851	Not Available
Total OPEB liability - ending	$ 2,266,732	$ 2,494,883	$ 2,585,959	$ 2,132,851
Covered-employee payroll	$ 281,525	$ 369,825	$ 369,825	
PBS Guam's total OPEB liability as a percentage of covered-employee payroll	805.16%	674.61%	699.24%	
Notes to schedule				
Discount rate	4.18%	3.63%	3.06%	3.71%

Changes of benefit terms:
None

Changes of assumptions:
Discount rate has changed from respective measurement dates

* Information for 2010 - 2015 is not available

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB liability	$1,874,970,335	$ 2,431,048,672	$ 2,532,753,040
PBS GUAM's proportionate share of the total OPEB Liability	$ 2,266,732	$ 2,494,883	$ 2,585,959
PBS GUAM's proportion of the total OPEB Liability	0.12%	0.10%	0.10%
PBS GUAM's covered-employee payroll	281,525	369,825	369,825
PBS GUAM's proportionate share of the total OPEB Liability as a percentage of its covered-employee payroll	805.16%	674.61%	699.24%

* Information for 2010 - 2016 is not available
** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of OPEB Contributions
Last 10 Fiscal Years*

	2019	2018	2017
Actuarially determined contribution	$ 242,101	$ 248,618	$ 213,510
Contributions in relation to the actuarially determined contribution	19,145	14,717	14,717
Contribution deficiency	$ 222,956	$ 233,901	$ 198,793
PBS Guam's covered payroll	$ 281,525	$ 369,825	$ 369,825
Contributions as a percentage of covered-employee payroll	6.80%	3.98%	3.98%

Notes to Schedule

Valuation date:

Actuarially determined contributions rates are calculated as of September 30, 2017.

Method and assumptions used to determine contributions rates:

Actuarial cost method:	Entry age normal.
Amortization method:	Level dollar amount on an open amortization period
Amortization period:	30 years
Inflation:	2.75%
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years
Salary increase:	4% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively.
Mortality (Disabled Retiree):	RP-2000 Disable Mortality Table, set forward 6 years and 4 years for males and females, respectively.

* Information for 2010 - 2016 is not available

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Governmental Funds Balance Sheet/Schedule of Net Position
September 30, 2019
(With comparative totals as of September 30, 2018)

	General Fund		Schedule of Net Position	
	2019	2018	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	$ 89,292	$ 123,479	$ 89,292	$ 123,479
Receivables, net	25,309	13,587	25,309	13,587
Due from govGuam	110,000	-	110,000	-
Restricted assets:				
Cash and cash equivalents	918	916	918	916
Capital assets:				
Nondepreciable capital assets	-	-	18,000	18,000
Capital assets, net of accumulated depreciation	-	-	1,483,934	1,628,034
Total assets	$ 225,519	$ 137,982	1,727,453	1,784,016
Deferred outflows of resources:				
Deferred outflows from pension			207,303	95,329
Deferred outflows from OPEB			534,660	201,917
Total assets and deferred outflows of resources			2,469,416	2,081,262
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 4,210	$ 2,631	4,210	2,631
Other liabilities and accruals	13,586	11,376	13,586	11,376
Unexpended grant revenues	49,211	82,269	49,211	82,269
Long-term liabilities:				
Due within one year	-	-	15,307	13,592
Due after one year	-	-	2,997,940	3,069,664
Total liabilities	67,007	96,276	3,080,254	3,179,532
Deferred inflows of resources:				
Deferred inflows from pension			54,660	55,350
Deferred inflows from OPEB			904,276	213,792
Total liabilities and deferred inflows of resources			4,039,190	3,448,674
FUND BALANCE/NET POSITION				
Fund balance:				
Assigned - supporting services	158,512	41,706		
Total fund balance	158,512	41,706		
Total liabilities and fund balance	$ 225,519	$ 137,982		
Net position:				
Net investment in capital assets			1,501,934	1,646,034
Unrestricted			(3,071,708)	(3,013,446)
Total net position			$ (1,569,774)	$ (1,367,412)

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Governmental Fund Revenues, Expenditures and
Changes in Fund Balance/Schedule of Activities
Year Ended September 30, 2019
(With comparative totals for the year ended September 30, 2018)

	General Fund		Schedule of Activities	
	2019	2018	2019	2018
Revenues:				
Corporation for Public Broadcasting grants	$ 644,536	$ 604,323	$ 644,536	$ 604,323
Government of Guam appropriation	570,357	574,578	570,357	574,578
In-kind contributions	189,840	212,490	189,840	212,490
Underwriting	122,250	54,077	122,250	54,077
Fundraising	55,308	34,678	55,308	34,678
Contributions and production	89,550	27,633	89,550	27,633
Interest	296	401	296	401
Other	457	23,662	457	23,662
Total revenues	1,672,594	1,531,842	1,672,594	1,531,842
Expenditures/expenses:				
Program services:				
Station production	127,200	128,772	127,200	128,772
Station upgrade	35,495	34,768	35,495	34,768
Capital outlays	3,504	36,551	-	-
Supporting services:				
Program broadcasting	373,673	373,230	373,673	373,230
Contractual services	122,233	155,580	122,233	155,580
Development and promotion	122,758	105,883	122,758	105,883
Supplies and materials	10,728	6,815	10,728	6,815
OPEB expense	-	-	150,990	201,413
Pension (benefit) expense	-	-	56,240	(493,786)
Local appropriations:				
Personnel services	300,087	280,513	289,325	264,580
Fringe benefits	115,257	127,689	93,857	111,600
Utilities	82,546	78,100	82,546	78,100
Contractual services	72,467	88,277	72,467	88,277
In-kind expenditures/expenses	189,840	212,490	189,840	212,490
Unallocated depreciation	-	-	147,604	132,847
	1,555,788	1,628,668	1,874,956	1,400,569
Excess (deficiency) of revenues over (under) expenditures	116,806	(96,826)		
Change in net position			(202,362)	131,273
Fund balance/net position:				
Beginning of the year	41,706	138,532	(1,367,412)	(1,498,685)
End of the year	$ 158,512	$ 41,706	$ (1,569,774)	$ (1,367,412)

See Accompanying Independent Auditors' Report.

GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Supplemental Schedule of Employees and Salaries
Year Ended September 30, 2019
(With comparative totals for the year ended September 30, 2018)

	2019		2018	
	Annual Payroll	Number of Employees	Annual Payroll	Number of Employees
Expenditures:				
Community Service Grant:				
Program services:				
Station production	$ 118,161	3	$ 119,621	3
Station upgrade	33,186	1	32,700	1
Supporting services:				
Program broadcasting	87,316	3	99,708	3
Development and promotion	72,734	3	62,616	2
	$ 311,397	10	$ 314,645	9
Government of Guam:				
Local appropriations	$ 300,087	6	$ 280,513	7

See Accompanying Independent Auditors' Report.

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INDEPENDENT AUDITORS' REPORT 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*

Board of Trustees
Guam Educational Telecommunications Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (PBS Guam) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise PBS Guam's basic financial statements, and have issued our report thereon dated April 15, 2020.

Internal Control Over Financial Reporting

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

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

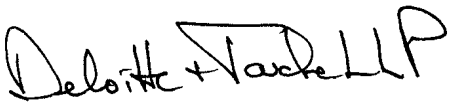
Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. 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*.

Deloitte.

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.



April 15, 2020