



**Guam Educational Telecommunications Corporation
(PBS GUAM)
FY 2009 Financial Highlights**

February 19, 2010

With the station's successful transition from analog to digital transmission, Guam Educational Telecommunications Corporation (dba PBS GUAM) ended Fiscal Year (FY) 2009 with an increase in net assets of \$2.3 million (M) compared to a loss of \$204,000 in FY 2008. This was primarily due to the receipt of a \$2.5M grant from the Corporation for Public Broadcasting (CPB) to purchase and install a digital tower. PBS GUAM received an unqualified (clean) opinion from independent auditors Deloitte & Touche, LLP. For the second year in a row, no material weaknesses were identified; however, a separate management letter was issued containing three control deficiencies pertaining to accounts receivables, bank reconciliation, and fixed asset listings.

Digital Television Transition

The Digital Television Transition and Public Safety Act of 2005 required PBS GUAM to stop broadcasting in analog and begin digital transmission by February 17, 2009. On February 14, 2009, three days before the deadline, PBS GUAM began its digital transmission on Guam. The transition was made possible due to a \$2.5M Digital Distribution Grant (DDF) from CPB for the construction of a new tower, transmitter building, and antennae site in Barrigada Heights. As of September 30, 2009, PBS GUAM has capital assets, net of accumulated depreciation, of \$2.6M, representing a 658% increase from FY 2008 of \$344,000.

Increase in Revenues

The DDF grant of \$2.5M represented 58% of PBS GUAM's total revenues of \$4.3M and primarily contributed to the 163%, or \$2.6M, increase in total revenues, from \$1.6M to \$4.3M. Other sources of revenues were from Community Service Grants (18%), Government of Guam appropriations (14%), and Contributions and Other Grants (7%). Community Service Grants increased by \$104,000 to \$770,000 and Contributions and Other Grants increased by \$120,000 to \$284,000. Government of Guam appropriations nominally decreased by \$2,600 to \$596,000.

Expenses slightly increased by \$139,000 from \$1.8M to \$2M due to increases in contractual services, station production expenses, development and promotion expenses, and station upgrades. Contractual services increased by \$66,000 to \$179,000; Station Production expenses increased by \$45,000 to \$140,000; Development and Promotion expenses increased by \$38,000 to \$124,000; and Station Upgrades increased by \$37,000 to \$65,000.

Management Letter Comments

Three findings were reported in a separate management letter, identifying the following:

- General ledger and accounts subsidiary ledger have not been appropriately maintained resulting in a \$54,000 difference.

- Bank reconciliations of aged deposits and stale-dated checks approximating \$1,200 were not reviewed for validity.
- Periodic reviews of the fixed asset listing were not performed.

A separate document to the Board was also issued outlining audit strategies, emphasis, required communications, audit differences, and adjustments. For a more detailed discussion on PBS GUAM's operations, refer to the Management's Discussion and Analysis in the audit report at www.guamopa.org and www.pbsguam.org.