

**GUAM EDUCATIONAL TELECOMMUNICATIONS  
CORPORATION**

**(A COMPONENT UNIT OF THE  
GOVERNMENT OF GUAM)**

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**FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITORS' REPORT**

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**SEPTEMBER 30, 2009**

## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Guam Educational Telecommunications Corporation:

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Guam Educational Telecommunications Corporation (the "Corporation"), a component unit of the Government of Guam, as of and for the year ended September 30, 2009, which collectively comprise the Corporation's basic financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the respective financial statements based on our audit.

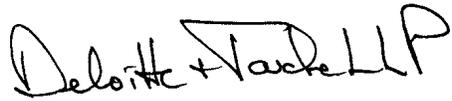
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Guam Educational Telecommunications Corporation as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Corporation. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 24 through 26 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Corporation's management. The 2009 information in such schedules has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2010, on our consideration of the Corporation'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

January 15, 2010

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
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Management's Discussion and Analysis  
Year Ended September 30, 2009

This discussion and analysis of Guam Educational Telecommunications Corporation (dba PBS GUAM), who currently operates Guam's Public Broadcasting Service (PBS) station (PBS GUAM Channel 12), is intended to give an overview of our financial performance for the year ended September 30, 2009. 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 accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board (GASB). The required financial statements include a Governmental Funds Balance Sheet/Statement of Net Assets that identifies 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 Assets represents the amount by which an entity's assets exceed its liabilities and represent 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 expenses during the period being reported. It reflects the entity's ability to recover costs associated with providing services.

**Financial Analysis**

Our analysis is based on the following condensed financial data for the years ended September 30, 2009 and 2008, as presented in the Statement of Net Assets and the Changes in Net Assets. The nature of these statements is explained in the preceding paragraph.

<i>Statement of Net Assets</i>	<u>2009</u>	<u>2008</u>
Capital assets	\$ 2,611,734	\$ 344,482
Current and other assets	<u>750,660</u>	<u>1,737,284</u>
Total assets	\$ <u>3,362,394</u>	\$ <u>2,081,766</u>
Long-term liabilities	\$ 85,102	\$ 103,346
Other liabilities	<u>241,779</u>	<u>1,234,346</u>
Total liabilities	<u>326,881</u>	<u>1,337,692</u>
Net assets:		
Invested in capital assets	2,611,734	344,482
Unrestricted	<u>423,779</u>	<u>399,592</u>
Total net assets	<u>3,035,513</u>	<u>744,074</u>
	\$ <u>3,362,394</u>	\$ <u>2,081,766</u>

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Capital assets increased by approximately 658%, or \$2,267,252, due to purchase and installation of the Digital Distribution Fund (DDF) digital tower. Current assets decreased by approximately 57%, or \$986,624, a result of expending the DDF digital grant funds. Total liabilities decreased by 76%, or \$1,010,811 attributed to the recognition of deferred revenues, primarily the DDF digital grant. The increase in total net assets is primarily caused by the increase in capital assets as reflected above.

<i>Statement of Activities</i>	<u>2009</u>	<u>2008</u>
Local appropriation	\$ 596,280	\$ 598,910
Community Service Grant	770,261	666,500
DDF Digital Grant	2,462,673	-
Contributions and other	410,286	343,763
Interest income	<u>12,385</u>	<u>9,237</u>
 Total revenues	 <u>4,251,885</u>	 <u>1,618,410</u>
 Program services	 239,911	 131,330
Supporting services	1,508,294	1,516,452
Depreciation expense	<u>212,241</u>	<u>174,134</u>
 Total expenses	 <u>1,960,446</u>	 <u>1,821,916</u>
 Change in net assets	 2,291,439	 (203,506)
 Net Assets beginning of year	 <u>744,074</u>	 <u>947,580</u>
 Net assets at the end of the year	 \$ <u>3,035,513</u>	 \$ <u>744,074</u>

Total revenues increased by approximately \$2,633,475, or 163%. This increase reflects the DDF digital grant.

Total operating expenses increased by a small margin, approximately 1%. Related expenses and revenues are recognized in approximate equal amounts as the expenses are incurred.

**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.

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**Capital Assets**

PBS GUAM has approximately \$2,611,734 invested in capital assets. This represents an increase of approximately \$2,267,252, or 658% over the previous year. This increase results primarily from the purchase and installation of the DDF digital tower. The actual composition and the activity within these accounts are presented in more detail in the notes to the financial statements.

The Digital Television Transition and Public Safety Act of 2005 require PBS GUAM to stop broadcasting in analog and begin digital transmission by February 17, 2009 (later extended to June 12, 2009). PBS GUAM had secured a 20-year term lease with the Government of Guam's Chamorro Land Trust Commission (CLTC) for 6,000 square meters in Barrigada Heights for the new tower, transmitter building and antennae site. This site was considered a superior site for the construction of the new tower and transmitter facility. Various approvals were acquired in previous fiscal years, to include the Federal Communications Commission (FCC) approval to move the existing DTV channel 5 authorizations to Barrigada Heights, an FCC Construction Permit (CP) Extension Application to PBS GUAM-DT to February 17, 2009, and an FAA approval for a 157-foot Above Ground Level (AGL) tower. The property was cleared and inspected accordingly in preparation for the construction project.

In 2004 PBS GUAM was awarded grants from the Digital Distribution Fund from DDF Round 3 and in 2005 from the DDF Round 7. Subsequently, the station received another award from the DDF Round 10 application, to further support the rechannelization and final DTV transition process. The combined DDF grants provided the necessary funding to build the new tower and transmission facility. Under the guidance and assistance from the Procurement Officer (Department of Public Works Director) and other agencies, an extensive and diligent procurement process was conducted and completed. On September 5, 2008, PBS GUAM and Harris Corporation executed a contract for Turnkey Engineer-Furnish-Install/Design-Build of a new transmitting facility for digital television. The lengthy procurement process did require delays and modifications in the final project schedule. By mid-September, the contractor was able to place orders for the tower, antenna rework, and other necessary equipment. Construction was completed and met the FCC deadline.

Overall, and in consideration of the many delays encountered in moving forward the DTV transition project, progress was made through the diligence and cooperation between the station, agencies involved in the procurement process, and finally with Harris Corporation. Every aspect of the contract work was addressed in accordance to the schedule of work items (per the DDF Grant) in order to meet the February 17, 2009 milestone end, conducted in the most efficient and effective manner. On February 14, 2009, three days in advance of the transition deadline, PBS GUAM met the DDF project schedule and began its digital transmission on Guam. Today, viewers are afforded better viewing experience, and the station has opportunities for other broadcasting services including emergency responder services.

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**Economic Factors**

Two major economic industries on Guam are tourism and the military. Preliminary reports in 2009 reflect tourism was somewhat steady, with a slight decrease in visitor arrivals. However, the activities surrounding the U.S. military build-up on Guam have contributed to an economic upswing, offering continued optimism. However, corporations remain cautiously optimistic, and share limited marketing funds for non-profit support, such as PBS GUAM who greatly depend on public support. Hence, corporate support remains low compared to previous periods. Major public funders of public television recognize the economic hardships faced by small public television stations and augment with small grants to continue the digital momentum and maintain programs. Local outreach efforts in FY 2009 aimed to grow public support and new funding sources. For instance, the new membership program continues to grow patronage from individual, family and corporate supporters. New educational outreach and awareness campaigns are building patronage for public television.

**Institutional Factors**

The biggest institutional factor in 2009 was the station's successful transition from analog to digital transmission, which was a major achieved goal. As noted earlier, on February 14, 2009 PBS GUAM met the FCC deadline and began its digital transmission on Guam. Today, viewers are afforded better viewing experience, and the station has opportunities for other broadcasting services to include emergency responder services and additional channels. This essentially will require further financial support for new technology and skill sets. Management continues its grant applications to further its capabilities resulting from the digital transmission.

Another important factor to note is changes in the administration of two departments, mainly the production department and the development department. The General Manager (GM) implemented changes in the administration of key departments, the production department and the development department. The GM implemented some progressive changes in the Production Department to ensure the sustainability of progress in both production and broadcast technology. The GM released the part-time producer position, and hired a new full time Creative Director / Executive Producer which marked the advent of upgrades in technology and their course of production work. The production department was divided into two separate divisions, one concentrating on local content (shows) and the other focused on production services to outside entities. In addition, the GM tasked the production department to implement and manage the process of digitizing the local archives. Production staff upgraded their skills through technical training on updated production software and hardware usage. The organization's new structure and processes helped improve the management of human resources, skills and equipment, resulting in the "new look and feel of PBS GUAM." A premier event on February 27, 2009 launched the new and improved station, PBS GUAM. The new administration of production has introduced new underwriting or funding support, as well as enhanced services.

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New local programs replaced older program formats. The Creative Director / Executive Producer developed the concepts, which were subsequently funded through underwriting and sponsorship contracts. Broadcasted in 2009 were new local programs such as *Pa'gu with Dan Ho*, *Clubhouse 12*, and *Raising the Barre*. PBS GUAM broadcasted a new format for the annual coverage of the Liberation Day Parade.

Changes were also made in the development department, which included the elimination of the Development Director position and the addition of Membership Coordinator. This change offers more independence and creative concepts required and expected of the three development staff members. The GM directed a new membership coordination to help build and sustain station patronage from the individual level, which is a main practice and source of funding of mainland public television stations.

A new position was also created to assist in the application and management of grants. A Grant / Educational Outreach Coordinator was hired, and continues to effectively manage the files of the station's federal grants. Grant reports and new grant applications were written since her hire, and two subsequent grants have been awarded to the station to support the digital transition. This person's role is imperative to ensuring continued support for technological growth. The coordinator also assists in new educational outreach efforts, tied to existing national programs such as PBS Teacherline (another potential funding source).

Goals that continue into the following fiscal year include the (1) distribution of content on multiple platforms; (2) growing public television's audience and patronage through membership development, offering new local and national programs, and program enhancements such as Educational Initiative Programs; and (3) increasing public television's resources through new funding sources and additional grants. Efforts continue to further expand its outreach efforts to inform the public about the quality educational programs and resources offered by PBS GUAM, most of which are free.

The station operations are being redesigned to ensure growth and sustainability during the new digital era, as well as to survive economic and administrative changes. Efforts are underway to modernize and expand its facilities and equipment to meet the digital era, limited by available funds raised by the station.

Advancing the station included necessary expenses in line with improvements in the production department and supporting the new membership program. Though, cost reduction and recycling measures continue and is enforced by management. The accounting process is also being reviewed in preparation for a new accounting structure to improve accountability and the management of limited resources.

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Management's Discussion and Analysis  
Year Ended September 30, 2009

**Summary**

Aligning with its mission and with its existing resources, PBS GUAM continues to provide the people of Guam with programming and services of the highest quality, using media to educate, inspire, entertain, and express the diversity of perspectives. Through quality programming, PBS GUAM strives to empower individuals to achieve their potential and strengthen the social, democratic, and cultural health of Guam and the nation. In order to accomplish this, plans are being developed to further attain public and individual support. Furthermore, with the anticipated digital transmission capabilities, PBS GUAM will continue to bring free and accessible programming and services of the highest quality to everyone.

**Contacting PBS GUAM's Financial Management**

This financial report is designed to provide our community and others a general overview of PBS GUAM'S finances and to demonstrate its accountability for the money it collects. If you have questions about this report or needs additional financial information, contact the General Manager at P. O. Box 21449, GMF, Guam 96921 or via email at [PBS\\_GUAM12@ite.net](mailto:PBS_GUAM12@ite.net).

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
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Governmental Funds Balance Sheet/Statement of Net Assets  
September 30, 2009

	General Fund	Adjustments (Note 2)	Statement of Net Assets
<u>ASSETS</u>			
Cash and cash equivalents	\$ 439,526	\$ -	\$ 439,526
Cash and cash equivalents - restricted	278,527	-	278,527
Receivables, net of allowance for uncollectible accounts of \$54,706	32,607	-	32,607
Capital assets, net of accumulated depreciation	-	2,611,734	2,611,734
Total assets	\$ 750,660	2,611,734	3,362,394
<u>LIABILITIES</u>			
Accounts payable	\$ 75,428	-	75,428
Other liabilities and accruals	14,863	-	14,863
Deferred revenue - unexpended grant funds	151,488	-	151,488
Long-term liabilities:			
Due within one year	-	24,750	24,750
Due after one year	-	60,352	60,352
Total liabilities	241,779	85,102	326,881
Commitments and contingencies			
<u>FUND BALANCES/NET ASSETS</u>			
Fund balances:			
Unreserved	508,881	(508,881)	-
Total fund balances	508,881	(508,881)	-
Total liabilities and fund balances	\$ 750,660		
Net assets:			
Invested in capital assets		2,611,734	2,611,734
Unrestricted		423,779	423,779
Total net assets		\$ 3,035,513	\$ 3,035,513

See accompanying notes to financial statements.

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Statement of Governmental Fund Revenues, Expenditures and  
Changes in Fund Balance/Statement of Activities  
Year Ended September 30, 2009

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
Community service grant	\$ 770,261	\$ -	\$ 770,261
DDF digital grant	2,462,673	-	2,462,673
Government of Guam appropriation	596,280	-	596,280
Contributions and other grants	283,698	-	283,698
In-kind contributions	114,588	-	114,588
Interest	12,385	-	12,385
Other	12,000	-	12,000
Total revenues	4,251,885	-	4,251,885
Expenditures/expenses:			
Program services:			
Station production	139,880	-	139,880
Station upgrade	64,656	-	64,656
Capital outlays	2,514,868	(2,479,493)	35,375
Supporting services:			
Program broadcasting	495,649	-	495,649
Development and promotion	123,598	-	123,598
Contractual services	178,817	-	178,817
Supplies and materials	11,322	-	11,322
Local appropriations:			
Personnel services	345,688	5,412	351,100
Fringe benefits	111,279	(23,656)	87,623
Contractual services	63,913	-	63,913
Utilities	75,399	-	75,399
Retiree healthcare costs	6,285	-	6,285
In-kind expenditures/expenses	114,588	-	114,588
Unallocated depreciation	-	212,241	212,241
Total expenditures/expenses	4,245,942	(2,285,496)	1,960,446
Excess of revenues over expenditures	5,943	(5,943)	-
Changes in net assets		2,291,439	2,291,439
Fund balance/net assets:			
Beginning of the year	502,938	-	744,074
End of the year	\$ 508,881	\$ -	\$ 3,035,513

See accompanying notes to financial statements.

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
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Notes to Financial Statements  
September 30, 2009

(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, 2015. PBS GUAM is subject to the condition that beginning in the year 2009, the station will only broadcast digital television.

PBS GUAM is governed by a 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 Assets presents PBS GUAM's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- Invested in capital assets consist of capital assets, net of accumulated depreciation, plus construction or improvement of those assets.
- Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.
- Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management, but can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of PBS GUAM's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

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Notes to Financial Statements  
September 30, 2009

(2) Summary of Significant Accounting Policies, Continued

Government-wide and Fund Financial Statements, Continued

Government-wide Financial Statements, Continued:

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 assets.

Adjustments required to reconcile total governmental fund balance to net assets of governmental activities in the Statement of Net Assets are as follows:

Total fund balance - governmental funds		\$ <u>508,881</u>
Add:		
Capital assets	4,696,840	
Accumulated depreciation	<u>(2,085,106)</u>	
		<u>2,611,734</u>
Less:		
Compensated absences payable	(72,129)	
DCRS sick leave liability	<u>(12,973)</u>	
		<u>(85,102)</u>
Total net assets - governmental activities		\$ <u>3,035,513</u>

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Notes to Financial Statements  
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(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 assets of governmental activities in the Statement of Activities are as follows:

Net change in fund balance - governmental funds	\$ 5,943
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Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts consist of:

Capital outlays	\$ 2,479,493	
Depreciation expense	<u>(212,241)</u>	
		2,267,252

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 governmental funds. For the current year, these activities consist of:

Increase in compensated absences	(5,412)	
Decrease in unfunded pension costs	<u>23,656</u>	
		<u>18,244</u>

Change in net assets - governmental activities	\$ <u>2,291,439</u>
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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.

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Notes to Financial Statements  
September 30, 2009

(2) Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting, Continued

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

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

Restricted grants received are initially recorded as deferred revenue 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 assets.

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

For purposes of the balance sheet/statement of net assets, cash and cash equivalents is defined as cash on hand, and cash held in demand accounts. As of September 30, 2009, cash and cash equivalents is \$718,053 and the corresponding bank balance is \$721,747. Of the bank balance amount, \$198,953 is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance and \$522,794 is maintained in credit unions subject to National Credit Union Administration (NCUA) insurance. As of September 30, 2009, bank deposits in financial institutions subject to FDIC insurance coverage are fully insured and bank deposits in the amount of \$451,753 are NCUA insured. PBS GUAM does not require collateralization of its cash deposits; therefore, deposit levels in excess of NCUA coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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.

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(2) Summary of Significant Accounting Policies, Continued

Prepaid Items

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method 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.

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 \$68,500 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 assets lives 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

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.

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Notes to Financial Statements  
September 30, 2009

(2) Summary of Significant Accounting Policies, Continued

Income Taxes

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

Compensated Absences

It is PBS GUAM's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since PBS GUAM does not have a policy to pay any amounts when employees separate from service with PBS GUAM. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations 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 \$12,973 at September 30, 2009 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.

Deferred Revenues

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, deferred 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 deferred revenue in the governmental fund has primarily resulted from grant funds received in advance of eligible expenditures.

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Notes to Financial Statements  
September 30, 2009

(2) Summary of Significant Accounting Policies, Continued

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 fiscal year 2009, PBS GUAM implemented the following pronouncements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments, and addresses three issues from the AICPA's literature - related party transactions, going concern considerations, and subsequent events.

The implementation of these statements did not have a material effect on the financial statements of PBS GUAM.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of PBS GUAM.

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Notes to Financial Statements  
September 30, 2009

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of PBS GUAM.

In December 2008, GASB issued Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for calculating the annual required contribution (ARC) adjustment. The provisions of this statement are effective for periods beginning after December 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of PBS GUAM.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The provisions of this statement are effective for periods beginning after June 15, 2010. Management does not believe that the implementation of this statement will have a material effect on the financial statements of PBS GUAM.

(3) Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	October 1, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	September 30, <u>2009</u>
Non-depreciable capital assets:				
Land improvements	\$ <u>18,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18,000</u>
Depreciable capital assets:				
Buildings and improvements	354,380	1,223	-	355,603
Broadcasting equipment	936,964	2,446,848	(162,458)	3,221,354
Studio, antenna, transmitter, and other equipment	448,418	17,140	-	465,558
Furniture and fixtures	204,402	14,282	(30,875)	187,809
Transportation equipment	<u>448,516</u>	<u>-</u>	<u>-</u>	<u>448,516</u>
	2,392,680	2,479,493	(193,333)	4,678,840
Less accumulated depreciation	<u>(2,066,198)</u>	<u>(212,241)</u>	<u>193,333</u>	<u>(2,085,106)</u>
	<u>326,482</u>	<u>2,267,252</u>	<u>-</u>	<u>2,593,734</u>
	\$ <u>344,482</u>	\$ <u>2,267,252</u>	\$ <u>-</u>	\$ <u>2,611,734</u>

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
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Notes to Financial Statements  
September 30, 2009

**(4) Long-term Obligations**

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2009, the following changes occurred in liabilities reported as part of PBS GUAM's long-term liabilities in the statement of net assets:

	Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2009</u>	Due Within <u>One Year</u>
Compensated absences	\$ 66,717	\$ 24,208	\$ (18,796)	\$ 72,129	\$ 24,750
Unfunded pension liability	23,656	-	(23,656)	-	-
DCRS sick leave liability	<u>12,973</u>	<u>-</u>	<u>-</u>	<u>12,973</u>	<u>-</u>
	<u>\$ 103,346</u>	<u>\$ 24,208</u>	<u>\$ (42,452)</u>	<u>\$ 85,102</u>	<u>\$ 24,750</u>

**(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, 2009, the total appropriation was \$596,280.

Additionally, during the year ended September 30, 2009, PBS GUAM recognized certain on-behalf payments as transfers from GovGuam, totaling \$6,285, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of PBS GUAM retirees.

**Community Service Grants**

The Corporation for Public Broadcasting (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) to qualifying public telecommunications entities based on budget submissions. CSGs 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 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.

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Notes to Financial Statements  
September 30, 2009

(5) Funding Sources, Continued

Community Service Grants, Continued

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 CSGs awarded in prior years.

The Federal Communications Commission (FCC) has mandated that PBS GUAM transmit a digital signal by the year 2009. PBS GUAM secured a \$2,446,848 Digital Distribution Grant (DDF) from CPB and completed the purchase and installation of a new digital antenna and transmitter system by February 2009.

PBS GUAM's CSG is 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.

The Community Service Grants received and expended during the year ended September 30, 2009 were as follows:

<u>Grant Year</u>	<u>Grant Name</u>	<u>Grants Received</u>	<u>Beginning Deferred Portion</u>	<u>Grants Expended</u>	<u>Ending Deferred Portion</u>
2008	CSG	\$ 535,226	\$ 280,718	\$ 280,718	\$ -
2009	CSG	557,850	-	406,362	151,488
2009	Interconnection	11,251	-	11,251	-
2009	TV SAG	71,930	-	71,930	-
2004	DDF Grant	329,960	279,535	279,535	-
2008	DDF Grant	611,100	611,100	611,100	-
2009	DDF Grant	<u>1,572,038</u>	<u>-</u>	<u>1,572,038</u>	<u>-</u>
	Total	<u>\$ 3,689,355</u>	<u>\$ 1,171,353</u>	<u>\$ 3,232,934</u>	<u>\$ 151,488</u>

(6) Employee Retirement Plans

Employees of PBS GUAM hired on or before September 30, 1995 are under the Government of Guam Employees' Retirement System (a defined benefit, contributory pension plan). Employees hired after September 30, 1995, are members of the Defined Contribution Retirement System (DCRS). Until December 31, 1999 and for several limited periods after December 31, 1999, those employees who were members of the Defined Benefit (DB) Plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

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Notes to Financial Statements  
September 30, 2009

(6) Employee Retirement Plans, Continued

Defined Benefit Plan

Plan Description:

PBS GUAM participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. 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 Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

The DB Plan was originally designated as a single-employer plan but was redesignated by GovGuam's Department of Administration as a cost-sharing multiple-employer plan, effective October 1, 2008. The redesignation was based on the determination as outlined under GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, that all risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the separate employers. 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](http://www.ggrf.com).

The redesignation from a single-employer plan to a cost-sharing multiple-employer plan resulted in the reversal of the accrued unfunded liability, totaling \$23,656, during the year ended September 30, 2009.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2007, 2006, and 2005, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2009, 2008 and 2007, respectively, have been determined by the Guam Legislature as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Normal costs (% of DB Plan payroll)	17.36%	17.94%	18.21%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>7.86%</u>	<u>8.44%</u>	<u>8.71%</u>

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Notes to Financial Statements  
September 30, 2009

(6) Employee Retirement Plans, Continued

Defined Benefit Plan, Continued

Funding Policy, Continued:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Employer portion of normal costs (% of total payroll)	3.70%	3.99%	4.26%
Unfunded liability cost (% of total payroll)	<u>19.68%</u>	<u>20.75%</u>	<u>20.66%</u>
Government contribution as a % of total payroll	<u>23.38%</u>	<u>24.74%</u>	<u>24.92%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>26.33%</u>	<u>24.07%</u>	<u>22.94%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

PBS GUAM's contributions to the DB Plan for the years ending September 30, 2009, 2008 and 2007 were \$110,603, \$86,315 and \$102,197, respectively, which were equal to the required contributions for each year.

Defined Contribution Retirement System (DCRS)

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2009 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. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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.

Other Post Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage.

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Notes to Financial Statements  
September 30, 2009

(6) Employee Retirement Plans, Continued

Other Post Employment Benefits, Continued

Because the 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) 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; however, monthly lease payments are deferred until July 1, 2009. For the year ended September 30, 2009, deferred lease payments in the amount of \$7,650 are included in in-kind revenues in the accompanying financial statements.

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

<u>Year Ending</u> <u>September 30,</u>	
2010	\$ 10,200
2011	10,200
2012	10,200
2013	10,200
2014	10,200
2015 – 2019	51,000
2020 – 2024	51,000
2025 – 2028	<u>40,800</u>
	\$ <u>193,800</u>

(8) 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.

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Governmental Funds Balance Sheet/Schedule of Net Assets

September 30, 2009

(With comparative totals as of September 30, 2008)

	General Fund		Schedule of Net Assets	
	2009	2008	2009	2008
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 439,526	\$ 377,077	\$ 439,526	\$ 377,077
Cash and cash equivalents - restricted	278,527	1,280,465	278,527	1,280,465
Receivables, net	32,607	79,742	32,607	79,742
Capital assets, net of accumulated depreciation	-	-	2,611,734	344,482
Total assets	<u>\$ 750,660</u>	<u>\$ 1,737,284</u>	<u>3,362,394</u>	<u>2,081,766</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 75,428	\$ 46,699	\$ 75,428	46,699
Other liabilities and accruals	14,863	16,294	14,863	16,294
Deferred revenue - unexpended DDF grant funds	-	890,635	-	890,635
Deferred revenue - unexpended grant funds	151,488	280,718	151,488	280,718
Long-term liabilities:				
Due within one year	-	-	24,750	23,867
Due after one year	-	-	60,352	79,479
Total liabilities	<u>241,779</u>	<u>1,234,346</u>	<u>326,881</u>	<u>1,337,692</u>
<b><u>FUND BALANCES/NET ASSETS</u></b>				
Fund balances:				
Unreserved	508,881	502,938	-	-
Total fund balances	508,881	502,938	-	-
Total liabilities and fund balances	<u>\$ 750,660</u>	<u>\$ 1,737,284</u>		
Net assets:				
Invested in capital assets			2,611,734	344,482
Unrestricted			423,779	399,592
Total net assets			<u>\$ 3,035,513</u>	<u>\$ 744,074</u>

See Accompanying Independent Auditors' Report.

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
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Schedule of Governmental Fund Revenues, Expenditures and  
Changes in Fund Balance/Schedule of Activities  
Year Ended September 30, 2009  
(With comparative totals for the year ended September 30, 2008)

	General Fund		Schedule of Activities	
	2009	2008	2009	2008
Revenues:				
Community service grant	\$ 770,261	\$ 666,500	\$ 770,261	\$ 666,500
DDF digital grant	2,462,673	-	2,462,673	-
Government of Guam appropriation	596,280	598,910	596,280	598,910
Contributions and other grants	283,698	164,108	283,698	164,108
In-kind contributions	114,588	172,191	114,588	172,191
Interest	12,385	9,237	12,385	9,237
Other	12,000	7,464	12,000	7,464
Total revenues	4,251,885	1,618,410	4,251,885	1,618,410
Expenditures/expenses:				
Program services:				
Station production	139,880	101,659	139,880	94,827
Station upgrade	64,656	27,536	64,656	27,688
Capital outlays	2,514,868	63,926	35,375	8,815
Supporting services:				
Program broadcasting	495,649	500,073	495,649	499,364
Development and promotion	123,598	83,718	123,598	85,527
Contractual services	178,817	112,371	178,817	112,371
Supplies and materials	11,322	12,430	11,322	12,430
Local appropriations:				
Personnel services	345,688	367,255	351,100	402,914
Fringe benefits	111,279	110,173	87,623	110,173
Contractual services	63,913	63,913	63,913	63,913
Utilities	75,399	51,783	75,399	51,783
Retiree healthcare costs	6,285	5,786	6,285	5,786
In-kind expenditures/expenses	114,588	172,191	114,588	172,191
Unallocated depreciation	-	-	212,241	174,134
Total expenditures/expenses	4,245,942	1,672,814	1,960,446	1,821,916
Excess (deficiency) of revenues over (under) expenditures	5,943	(54,404)		
Changes in net assets			2,291,439	(203,506)
Fund balance/net assets:				
Beginning of the year	502,938	557,342	744,074	947,580
End of the year	\$ 508,881	\$ 502,938	\$ 3,035,513	\$ 744,074

See Accompanying Independent Auditors' Report.

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Supplemental Schedule of Employees and Salaries  
Year Ended September 30, 2009  
(With comparative totals for the year ended September 30, 2008)

	2009		2008	
	Annual Payroll	Number of Employees	Annual Payroll	Number of Employees
Expenditures:				
Community Service Grant:				
Program services:				
Station production	\$ 128,029	4	\$ 94,435	3
Station upgrade	58,460	2	24,148	1
Supporting services:				
Program broadcasting	123,828	6	122,465	6
Development and promotion	66,666	3	68,721	2
	\$ 376,983	15	\$ 309,769	12
Government of Guam:				
Local appropriations	\$ 345,688	9	\$ 367,255	9

See Accompanying Independent Auditors' Report.