



## **Guam Educational Telecommunications Corporation (PBS Guam) FY 2016 Financial Highlights**

March 30, 2017

The Guam Educational Telecommunication Corporation (dba PBS Guam) closed Fiscal Year (FY) 2016 with a decrease in net position (net loss) of \$168 thousand (K). This amount is more than its prior year net position decrease of \$91K.

Independent Auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on PBS Guam's financial audit. PBS Guam is commended for its ninth consecutive year without any material weaknesses and/or significant deficiencies in its Report on Internal Control over Financial Reporting and Compliance.

### **Decrease in Revenues and Expenses**

PBS Guam's revenues decreased by 7% or \$120K, from \$1.7 million (M) in FY 2015 to \$1.6M in FY 2016. This was due to decreases in Corporation for Public Broadcasting (CPB) Grants, Local Appropriations, and In-Kind Contributions. The decrease in CPB Grants was due to three full-time employees and one part-time position vacancies. Some Barter/Underwriting Agreements did not renew in FY 2016, which caused In-Kind Contributions to decrease. Revenues were derived mainly from CPB Grants, which was 44% of total revenues or \$696K, and Government of Guam appropriations, which was 36% or \$574K.

PBS Guam's overall expenses decreased by \$43K, going from \$1.80M in FY 2015 to \$1.75M in FY 2016. This was primarily due to a decrease in employees under the CPB Grants, as three full-time employees and one part-time employee resigned. Supporting Services, which was 37% of the total expenses, decreased from \$663K in FY 2015 to \$640K in FY 2016. Program services decreased by 17%, going from \$214K in FY 2015 to \$177K in FY 2016.

### **Government Accounting Statement – Pension Liability**

The implementation of Government Accounting Standards Board (GASB) Statement No. 68 and 71 related to accounting and financial reporting for pensions in FY 2016 recognizes PBS Guam's pro rata share of the Government of Guam's net pension liability. In FY 2016, PBS Guam's pro rata share was \$1M, which is a \$190K increase from \$837K in FY 2015.

### **Report on Internal Control and Management Letter**

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. The auditors issued a Management Letter that identified a deficiency in fixed assets monitoring. Of 25 fully-depreciated assets tested, 13 assets were either obsolete or non-existent. The independent auditors recommended that PBS Guam conduct an annual fixed asset inventory. In addition, there were 10 adjusting journal entries.

### **Outlook for PBS Guam**

PBS Guam leads the production industry on island, with the full capability to shoot, record, live-switch and stream in full 1080p High Definition or 4K High Resolution. PBS Guam was part of a successful team that produced live event coverage, broadcasting, and streaming of the 2016 Festival of Pacific Arts with its well experienced staff and cutting edge production needs. Efforts continue to further expand its outreach activities to inform the public about the quality educational programs and resources offered by PBS Guam.

PBS Guam continues to face challenges of rapid technological and market change with existing staff and facilities, as well as the rollout of upgraded production and distribution capabilities. Stations face many different financial and technical challenges as their constant dilemma is how to maintain local broadcast facilities when much of the equipment is reaching the end of its life and there is no path to fund replacements or upgrade.

Goals that continue into the following fiscal year for PBS Guam include: (1) the 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.

After lacking a quorum for almost two years, the PBS Guam Board was able to reconvene and address its issues and assist with concerns relative to PBS Guam in FY 2016. The Public Auditor's stepson is the PBS Guam Board Chairman.

For a more detailed discussion on PBS Guam's operations, refer to the Management's Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org) or [www.pbsguam.org](http://www.pbsguam.org).