



## **OFFICE OF PUBLIC ACCOUNTABILITY**

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam 96910  
Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)  
www.opaguam.org

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### **Guam Educational Telecommunications Corporation – FY 2021 Financial Highlights**

March 15, 2022

Hagåtña, Guam – The Office of Public Accountability (OPA) has released the Guam Educational Telecommunications Corporation’s (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) 2021. Independent auditors, Ernst & Young, LLP (EY) rendered an unmodified (clean) opinion on PBS Guam’s financial statements. However, auditors issued two management letter comments concerning the maintenance of fixed assets register and accounting of capital assets, and participation of PBS employees in the Government Guam Retirement Fund (GGRF).

PBS Guam ended fiscal year FY 2021 with a negative net position of \$632 thousand (K), from last year’s negative net position of \$1.84 million (M). PBS Guam has been able to put themselves in a positive position amidst the COVID-19 pandemic by shifting their strategic directive to pivot their fundraising efforts from the traditional underwriting and community financial support to creative and production work.

#### **PBS Guam Mission Continued Despite Another Year of the COVID-19 Pandemic**

During FY 2021, the COVID-19 pandemic continued to hinder the station’s fundraising efforts since in-person events were not allowed. The pivot from the traditional fundraising efforts and underwriting to creative and production work, which included PBS University, PBS University Higher Learning, and season TV specials, helped them stay afloat amidst the challenges and disruptions brought by the pandemic. PBS Guam was able to successfully obtain funding from the Department of Education’s Education Stabilization Funds in order to support PBS University and PBS University Higher Learning for this fiscal year.

#### **Equipment and Infrastructure Upgrades**

PBS Guam improved its capital assets by upgrading its equipment and infrastructure. All of its building air conditioners have been replaced and a new security system was installed for added building protections. Many of the decades-old cracks and leaks on the roof have also been repaired and treated with new paint for better insulation and power consumption. During 2021, PBS Guam was able to replace its vehicle fleet with three new vehicles, enhance its internet services, and replace or upgrade its staff computers and editing. Lastly, PBS Guam has procured new equipment necessary for its national programming broadcasts.

#### **\$1.62M Increase in Revenues**

FY 2021 total revenues of \$3.26M increased by \$1.62M, or 99%, compared to \$1.64M in FY 2020. This is largely attributed to the increase in Contribution and other, totaling \$1.67M compared to \$299K in FY 2020. This increase was also attributed to a \$1.5M Grant that PBS Guam received from the Guam State Clearing House in FY 2021. PBS Guam received \$455K from the American



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Rescue Plan Act, which are to be used to maintain PBS Guam's public media station's programming and services impacted by the pandemic.

### **\$133K Increase in Expenses**

PBS Guam's overall expenses of \$2.05M increased by \$133K (or 7%), compared to \$1.91M in FY 2020. This was primarily due to the increases in Program Broadcasting by \$67K (or 15%) and Contractual Services by \$231K (or 121%).

### **Other Post-Employment Benefits (OPEB) Liability at \$1.49M**

Under the OPEB Plan, also known as the GovGuam Group Health Insurance Plan, the Government of Guam (GovGuam) provides medical, dental, and life insurance benefits to retirees, spouses, children, and survivors. As of FY 2021, PBS Guam's total OPEB liability stood at \$1.49M, which includes its proportionate share in GovGuam's OPEB liability of \$2.52 billion. For the year, OPEB expense amounted to \$125K.

### **Management Letter Comments**

Auditors noted two management letter comments relative to deficiencies in fixed assets register maintenance and accounting, and a repeat comment on PBS employees' non-participation in GGRF. Deficiencies in fixed assets are a) fixed assets are not sufficiently described within their register; b) fixed assets below the threshold of \$1K have been capitalized; c) cost of installation and shipping are listed separately and d) accumulated depreciation with unusual debit balances and with significant discrepancies.

In regards to PBS Guam employees' non-participation in the GGRF in FY 2021, the independent auditors noted that according to 12 Guam Code Annotated (GCA) § 3117, PBS Guam employees shall be members of the GGRF unless they are contract employees. PBS Guam management executed personnel actions that categorized PBS Guam employees, whose salaries and benefits were paid from Corporation for Public Broadcasting, as contract employees. Contract employees are not treated as independent contractors. The auditors recommended that PBS Guam seek a legal opinion on what constitutes a contract employee and if the aforementioned employees are qualified for the participation of the GGRF.

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 [pbsguam.org](http://pbsguam.org).