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### **Guam Educational Telecommunications Corporation – FY 2020 Financial Highlights**

**March 31, 2021**

Hagåtña, Guam – The Office of Public Accountability (OPA) has released the Guam Educational Telecommunications Corporations’ (dba PBS Guam) financial statements, report on compliance and internal control, management letter, and the auditor’s communication with those charged with governance for fiscal year (FY) 2020.

PBS Guam ended FY 2020 with a net loss of \$535 thousand (K), which further decreased its negative net position from \$1.57 million (M) in FY 2019 to \$2.1M. Independent auditors, Ernst & Young LLP, rendered a “clean” opinion on PBS Guam’s financial statements but identified deficiencies related to fixed and capital assets.

For the past years, OPA commended PBS Guam for not having any material weaknesses in its report on compliance and internal control over financial reporting or being designated as a “low-risk auditee.” In FY 2020, however, the independent auditors noted an issue on the employees’ nonparticipation in the Government of Guam Retirement Fund (GGRF). As a result, PBS Guam did not earn this designation this year.

#### **PBS Guam Mission Continued despite COVID-19 Disruption**

PBS Guam began FY 2020 with a promising outlook, but the novel coronavirus (COVID-19) outbreak halted the progress. With government operations reduced to teleworking, PBS Guam was at a standstill, unable to elevate the production with its new staff. While the pandemic ravaged our community and the lock-down in place, PBS Guam continued to broadcast COVID-19 public service announcements, launched a free educational channel for children, and assisted the Guam Department of Education (GDOE) with distance learning. As fundraising dwindles and the extent, duration, and impact of COVID-19 on PBS Guam are still uncertain, its management and staff are confident to carry on its mission in the backdrop of the pandemic.

PBS Guam hired six additional employees in FY 2020 to increase the station’s productivity, skills, and comprehension level. However, the disruption in operation brought on by COVID-19 left PBS Guam at a standstill. Even so, PBS Guam assisted the Governor’s Office to broadcast official COVID-19 public service announcements.

Amid the pandemic, PBS Guam launched PBS Kids 24/7 on channel 12.1. This channel provides free educational content to children on any digital TV.

#### **PBS University a Success with \$1.5M Funding from CARES Act**

While most schools were closed much of FY 2020, PBS Guam partnered with GDOE to deliver educational programs through different platforms. This distance learning, called PBS University, provided a series of formal education produced by local certified teachers and broadcasted throughout Micronesia. PBS University will continue in 2021 with an additional \$1.5M funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

### **\$293K Decrease in Revenues**

PBS Guam's total revenues decreased by \$293K or 18%, from \$1.67M to \$1.38M in FY 2020. Grants and local appropriation, PBS Guam's main revenue sources, decreased by \$135K from \$1.21M in FY 2019 to \$1.08M. Despite the decrease in total revenues, the receipt of \$260K from the CARES Act and the remaining grant of \$17K will help keep PBS Guam stay afloat during times of uncertainties.

### **\$40K Increase in Expenses**

Overall expenses increased by \$40K or 2%, from \$1.87M in FY 2019 to \$1.91M in FY 2020. Aside from the increases in Pension and Other Postemployment Benefits (OPEB), expenses in Contractual Services (56%), Station Production (23%), and Station Upgrade (20%) rose as well compared to FY 2019. PBS Guam's biggest expenses were \$436K in Program Broadcasting, \$256K in Personnel Services, and \$226K in OPEB.

### **Other Post-Employment Benefits (OPEB) Liability at \$3.05M**

Under the OPEB Plan, 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 2020, PBS Guam's OPEB liability stood at \$3.05M, which includes its proportionate share in GovGuam's OPEB liability of \$2.55 billion. PBS Guam recognized a proportionate share of OPEB expense of \$226K for FY 2020.

### **Compliance Noted on Employees' Nonparticipation in GGRF**

The independent auditors pointed out that according to Title 12 of the Guam Code Annotated (GCA) § 3117 and Title 4 GCA § 8105(d), PBS Guam employees shall be members or have the option to become a member of GGRF. However, PBS Guam management believes that the annual grant funding these positions cannot pay for the employees' salaries and benefits while being a member of GGRF. The independent auditors recommended seeking legal advice to clarify compliance with the laws.

### **Management Letter**

The independent auditors commented on deficiencies relating to PBS Guam's fixed assets that were insufficiently described in the register and had unusual calculation of depreciation while three of capital assets were not tagged.

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).