



OFFICE OF THE PUBLIC AUDITOR

**Guam Educational Telecommunications Corporation
(KGTF Channel 12)
FY 2003 Financial Highlights**

April 29, 2004

The Guam Educational Telecommunications Corporation, also known as KGTF Channel 12, is the second Government of Guam agency to issue its audited financial statements for fiscal year ending September 30, 2003, two months before the required due date of June 30th. According to the audited financial statements conducted by Burger and Comer, KGTF Channel 12 had a loss of \$312,000 for the fiscal year ended September 30, 2003. The loss was primarily due to depreciation expense of \$294,000.

KGTF's revenues were \$1.1 million compared to \$1.2 million in FY 2002. Support and revenues consisted primarily of \$397,000 in General Fund appropriation, \$465,000 in Community Service Grant (CSG) from the Corporation for Public Broadcasting and \$245,200 in contributions. The revenue decline was attributed to less government support, lower CSG grants, and less contributions. KGTF has 20 employees, 10 of whom are government employees locally funded. The other 10 employees are paid by the Community Service Grant and are not members of the Government of Guam retirement system. Expenditures for FY 2003 were \$1.43 million and dropped by \$136,000 compared to \$1.56 million in FY 2002.

In KGTF's report on compliance and internal controls, there were two findings cited. Among those findings, KGTF's Board of Trustees met only once during fiscal year 2003, mainly due to a lack of quorum; adequate procedures are not in place for the use of purchase orders. Six of the newly appointed board members were confirmed by the Guam Legislature. One board member is the stepson of the Public Auditor.

In a separate management letter, Burger & Comer commented on such issues as the lack of Board approval for the travel of the Chairman and implementation of the 403(b) plan for non-government employees without Board approval. For a more detailed discussion on KGTF's operations, see the Management's Discussion and Analysis.