

Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

AUDITED FINANCIAL STATEMENTS

Years Ended September 30, 2013 and 2012

Benham, Hodge & Upson, P.C.
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Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

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Report of Independent Auditors

To the Board of Directors
Virgin Islands Public Television System

Report on the Financial Statements

We have audited the accompanying financial statements of the Virgin Islands Public Television System (the System), a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents. The financial statements of the System for the fiscal year ending September 30, 2012 were audited by other auditors whose report dated January 31, 2013 expressed a qualified opinion on those statements, due to unsubstantiated capital asset values, including the related accumulated depreciation, reported in the audited financial statements. As described in Note 7, the financial statements of the System for the fiscal year ending September 30, 2013 show a prior period adjustment. In our opinion, such adjustments are appropriate and have been properly applied.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Board of Directors
Virgin Islands Public Television System
Continued

Auditors Responsibility

Our responsibility is to express an opinion on these 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 statements contained in Governmental 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 financials are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The System does not maintain sufficient documentation to reconcile capital assets reported in the financial statements, to the underlying detail records. Therefore, these amounts could not be substantiated, and we were unable to determine whether they are fairly stated. Had reconciled capital asset records been available, adjustments might have been necessary to fairly state the capital assets reported.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2013, and the changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Virgin Islands Public Television System
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 5-11, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's financial statements, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents. The statements of functional expenses on page 34 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of functional expenses are the responsibility of the management of the System and are derived from and relate directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures including comparing and reconciling such information to the basic financial statements in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses are fairly stated in all material respects to the basic financial statements as a whole.

To the Board of Directors
Virgin Islands Public Television System
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the System'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.


Benham, Hodge & Upson, PC
St. Thomas, U.S. Virgin Islands

February 28, 2014

Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

The purpose of the following management's discussion and analysis of the financial performance and activity of the Virgin Islands Public Television System (the System) is to help the readers understand the basic financial statements of the System for the years ended September 30, 2013 and 2012, with selected comparative information for the year ended September 30, 2011. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, supplementary information and the notes thereto, which follow this section.

Reporting Entity

The System is a public corporation and an autonomous governmental instrumentality of the Government of the U.S. Virgin Islands. It owns and operates the public television station of the U.S. Virgin Islands with the call letters WTJX-TV, created by Act No. 2364 on November 15, 1968, to provide educational television services in the U.S. Virgin Islands, and to advance the general welfare, cultural development, and awareness of public affairs of the general population. The System is a member of the Public Broadcasting System (PBS), a media foundation that provides grants and services to public and non-commercial stations.

Overview of the Financial Statements

The System's financial report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. In addition to the three financial statements, the System has presented the Statements of Functional Expenses as supplementary information. The financial statements, and supplementary information, are prepared in accordance with accounting principles generally accepted in United States of America.

The *Statements of Net Position* reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2013 and 2012. The System's net position is the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources). Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* presents information showing how the System's net position changed during the two most recent fiscal years, focusing on operating revenues and expenses, including support provided by grants from the Government of the Virgin Islands and the Corporation for Public Broadcasting (CPB).

The *Statements of Cash Flows* presents information related to cash inflows and outflows, summarized by operating, financing and investing activities. The Statements indicate the financial viability of the System to meet financial obligations as they occur.

Virgin Islands Public Television System
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Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

Summary of Financial Results

Statements of Net Position--Table 1 summarizes the System's Statement of Net Position as of September 30, 2013, 2012, and 2011.

Table 1: Summary of Statements of Net Position

	<u>September 2013</u>	<u>September 2012</u>	<u>September 2011</u>
Unrestricted current assets	\$ 1,658,216	\$ 2,424,828	\$ 2,414,049
Restricted current assets	597,044	57,266	65,911
Capital assets	<u>6,356,097</u>	<u>5,648,497</u>	<u>5,955,655</u>
Total assets	<u>\$ 8,611,357</u>	<u>\$ 8,130,591</u>	<u>\$ 8,435,615</u>
Current liabilities	<u>1,518,485</u>	<u>385,199</u>	<u>364,130</u>
Total liabilities	<u>\$ 1,518,485</u>	<u>\$ 385,199</u>	<u>\$ 364,130</u>
Net position:			
Invested in capital assets	\$ 6,356,097	\$ 5,648,497	\$ 5,955,655
Restricted	597,044	57,266	65,911
Unrestricted	<u>139,731</u>	<u>2,039,629</u>	<u>2,049,919</u>
Total net position	<u>\$ 7,092,872</u>	<u>\$ 7,745,392</u>	<u>\$ 8,071,485</u>

For Fiscal Year 2013, the System's assets amounted to \$8.6 million, of which \$988 thousand represented unrestricted cash and cash equivalents, \$597 thousand represented cash and cash equivalents restricted in purpose, \$51 thousand represented trade and other receivables, \$618 thousand represented prepaid expenses and \$6.4 million represented capital assets net of depreciation. Total current assets decreased in fiscal year 2013 by \$767 thousand mainly due to a decrease in accounts receivable of \$788 as a result of grant revenues received before the fiscal year-end. Total liabilities amounted to \$1.5 million and increased by \$1.1 million mainly due to an increase in accounts payable of \$262 thousand and programming dues payable to Public Broadcasting Service of \$765 thousand.

For Fiscal Year 2012, the System's assets amounted to \$8.1 million, of which \$985 thousand represented unrestricted cash and cash equivalents, \$57 thousand represented cash and cash equivalents restricted in purpose, \$839 thousand represented trade and other receivables, \$601 thousand represented prepaid expenses and \$5.6 million represented capital assets net of depreciation. Total current assets increased in fiscal year 2012 by \$2 thousand mainly due to the net effect of a decrease in cash and cash equivalents of \$327 thousand, offset by an increase in other receivables of \$329 thousand. Total liabilities amounted to \$385 thousand and increased mainly due to a \$19 thousand increase in accounts payable.

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Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

For Fiscal Year 2011, the System's assets amounted to \$8.4 million, of which \$1.3 million represented unrestricted cash and cash equivalents, \$66 thousand represented cash and cash equivalents restricted in purpose, \$510 thousand represented trade and other receivables, \$601 thousand represented prepaid expenses and \$5.9 million represented capital assets net of depreciation. Total current assets decreased in fiscal year 2011 by \$552 thousand mainly due to the net effect of a decrease in cash and cash equivalents of \$1 million, offset by an increase in accounts and other receivables of \$394 thousand. Total liabilities amounted to \$364 thousand and decreased by \$336 thousand mainly due to a decrease in accrued salaries of \$319 thousand.

Statements of Revenues, Expenses and Changes in Net Position--Table 2 summarizes the activities of the System as of September 30, 2013, 2012, and 2011.

Table 2: Summary of Statements of Revenues, Expenses and Changes in Net Position

	<u>September 2013</u>	<u>September 2012</u>	<u>September 2011</u>
Operating revenues			
Grant revenue	\$ 5,148,409	\$ 5,022,244	\$ 5,914,008
Other income	289,866	658,212	244,267
Total operating revenue	<u>\$ 5,438,275</u>	<u>\$ 5,680,456</u>	<u>6,158,275</u>
Operating expenses			
Program services	\$ 4,375,817	\$ 4,267,427	\$ 4,292,565
Management and general	1,911,302	1,825,656	2,146,510
Fundraising expenses	11,502	49,086	21,860
Operating income (loss)	<u>6,298,621</u>	<u>\$ 6,142,169</u>	<u>\$ 6,460,935</u>
Non-operating revenue - interest income	\$ 3,639	\$ 6,338	\$ 6,814
Change in net position	<u>\$ (856,707)</u>	<u>\$ (455,375)</u>	<u>\$ (295,846)</u>
Net position - beginning of year	\$ 7,745,392	\$ 8,071,485	\$ 8,362,938
<i>Restatements - correction of errors</i>	204,187	129,282	4,393
Net position - end of year	<u>\$ 7,092,872</u>	<u>\$ 7,745,392</u>	<u>\$ 8,071,485</u>

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Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

For the Fiscal Year 2013, operating revenues of \$5.4 million reflect grants from the Government of the Virgin Islands of \$3.7 million, grants from the CPB of \$1.2 million, grants from other corporations of \$187 thousand, underwriting revenue of \$105 thousand, fundraising revenue of \$73 thousand, tower space rental income of \$76 thousand and other revenue of \$34 thousand. Operating revenues decreased by \$242 thousand from the previous year mainly due to decreases in underwriting revenue of \$124 thousand, decreases in fundraising revenue of \$49 thousand and decreases in other revenue of \$190 thousand, offset by an increase in grant revenues of \$126 thousand. The Corporation's expenses included programming service expense of \$4.3 million, management and general expenses of \$1.9 million, and fundraising expenses of \$11 thousand. Operating expenses increased by \$156 thousand, mainly due to increases in program services of \$108 thousand, increases in management and general expenses of \$86, offset by decreases in fundraising expenses of \$38 thousand.

For the Fiscal Year 2012, operating revenues of \$5.7 million reflect grants from the Government of the Virgin Islands of \$3.9 million, grants from the CPB of \$1.1 million, underwriting revenue of \$230 thousand, fundraising revenue of \$123 thousand, tower space rental income of \$79 thousand and other revenue of \$226 thousand. Operating revenues decreased by \$478 thousand from the previous year mainly due to decreases in grant revenue of \$830 thousand, offset by increases in underwriting revenue of \$134 thousand, increases in fundraising revenue of \$77 thousand and increases in other revenue of \$174 thousand. The Corporation's expenses included programming service expense of \$4.3 million, management and general expenses of \$1.8 million, and fundraising expenses of \$49 thousand. Operating expenses decreased by \$319 thousand, mainly due to decreases in management and general expenses of \$320 thousand.

For the Fiscal Year 2011, operating revenues of \$6.2 million reflect grants from the Government of the Virgin Islands of \$4.7 million, grants from the CPB of \$1.1 million, underwriting revenue of \$96 thousand, fundraising revenue of \$47 thousand, and tower space rental income of \$87 thousand. Operating revenues decreased by \$49 thousand from the previous year mainly due to the net effect of increases in grant revenue of \$105 thousand, decreases in underwriting revenue of \$178 thousand, increases in tower rental income of \$80 thousand and decreases in other revenue of \$60 thousand. The Corporation's expenses included programming service expense of \$4.3 million, management and general expenses of \$2.1 million, and fundraising expenses of \$22 thousand. Operating expenses increased by \$31 thousand, mainly due to increases in management and general expenses of \$84 thousand, offset by decreases in program services of \$56 thousand.

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Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

Grant Revenues

Grant Revenues: Table 3 summarizes grant revenues received through allotments from the Government of the Virgin Islands and grants from the Corporation for Public Broadcasting.

Table 3: Summary of Grant Revenues

	<u>September 2013</u>	<u>September 2012</u>	<u>September 2011</u>
Grant revenues - Government of the Virgin Islands	\$ 3,718,668	\$ 3,920,937	\$ 4,758,571
Grant revenues - Corporation for Public Broadcasting	1,242,167	1,093,672	1,155,437
Grant revenues - Other	187,574	7,635	-
Total grant revenues	<u>\$ 5,148,409</u>	<u>\$ 5,022,244</u>	<u>\$ 5,914,008</u>
Other operating revenues	289,866	658,212	244,267
Total operating revenues	<u>\$ 5,438,275</u>	<u>\$ 5,680,456</u>	<u>\$ 6,158,275</u>
Grants as a percentage of operating revenue	<u>94.7%</u>	<u>88.4%</u>	<u>96.0%</u>

Capital Assets

The System's capital assets include land, buildings, building improvements and equipment. Capital asset additions during the fiscal years ending September 30, 2013 and 2012 amounted to \$1.6 million and \$564 thousand.

Summary of Capital Assets--Table 4 summarizes the System's capital asset holdings as of September 30, 2013 and 2012:

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Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

Table 4: Summary of Capital Assets

	<u>September 2013</u>	<u>September 2012</u>
Land	\$ 1,258,806	\$ 1,258,806
Production and broadcasting equipment	7,657,065	6,102,126
Buildings and improvements	6,078,431	6,072,017
Other	154,616	66,237
Total capital assets	<u>\$ 15,148,918</u>	<u>\$ 13,499,186</u>
Accumulated depreciation	<u>8,792,821</u>	<u>7,850,689</u>
Total accumulated depreciation	<u>\$ 8,792,821</u>	<u>\$ 7,850,689</u>
Net capital assets	<u>\$ 6,356,097</u>	<u>\$ 5,648,497</u>

Note 4 provides detailed information regarding the capital assets of the System as of September 30, 2013 and 2012.

Budgetary Analysis

The System prepares an annual executive budget subject to approval by the Governor and the Legislature of the Virgin Islands. Following is a summary of the budget and actual results for the fiscal year ending September 30, 2013:

Table 5: Budget and Actual Report of Operating Income

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Total operating revenues	\$ 5,662,287	4,940,927	\$ 5,438,275	\$ 497,348
Total operating expenses	<u>(5,662,287)</u>	<u>(4,940,927)</u>	<u>(5,356,489)</u>	<u>(415,562)</u>
Operating income (loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,786</u>	<u>\$ 81,786</u>

The increase in operating revenues is mainly due to additional grants received amounting to \$334 thousand, off-set by a decrease in budgeted allotments from the Government of the Virgin Islands in the amount of \$127 thousand. The increase in operating expenses of \$416 thousand is mainly due to an increase in PBS dues of \$195 thousand, salaries and related expenses of \$104 thousand, and utilities of \$87 thousand.

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Management's Discussion and Analysis

Years Ended September 30, 2013 and 2012

Significant Currently-Known Facts

The ability of the System to continue providing public television services is dependent on grant allotments received from the Government of the Virgin Islands and the Corporation for Public Broadcasting.

Contacting the Corporation

This financial report is designed to provide a general overview of the System's finances. If you have any questions about this report, or need additional information, contact the System at: Virgin Islands Public Television System - WTJX, P. O. Box 7879, Charlotte Amalie, St. Thomas, U.S. Virgin Islands 00801.

Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

Statements of Net Position

	September 30	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 988,393	\$ 985,081
Accounts receivable	51,113	838,645
Prepaid expenditures	618,710	601,102
Restricted cash	597,044	57,266
Total current assets	2,255,260	2,482,094
Noncurrent assets:		
Capital assets, net of accumulated depreciation	6,356,097	5,648,497
Total noncurrent assets:	6,356,097	5,648,497
Total assets	8,611,357	8,130,591
 Liabilities and net position		
Current liabilities:		
Accounts payable	281,756	19,222
Accrued liabilities	173,867	92,518
Accrued programming dues	765,025	-
Compensated absences - due within one year	297,837	273,459
Total liabilities:	1,518,485	385,199
Net position:		
Invested in capital assets	6,356,097	5,648,497
Restricted	597,044	57,266
Unrestricted	139,731	2,039,629
Total net position	\$ 7,092,872	\$ 7,745,392

See accompanying notes.

Virgin Islands Public Television System
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Statements of Revenues, Expenses and Changes in Net Position

	Years Ending September 30	
	2013	2012
Operating revenues:		
Grants - Government of the Virgin Islands	\$ 3,718,668	\$ 3,920,937
Grants - Corporation Public Broadcasting	1,242,167	1,093,672
Grants - Other	187,574	7,635
Underwriting	105,157	230,139
Fundraising	73,528	123,316
Tower space rental	76,282	79,010
Advertising	3,400	32,650
Member subscriptions and other donations	14,141	16,385
Other operating revenue	17,358	176,712
Total operating revenues	5,438,275	5,680,456
Operating expenses:		
Program services	4,375,817	4,267,427
Management and general	1,911,302	1,825,656
Fundraising expenses	11,502	49,086
Total operating expenses	6,298,621	6,142,169
Operating income (loss)	(860,346)	(461,713)
Non-operating revenue:		
Interest income	3,639	6,338
Total non-operating revenue:	3,639	6,338
Change in net position	(856,707)	(455,375)
Net position at beginning of year	7,745,392	8,071,485
Prior Period Adjustment	204,187	129,282
Net position at end of year	\$ 7,092,872	\$ 7,745,392

See accompanying notes.

Virgin Islands Public Television System
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Statements of Cash Flows

	Years Ending September 30	
	2013	2012
Cash flows from operating activities		
Receipts from grants, customers and others	\$ 6,225,807	\$ 5,351,735
Payments to suppliers and employees, net of capitalized expenses	(4,036,624)	(5,121,099)
Net cash provided by (used in) operating activities	<u>2,189,183</u>	<u>230,636</u>
Cash flows from investing activities		
Purchase of capital assets	(1,649,732)	(563,915)
Interest income	3,639	6,338
Net cash provided by investing activities	<u>(1,646,093)</u>	<u>(557,577)</u>
Net change In cash and cash equivalents	<u>543,090</u>	<u>(326,941)</u>
Cash and cash equivalents at beginning of year	<u>1,042,347</u>	<u>1,369,288</u>
Cash and cash equivalents at end of year	<u>\$ 1,585,437</u>	<u>\$ 1,042,347</u>
Cash and cash equivalents include:		
Unrestricted cash and cash equivalents	\$ 988,393	\$ 985,081
Restricted cash and cash equivalents	597,044	57,266
	<u>\$ 1,585,437</u>	<u>\$ 1,042,347</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (860,346)	\$ (461,713)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	942,132	871,074
Prior period adjustment	204,187	129,282
Change in assets and liabilities:		
Accounts receivable	787,532	(328,721)
Prepaid expenses	(17,608)	(354)
Accounts payable	262,534	19,222
Accrued liabilities	81,349	1,748
Accrued programming dues	765,025	-
Accrued compensated absences	24,378	98
Total adjustments	<u>3,049,529</u>	<u>692,349</u>
Net cash provided by (used in) operating activities	<u>\$ 2,189,183</u>	<u>\$ 230,636</u>

See accompanying notes.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

1. Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The Virgin Islands Public Television System (the System) was created by Act No. 2364 on November 15, 1968, to provide educational television services in the United States Virgin Islands, and to advance the general welfare, cultural development, and awareness of public affairs of the general population. The System was formed as a public corporation, and is an autonomous component unit of the Government of the Virgin Islands. The System's Board of Directors consists of the Commissioner of the Department of Education, the Chairman of the Board of Education, the President of the University of the Virgin Islands, the Director of the Office of Management and Budget, three members appointed by the President of the Legislature, and four other members appointed by the Governor. The call letters of the System are WTJX, and it is a member of the Public Broadcasting System (PBS), a media foundation that provides grants and services to public and non-commercial television stations.

Summary of Significant Accounting Policies

The System prepares its financial statements in conformity with U.S. generally accepted accounting principles for governmental enterprise funds as prescribed by the Government Accounting Standards Board (GASB). In accordance with GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the System does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

The financial statements of the System have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Basic Financial Statements

Standards for external financial reporting require that resources be classified for accounting and reporting purposes into net position categories and to report the change in net position. Net position is the residual of all other elements presented in the Statement of Net Position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and consists of the following categories:

Net investment in capital assets: This category of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of mortgages or notes attributable to the acquisition, construction or improvement of those assets.

Restricted component of net position: This category consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Basic Financial Statements (continued)

Unrestricted component of net position: This category consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets, or the restricted component of net position.

The System distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from services provided in connection with the System's community and education based television system. The principal operating revenues of the System are grants from the Government of the Virgin Islands, grants from the Corporation for Public Broadcasting (CPB), underwriting, fundraising, tower space rental and advertising. Operating expenses include program services, management and general expenses, and fundraising expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the System's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Cash Equivalents

All deposits of the System are made in board-designated official depositories. The System may designate, as an official depository, any bank or savings association whose principal office is located in the United States Virgin Islands. Also, the System may establish time deposit accounts such as certificates of deposits.

The System's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The System receives periodic cash allotments from the CPB, which are held in a separate bank account and are reported as restricted cash and cash equivalents.

Under Virgin Islands law, government public funds are required to be deposited into accounts that are collateralized by security bond collateral that is satisfactory to the Commissioner of Finance. As of September 30, 2013 and 2012, cash and cash equivalents held at banks were fully collateralized.

Accounts Receivable

All trade and grant receivables are reported as assets of the System. The System does not have a policy to determine uncollectible receivables.

Prepaid Expenses

Certain cash outlays to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position and are expensed as the items are used or the expense is realized.

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Notes to the Financial Statements

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1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, and equipment assets, are reported in the financial statements at the time of acquisition or donation. Acquired capital assets are reported at cost at the date of purchase or construction, and donated assets are reported at appraised fair value at the date of donation. Only assets with an initial, individual cost, or fair market value, of more than \$1,500 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets, or materially extend the life of assets are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method by groups or classes of property over the following expected service lives:

	<u>Years</u>
Production & Broadcasting Equipment	5 – 7
Buildings & Improvements	5 - 40
Other	5 – 15

When assets are retired, the cost and related accumulated depreciation of the property is removed from the accounts and any gain or loss is recognized as non-operating revenue or expense.

Accounting standards require management to disclose and report the impairment of capital assets, and any related insurance recoveries. The organization periodically evaluates whether there has been an impairment of capital assets. As of September 30, 2013 and 2012, management advises that there has not been an impairment of capital assets, requiring an adjustment to capital asset balances.

Compensated Absences

Employees are eligible under personnel policies established by the Government of the Virgin Islands to accrue annual leave (up to 480 hours) if not used during the fiscal year. Unpaid annual leave is accrued as a liability of the System, as well as the System's share of related social security taxes and retirement system contributions, if the compensated absence is attributable to past service and it is probable that the System will compensate the employee for the benefits. The amount of compensated absences is computed using salary rates in effect at September 30th. As of September 30, 2013 and 2012, the System reported accrued compensated absences amounting to \$297,837 and \$273,459, respectively.

Retirement Plan

The System's full-time employees participate in the Employees' Retirement System of the Government of the Virgin Islands (GERS), a cost-sharing, multiple-employer defined benefit retirement system, established by the Government of the Virgin Islands to provide retirement, death and disability benefits to its members. Employees begin contributions after thirty (30) days of service.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Retirement Plan (continued)

Contribution rates to the retirement plan are fixed by Virgin Islands law, and are required to be made by the System at a rate of 17.5% of employees' annual salaries, excluding overtime, and by its employees at a rate of 8% (Tier I) and 8.5% (Tier II) of annual salaries, and excluding overtime. The System's contribution to the retirement plan was \$326,578 and \$341,221 for the fiscal years ending September 30, 2013 and 2012.

The financial report of GERS can be obtained from: Employees' Retirement System of the Government of the Virgin Islands, 3438 Kronprindsens Gade, St. Thomas, Virgin Islands 00802.

Other Post-Employment Benefits (OPEB)

All employees who are eligible for service retirement with GERS are eligible for certain other post-employment benefits (OPEB) including retiree health care, dental and life insurance benefits. These benefits are provided in accordance with Virgin Islands law as part of a cost-sharing, multiple employer defined benefit OPEB plan, in which all component units of the primary Government participate and contribute. All employees of the System who retire from government service after attaining age 55 with at least 30 years of service are eligible for benefits. Participants in the plan may elect coverage for their spouses and dependent children. Participants are required to contribute 35% of medical, prescription and dental premiums. The plan is a non-funded pay-as-you-go plan, and expenditures are paid by the Government of the Virgin Islands as they become due.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the System's principal ongoing operations, mainly the production of educational and cultural programs. The System also recognizes grants received as operating revenue. Operating expenses for the System include cost of services, administrative expenses, and depreciation on capital assets.

Donated Goods and Services

The System's success in conducting its mission is dependent on attracting committed Virgin Islands residents to serve as volunteers to the System's program services and fund raising campaigns. The System does not maintain supporting documentation of donated services and goods, and the amounts are not included in the System's financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows, liabilities, deferred outflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The System is an autonomous component unit of the Government of the Virgin Islands that is exempt from federal income tax, Virgin Islands income tax, and property taxes.

Future Adoption of Accounting Standards

The Government Accounting Standards Board has issued the following statements that the System has not yet adopted:

<u>Statement Number</u>		<u>Required in Fiscal Year</u>
65	Items Previously Reported as Assets and Liabilities	2014
66	Technical Corrections - 2012 - an amendment of GASB Statement No. 10 and No. 62	2014
67	Financial Reporting for Pension Plans	2014
68	Accounting and Financial Reporting for Pensions	2015
69	Government Combinations and Disposals of Government of Government Operations	2015
70	Accounting and Financial Reporting for Nonexchange Financial Guarantees	2014
71	Pension Transition for Contributions Made Subsequent to the Measurement Date	2015

The impact of these statements has not yet been determined by the System.

2. Cash and Cash Equivalents

The System maintains unrestricted cash and cash equivalents including: (i) allotments from the Government of the Virgin Islands, (ii) Special Productions including underwriting, donations, DVD sales and other fundraising activities, (iii) Emergency Maintenance funded from rental income of an up-link television broadcasting tower located in St. Thomas, and (iv) a petty cash account.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

2. Cash and Cash Equivalents (continued)

Restricted cash and cash equivalents consist of CPB funding restricted for the use of CPB television productions broadcasted in the Virgin Islands.

As of September 30, 2013 and 2012, cash and cash equivalents consisted of the following deposits in banks, and certificate of deposit:

	September 30	
	2013	2012
Restricted:		
Corporation for Public Broadcasting	\$ 597,044	\$ 57,266
Restricted cash and cash equivalents	\$ 597,044	\$ 57,266
Unrestricted:		
Government of the Virgin Islands	466,996	275,006
Special Productions	29,816	56,801
Emergency Maintenance	72,048	237,506
Petty Cash	1,000	874
Certificate of Deposit	418,533	414,894
Unrestricted cash and cash equivalents	\$ 988,393	\$ 985,081
Total Cash & Cash Equivalents	\$ 1,585,437	\$ 1,042,347

Concentration of credit risk: The System utilizes one financial institution located in the United States Virgin Islands.

Credit risk: Depository balances are fully collateralized with collateral satisfactory to the Commissioner of Finance.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

3. Accounts and Other Receivables

Accounts and other receivables at September 30, 2013, and 2012 consisted of the following:

	September 30	
	2013	2012
Underwriting	\$ 24,163	\$ 214,837
Grants	23,000	-
Rent	2,740	-
Payroll fund - Government of the Virgin Islands	-	623,808
Other	1,210	-
Total receivables	\$ 51,113	\$ 838,645

4. Capital Assets

Capital assets at September 30, 2013 are comprised of the following:

	Balance at September 30, 2012	Increases	Decreases	Balance at September 30, 2013
Non-Depreciable Assets:				
Land	\$ 1,258,806	\$ -	\$ -	\$ 1,258,806
Total non-depreciable assets	1,258,806	-	-	1,258,806
Depreciable Assets:				
Production & Broadcasting Equipment	6,102,126	1,554,939	-	7,657,065
Buildings & Improvements	6,072,017	6,414	-	6,078,431
Other	66,237	88,379	-	154,616
Total depreciable assets	12,240,380	1,649,732	-	13,890,112
Less: Accumulated Depreciation				
Accumulated depreciation	7,850,689	942,132	-	8,792,821
Total depreciable assets, net	4,389,691	707,600	-	5,097,291
Total Capital Assets, Net	\$ 5,648,497	\$ 707,600	\$ -	\$ 6,356,097

Depreciation expense for the years ending September 30, 2013 and 2012 amounted to \$942,132 and \$871,074, respectively.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

5. Accrued Programming Dues

The System is a member station of the Public Broadcasting System (“PBS”). PBS offers programming designed to expand the minds of children, documentaries, non-commercial news programs, and programs designed to expose American listeners to music, theatre, dance and art. Dues for the member year of July 1, 2013 through June 30, 2014 amounted to \$765,025, with \$650,293 payable on November 30, 2013 and \$114,732 payable on March 31, 2014. Programming expense for the fiscal year ending September 30, 2013 and 2012 amounted to \$1,036,829 and \$1,085,065. As of September 30, 2013, the System reported a liability under the membership contract of \$765,025.

6. Grant Revenue

The System receives two main sources of grant revenue: (i) appropriations from the Government of the Virgin Islands to pay salaries and related expenses and operating expenditures, and (ii) grants from the Corporation for Public Broadcasting (CPB) to provide funding for the System’s member dues to the Public Broadcasting System, salaries and related benefits and operating expenses. For the fiscal years ending September 30, 2013 and 2012, the System received the following grant revenue from these organizations:

	September 30	
	2013	2012
Government of the Virgin Islands	\$ 3,718,668	\$ 3,920,937
Corporation for Public Broadcasting	1,242,167	1,093,672
Other	187,574	7,635
Total grant revenues	<u>\$ 5,148,409</u>	<u>\$ 5,022,244</u>

During the years ended September 30, 2013 and 2012, the Government of the Virgin Islands supported \$2,262,022 and \$1,456,645 in salary and related costs through its appropriations to the System.

7. Prior Period Adjustment

For the fiscal year ending September 30, 2012, the System reported amounts in accounts receivable, fixed assets and accrued liabilities that management has determined were reported in error. Amounts reported as due from the Government of the Virgin Islands amounting to \$623,808 was determined to not be supported by detail schedules. Capital assets amounting \$736,439 were unsupported by underlying records. Also accrued liabilities in the amount of \$91,556 were identified as related to Fiscal year 2011.

Virgin Islands Public Television System
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Notes to the Financial Statements

September 30, 2013 and 2012

8. Commitments and Contingencies

The System derives most of its operating revenue from grants provided by the local Government and the Corporation for Public Broadcasting. The continuing operation of the System is dependent on a continuation of grants for sustainable operations.

During the year ended September 30, 2013, the System entered into trade agreements with Caribbean Cinemas, VI Source, and AMG to provide underwriting services in exchange for advertising. The amount of the agreements was \$30,834 and has been reported as underwriting revenue and advertising expense in the System's financial statements.

The Government of the Virgin Islands Division of Property and Procurement provides casualty insurance on System assets under a blanket insurance policy covering both the primary Government and certain autonomous agencies.

9. Subsequent Events

The System has performed a review of subsequent events through February 28, 2014, and concluded there were no events or transactions that occurred during this period that required recognition or disclosure in the financial statements.

Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

Independent Auditors' Report
On Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Years Ended September 30, 2013 and 2012



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Independent Auditors' Report
On Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Directors
Virgin Islands Public Television System

We have audited, in accordance with the 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, the financial statements of the Virgin Islands Public Television System (the System) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued a qualified report thereon dated February 28, 2014. The report was qualified as the System does not maintain adequate documentation supporting capital assets reported in the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal controls over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

To the Board of Directors
Virgin Islands Public Television System
Continued

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses: Findings 2013-1 and 2013-2.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies: Finding 2013-3 through Finding 2013-8.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses: Finding 2013-9.

Virgin Islands Public Television System's Responses to Findings

The System's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The System's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Board of Directors
Virgin Islands Public Television System
Continued

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Benham, Hodge & Upson, PC
St. Thomas, U.S. Virgin Islands

February 28, 2014

Virgin Islands Public Television System
Schedule of Findings and Responses
As of and for the Fiscal Year Ended September 30, 2013

Internal Control Over Financial Reporting – Material Weakness

Finding 2013-1: The System has reported capital assets consisting of land, buildings, production and broadcasting equipment, vehicles and other assets amounting to \$6,356,097, net of depreciation. Management was unable to provide detailed supporting records for the reported capital assets and was unable to reconcile vehicles and buildings reported on the financial statements to current year insurance policies. Management has advised that certain assets are insured by the Government of the Virgin Islands umbrella policy for capital assets, but was unable to provide documentation of that coverage. Because of inadequate supporting documentation, we were unable to provide an opinion on the amounts reported and the System has received a qualified audit opinion for this exception. We recommend that the System take the steps necessary to ascertain the existence and valuation of all capital assets, and perform annual inventories of assets. Ownership of assets should be documented through deeds, vehicle registrations and tagged inventory records. Insurance coverage should be verified and compared to the annual asset listings.

Management Response 2013-1: Management concurs with the weakness, and will implement auditor’s recommendation of taking the steps necessary to ascertain the existence and valuation of all capital assets and perform annual inventories of assets. We have also requested documentation and awaiting such documentation from Property and Procurement staff regarding insurance coverage under the Government of the Virgin Islands-wide umbrella police for capital assets.

Finding 2013-2: In the prior fiscal year, the System reported an amount due from the Government of the Virgin Islands, with the description “*Payroll Fund–VIG*”, amounting to \$623,808 and accrued liabilities in the amount of \$91,551, with the description “*Accrued Salaries, Fringe & Payroll.*” As part of our audit procedures, we were unable to obtain detail support for this amount. We recommend that all System receivables, and payables, be supported by detailed subsidiary records.

Management Response 2013-2: Management concurs with the weakness and will implement the auditor’s recommendation of providing a policy going forward which will provide support for all system receivables and payables with detail subsidiary ledgers. This item was a prior year amount that was posted as a receivable in error and needed to be written off the books in the last audit.

Virgin Islands Public Television System
Schedule of Findings and Responses
As of and for the Fiscal Year Ended September 30, 2013

Internal Control Over Financial Reporting – Significant Deficiencies

Finding 2013-3: During our tests of revenues and expenditures, we noted instances of incorrect account coding of revenues and expenditures. As an example, we noted that expenditures for advertising expense were reported in Account Code 4010, Advertising Revenue. We also noted instances of expenditures miscoded such as catering expense coded to “professional fees” instead of “fundraising expense” and payments to attorneys coded to “professional fees” instead of “legal expense”. We recommend the System provide supervisory review of account coding to ensure proper coding of revenues and expenditures.

Management Response 2013-3: Management concurs with the deficiency and will implement the auditor’s recommendation of providing supervisory review of account coding to ensure proper coding of revenues and expenditures.

Finding 2013-4: The System has entered into certain lease agreements for tower space. We noted that certain tower rental lessees did not have current contract agreements. While the terms for contract agreements called for certain increases over time, we noted that rental payments received did not include those increases. Also, there were no cut-off procedures to determine rental income accruals at year-end. We recommend that the System enter into written contract agreements for all tower rental arrangements, review the terms and amounts of lease payments, and ensure there are proper accruals of rental income at year-end.

Management Response 2013-4: Management concurs with the deficiency and will implement the auditor’s recommendation of entering into written contract agreements for all tower rental arrangements, review the terms and amounts of lease payments and ensure there are proper accruals of rental income at year end.

Virgin Islands Public Television System
Schedule of Findings and Responses
As of and for the Fiscal Year Ended September 30, 2013

Internal Control Over Financial Reporting – Significant Deficiencies (continued)

Finding 2013-5: The System prepares its accounting records on the accrual basis of accounting. In our testing of payroll expenditures, we noted that there was no accrual of year-end salary and salary related expenses. Because the System pays payroll on a delayed two week cycle, an accrual was proposed for the salary expense for the period September 8, 2013 through September 30, 2013. We recommend that year-end accruals be made for salary, and salary related expenses.

Management Response 2013-5: Management concurs with the deficiency and will implement the auditor’s recommendation of preparing year-end accruals for salary and salary related expenses.

Finding 2013-6: The financial statements of the System are prepared using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In our testing procedures, we noted that expenditures such as insurance expense and PBS programming dues, are reported as expenditures when paid (i.e. based on cash flows). We recommend that the System maintain supporting schedules and report prepaid assets and liabilities to appropriately allocate expenditures to the period they relate to.

Management Response 2013-6: Management concurs with the deficiency and will implement the auditor’s recommendation of maintaining supporting schedules and report prepaid assets and liabilities to appropriately allocate expenditure to the period they relate to.

Virgin Islands Public Television System
Schedule of Findings and Responses
As of and for the Fiscal Year Ended September 30, 2013

Internal Control Over Financial Reporting – Significant Deficiencies (continued)

Finding 2013-7: The System invoices customers for advertising, underwriting, and tower space lease payments. Although the System maintains a subsidiary ledger for accounts receivable, this ledger was not reconciled to the general ledger. Payments received by customers and tenants were not applied to open invoices, resulting in credit balances on the accounts receivable subsidiary ledger. The subsidiary ledger is not subject to periodic review to follow-up on collection efforts, or to apply late payments or interest on outstanding balances. Management had not performed an assessment of uncollectable accounts as of the end of the fiscal year.

Management Response 2013-7: Management concurs with the deficiencies and has implemented the auditor's recommendation to perform an assessment of uncollectable accounts as of fiscal year end in addition to maintaining accurate records of underwriting contracts, invoices and checks received.

Finding 2013-8: In our tests of cash and cash equivalents, we noted the following weaknesses in internal controls of bank reconciliation procedures: (i) the petty cash account (which maintains an ongoing balance of \$1,000), is only reconciled at year-end, (ii) bank reconciliations prepared by the System only included outstanding checks for the month of reconciliation (not checks outstanding from earlier months), (iii) system generated entries (automated entries) to reconcile bank reconciliations to the general ledger were material, and (iv) personnel involved in reconciling accounts may benefit from training in reconciliation procedures.

Management Response 2013-8

Management concurs with the deficiencies and has implemented the auditor's recommendation including personnel training in reconciliation procedures.

Virgin Islands Public Television System
Schedule of Findings and Responses
As of and for the Fiscal Year Ended September 30, 2013

Internal Control Over Compliance with Grant Requirements

Finding 2013-9: In our compliance testing for grant funding we determined the following weakness in certification to the granting agencies. The requirements to confirm that the Debarment and Suspension Requirements and Lobbying Restrictions are met have not been completed. We recommend adding wording to the System's employee manual to satisfy federal requirements.

Management Response 2013-9: Management concurs with the deficiency and will add wording to the System's Employee Manual to satisfy federal requirements to confirm that the Debarment and Suspension Requirements and Lobbying Restrictions are met.

Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

Supplementary Information

Years Ended September 30, 2013 and 2012

Virgin Islands Public Television System
(A Component Unit of the Government of the United States Virgin Islands)

Statements of Functional Expenses

	Years Ending September 30	
	2013	2012
Program Services		
Depreciation	\$ 659,492	\$ 609,752
Employee benefits	191,992	204,950
Programming	1,036,829	1,085,065
Repairs and maintenance	91,065	69,935
Retirement contributions	287,981	302,737
Salaries	1,821,410	1,729,276
Travel	71,483	62,805
Utilities	215,565	202,907
Total program services	<u>4,375,817</u>	<u>4,267,427</u>
Management and General		
Advertising	93,290	36,928
Automobile	45,227	58,014
Computer supplies	47,789	38,287
Depreciation	282,640	261,322
Employee benefits	50,181	73,061
Equipment rental and maintenance	17,361	15,203
Insurance	76,638	75,590
Meetings and conferences	100,435	99,427
Miscellaneous	11,733	10,572
Office expense	46,796	28,012
Payroll taxes	186,961	124,637
Postage and freight	42,653	45,619
Printing and publications	25,014	33,795
Professional fees	180,180	209,392
Repairs and maintenance	114,871	88,207
Retirement contributions	38,597	38,484
Salaries	308,465	324,926
Security	17,199	13,982
Subscriptions and memberships	41,795	44,877
Telephone and internet service	77,303	104,358
Utilities	106,174	100,963
Total management and general expenses	<u>1,911,302</u>	<u>1,825,656</u>
Fundraising		
Fundraising expense	<u>11,502</u>	<u>49,086</u>
Total fundraising expense	<u>11,502</u>	<u>49,086</u>
Total expenses	<u>\$ 6,298,621</u>	<u>\$ 6,142,169</u>

See accompanying notes.