VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

INDEPENDENT AUDITORS' REPORT
AND AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 and 2022

BSC
BERT SMITH & CO.
CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Virgin Islands Public Broadcasting System
Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Virgin Islands Public Broadcasting System (the "System"), a component unit of the Government of the United States Virgin Islands, which comprise the statement of net position as of and for the years ended September 30, 2023 and September 30, 2022, and the related statements revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the System's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the System, as of September 30, 2023 and September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Virgin Island's Public Broadcasting System's financial position and the changes in financial position and cash flows and do not purport to, and do not, present fairly the financial position of the Government of the U.S. Virgin Islands as of September 30, 2023, and changes in the financial position of the Government of the U.S. Virgin Islands for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 11, as of July 1, 2021 compensation for all System employees is paid by the Primary Government. Consequently, there is no allocation of pension liabilities, related pension expense, and deferred outflows/inflows for the year ended September 30, 2023. The System's outstanding liability will be adjusted as the overall pension liability changes and incremental changes will be reported by the Primary Government. Our opinion is not modified with respect to this matter.

We have previously audited the System's September 30, 2022, financial statements, and our report dated April 5, 2023, expressed an unmodified opinion thereon. In our opinion, the comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, Schedule of the System's proportionate share of the net pension liability on page 28 and the System's schedule of contributions on page 29 and the notes to the supplementary information on page 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Statement of Revenues and Expenses per Division on pages 31 and 32 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Statement of Revenues and Expenses per Division is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024 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 solely 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 the effectiveness of the System's 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 System's internal control over financial reporting and compliance.

Bert Smith & Co.

Washington, D.C.
February 26, 2024

The purpose of the following management's discussion and analysis of the financial performance and activity of the Virgin Islands Public Broadcasting System (the "System") is to help the readers understand the basic financial statements of the System for the years ended September 30, 2023 and 2022. 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.

Financial Highlights

The assets and deferred outflows of the System exceeded liabilities and deferred inflows by $12.7 million and $13.1 million as of September 30, 2023 and 2022, respectively. The net position decreased by $466.1 thousand during the year ended September 30, 2023 and increased by $1.7 million during the year ended September 30, 2022.

Reporting Entity

The System is a public corporation and an autonomous governmental instrumentality of the Government of the U.S. Virgin Islands ("GVI"). It owns and operates the public television station of the U.S. Virgin Islands with the call letters WTJX, 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 Service ("PBS"), a media foundation that provides grants and services to public and non-commercial stations. The System is also a member of the National Public Radio ("NPR"), a nonprofit media foundation broadcasting over the radio.

Overview of the Financial Statements

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

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2023 and 2022. 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 Statement 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 Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, financing and investing activities. This Statement indicates the financial viability of the System to meet financial obligations as they occur.

Summary of Financial Results

Statements of Net Position – Table 1 summarizes the System's Statements of Net Position as of September 30, 2023, 2022 and 2021.

Table 1: Summary of Statements of Net Position

	2023	**2022**	**2021**
Unrestricted Current Assets	$ 6,667,668	$ 6,420,810	$ 6,134,838
Restricted Current Assets	587,610	732,179	737,283
Noncurrent Assets	558,548	144,188	-
Capital Assets	8,930,282	9,309,410	7,956,942
Total Assets	$ 16,754,108	$ 16,606,587	$ 14,829,063
Deferred Outflows of Resources	$ 870,544	$ 1,183,938	$ 1,183,938
Current Liabilities	$ 710,754	$ 512,453	$ 636,626
Noncurrent Liabilities	3,598,912	3,632,709	3,608,285
Total Liabilities	$ 4,309,666	$ 4,145,162	$ 4,244,911
Deferred Inflows of Resources	$ 659,137	$ 523,432	$ 393,047
Net Position			
Net Investment in Capital Assets	$ 8,930,282	$ 9,309,410	$ 7,956,942
Restricted	587,610	732,179	737,283
Unrestricted	3,137,957	3,080,341	2,680,818
Total Net Position	$ 12,655,849	$ 13,121,930	$ 11,375,043

For fiscal year 2023, the System's assets amounted to $16.8 million, of which $5.6 million represented unrestricted cash and cash equivalents, $588 thousand represented cash and cash equivalents restricted in purpose, $130 thousand represented accounts and other receivables, $232 thousand represented Due from the Government of the Virgin Islands, $767 thousand represented prepaid expenses, $520 thousand represented leased assets net of accumulated amortization and 8.9 million represented capital assets net of accumulated amortization. Total current assets increased in fiscal year 2023 by $112 thousand mainly due to an increase in cash and cash equivalents of $94 thousand, an increase in prepaid expenses of $173 thousand offset by a decrease in accounts and other receivables of $82 thousand, and a decrease in Due from the Government of the U.S. Virgin Islands of $73 thousand. Non-current assets increased by $35 thousand due to an increase in leased assets of $448 thousand offset by a decrease in lease receivable of $34 thousand and a decrease in capital assets of $379 thousand. Total liabilities and deferred inflows of resources amounted to $5.0 million and increased by $300 thousand, mainly due to an increase in leased liabilities of $479 thousand, an increase in accrued liabilities of $40 thousand, and an increase in compensated absences of $24 thousand offset by a decrease in net pension liability of $288 thousand, a decrease in unearned revenue of $64 thousand and a decrease in accounts payable of $25 thousand.

For fiscal year 2022, the System's assets amounted to $16.6 million, of which $5.3 million represented unrestricted cash and cash equivalents, $732 thousand represented cash and cash equivalents restricted in purpose, $246 thousand represented accounts and other receivables, $305 thousand was due from the Government of the Virgin Islands, $595 thousand represented prepaid expenses and $9.3 million represented capital assets net of accumulated depreciation. Total current assets increased in fiscal year 2022 by $353 thousand mainly due to increase in cash and cash equivalent of $99 thousand, $321 thousand in accounts and other receivables and decreased by $67 thousand in prepaid expenses. Non-current assets increased by $1.4 million, due to purchase of Production & Broadcast equipment for the Repack project, St. Croix building improvement and hurricane replacement purchases. Total liabilities and deferred inflows of resources amounted to 4.7 million and increased by $31 thousand, mainly due to an increase in unearned revenue of $77 thousand and an increase of $130 thousand in deferred outflows related to leases offset by a decreases in accounts payable of $141 thousand and compensated absences of $35 thousand.

Statements of Revenues, Expenses and Changes in Net Position – Table 2 summarizes the activities of the System as of September 30, 2023 and 2022.

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

	2023	2022	2021
Operating Revenues	$ 2,150,910	$ 3,347,450	$ 3,062,308
Operating Expenses	(7,140,472)	(6,415,578)	(5,969,156)
Loss from Operations	(4,989,562)	(3,068,128)	(2,906,848)
Non-Capital Appropriations from Government of the U.S. Virgin Islands	4,401,902	4,681,846	3,627,111
Capital Grant from Government of the U.S. Virgin Islands	75,000	110,000	-
Other non-operating revenue	31,213	-	439,111
Insurance Proceeds	11,511	16,717	255,328
Interest Income	3,855	6,452	1,657
Income (Loss)	(466,081)	1,746,887	1,416,359
Change in Net Position	$ (466,081)	$ 1,746,887	$ 1,416,359
Net Position – Beginning of Year	$ 13,121,930	$ 11,375,043	$ 9,958,684
Net Position – End of Year	$ 12,665,849	$ 13,121,930	$ 11,375,043

For fiscal year 2023, operating revenues of $2.2 million reflect contributions from the Corporation for Public Broadcasting of $1.1 million, funds from Federal Communications (FCC) of $59 thousand, lease revenue of $61 thousand, underwriting revenue of $124 thousand, fundraising revenue of $23 thousand, advertising revenue of $5 thousand, membership subscriptions and other donations of $46 thousand, funds from Federal Emergency Management Agency of $574 thousand and other revenue of $147 thousand. Operating revenues decreased by 1.2 million from the previous year mainly due to a decrease in revenue from the FCC of 1.5 million.

For fiscal year 2023, operating expenses of $7.1 million reflect programming expenses of $4.2 million, general administration expenses of $2.2 million, fundraising expenses of $10 thousand and depreciation expense of $665 thousand. Operating expenses increased by $725 thousand, mainly due to increases in program services and general and administration expenses.

For fiscal year 2022, operating revenues of $3.3 million reflect contributions from the Corporation for Public Broadcasting of $1.1 million, funds from Federal Communications (FCC) of $1.6 million, tower space rental income of $60 thousand, underwriting revenue of $163 thousand, fundraising revenue of $123 thousand, advertising revenue of $4 thousand, membership subscriptions and other donations of $55 thousand, funds from Federal Emergency Management Agency of $192 thousand and other revenue of $77 thousand. Operating revenues increased by $285 thousand from the previous year mainly due to increase in revenue from FCC, FEMA and fundraising.

For fiscal year 2022, operating expenses of $6.4 million reflect programming expenses of $3.7 million, general administration expenses of $1.9 million, fundraising expenses of $114 thousand and depreciation expense of $699 thousand. Operating expenses increased by $446 thousand, mainly due to increase in program services and depreciation.

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

Table 3: Summary of Grant Revenues

	2023	2022	2021
Grant Revenues – Corporation for Public Broadcasting	$ 1,111,872	$ 1,090,316	$ 1,058,329
Emergency Funds – Federal Emergency Management Agency	573,733	191,628	115,140
Grant Revenues – Community Foundation	(10,000)	-	10,000
Grant Revenues – Federal Communications Commission	58,730	1,584,370	1,478,440
Total Operating Grant Revenues	1,734,335	2,866,314	2,661,909
Non-Capital Appropriations from Government of the Virgin Islands	4,401,902	4,681,846	3,627,111
Capital Grants from the Government of the U.S. Virgin Islands	75,000	110,000	-
Other Grant Revenue	23,750	-	439,111
Total Non-Operating Grant Revenues	4,500,652	4,791,846	4,066,222
Total Grant Revenues	6,234,987	7,658,160	6,728,131
Operating Revenues	406,575	481,136	400,399
Total Grant Revenues and Operating Revenues	$ 6,641,562	$ 8,139,296	$ 7,128,530
Grants as a Percentage of Total Grant Revenues and Operating Revenues	93.9%	94.1%	94.4%

Capital Assets

The System's capital assets include land, buildings, building improvements and equipment. Capital asset additions during the fiscal years ended September 30, 2023 and 2022 amounted to $286 thousand and $2.0 million, respectively.

Summary of Capital Assets – Table 4 summarizes the System's capital assets as of September 30, 2023 and 2022:

Table 4: Summary of Capital Assets

	2023	2022
Land	$ 1,284,996	$ 1,284,996
Production and Broadcasting Equipment	10,403,726	10,432,348
Buildings and Improvements	3,486,369	3,465,725
Other	2,992,048	2,895,512
Construction in Progress	350,379	186,772
Total Capital Assets	18,517,518	18,265,353
Less: Accumulated Depreciation	(9,587,236)	(8,955,943)
Net Capital Assets	$ 8,930,282	$ 9,309,410

Note 5 to the financial statements provide detailed information regarding the capital assets of the System as of September 30, 2023 and 2022.

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 years ended September 30, 2023 and 2022:

	FY 2023 Budget	FY 2023 Actual	Variance
Total Revenue	$ 5,792,218	$ 5,936,929	$ 144,711
Total Operating Expenses	(5,792,218)	(6,207,719)	(415,501)
Non-Budgeted Revenues	-	737,463	737,463
Non-Budgeted Expenses	-	(932,754)	(932,754)
Income (Loss)	$ -	$ (466,081)	$ (466,081)

CPB grant revenue increased by $22 thousand, other revenues increased by $121 thousand. Non-budgeted revenues consist, re-packing funds from Federal Communications Commission (FCC) of $59 thousand, Federal Emergency Management Agency (FEMA) $574 thousand, Government capital grant of $75 thousand and the Jazz Foundation $30 thousand. The increase in operating expenses of $137 thousand is mainly due to an increase of $118 thousand or PBS dues. Non-budgeted expenses consist of depreciation expense of $665 thousand, United Jaz Foundation Expenses $29 thousand, FEMA related expenses of $154 thousand and other expenses $85 thousand.

	FY 2022 Budget	FY 2022 Actual	Variance
Total Revenue	$ 5,670,561	$ 5,893,495	$ 222,934
Total Operating Expenses	(5,670,561)	(5,250,259)	420,302
Non-Budgeted Revenues	-	2,268,970	2,268,970
Non-Budgeted Expenses	-	(1,165,318)	(1,165,318)
Income (Loss)	$ -	$ 1,746,889	$ 1,746,889

CPB grant revenue increased by $31 thousand, other revenues increased by $183 thousand. Non-budgeted revenues consist $366 thousand in a grant to repay 8% retroactive payments to personnel affected, re-packing funds from Federal Communications Commission (FCC) of $1.6 million, Federal Emergency Management Agency (FEMA) $192 thousand and Government capital grant of $110 thousand. The decrease in operating expenses of $420 thousand is mainly due to savings from vacant positions, these funds were repurposed and used for much needed non-budgeted capital improvements. Non-budgeted expenses consist of depreciation expense of $699 thousand, $366 thousand for the repayment of 8% retroactive payments to personnel affected and FEMA related expenses of $81 thousand.

Significant Currently Known Facts

Budgetary Appropriations

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

Hurricanes Irma and Maria

In September 2017, the US Virgin Islands was hit directly by hurricanes Irma and Maria. The category 5 storms caused extensive damages to VIPBS properties and operations. Their headquarters in St. Thomas was destroyed and St. Croix received less extensive damages. The Mountain Top facility also endured considerable damages. The System was informed of their preliminary allocation of insurance for Federal Emergency Management Agency (FEMA) purposes of $792,461, and this amount will be deducted from FEMA proceeds. As of the date of this report, VIPBS has 17 worksheets with FEMA Public Assistance. There are 13 on St. Thomas and 4 on St. Croix. We have collected $1,224,142 to-date for 8 project worksheets. We have received insurance proceeds of $294,159 towards 3 project worksheets.

FCC Repack Project

The System was included in the Federal Communications Commission ("FCC") Repack Project. The project consists of certain realignment on the broadcasting frequency by which WTJX would change its broadcasting from channel 44 to channel 36, pursuant to a Transition Plan and Budget approved by the FCC (the "Plan"). As part of the Plan, the FCC will provide all the funding, which is estimated at $4.7 million, for the building of new tower and the purchase of new transmitters and underlying equipment. As of September 30, 2023, total repacking funds received amounted to $3,877,991. The project has been completed and both towers are in service.

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 Broadcasting System – WTJX, P.O. Box 7879, Charlotte Amalie, St. Thomas, U.S. Virgin Islands 00801.

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 5,586,567	$ 5,347,894
Cash and Cash Equivalents – Restricted	587,610	732,179
Accounts and Other Receivable	52,593	109,474
Lease Receivable – Short-Term	38,827	64,135
Due from the Government of the U.S. Virgin Islands	232,263	304,791
Prepaid Expenses	767,418	594,516
Total Current Assets	7,265,278	7,152,989
Noncurrent Assets		
Lease Receivable	38,223	72,183
Leased Assets, net of accumulated amortization	520,325	72,005
Capital Assets, net of accumulated depreciation	8,930,282	9,309,410
Total Non-Current Assets	9,488,830	9,453,598
Total Assets	16,754,108	16,606,587
Deferred Outflows of Resources		
Deferred Amounts Related to Pension	870,544	1,183,938
Total Assets and Deferred Outflows of Resources	$ 17,624,652	$ 17,790,525
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 119,324	$ 144,064
Accrued Liabilities	196,192	156,687
Unearned Revenue	13,640	78,000
Lease Liability – Short Term	256,885	22,471
Compensated Absences – Short-Term	124,713	111,231
Total Current Liabilities	710,754	512,453
Noncurrent Liabilities		
Compensated Absences	125,691	115,372
Lease Liability	295,733	51,571
Net Pension Liability	3,177,488	3,465,766
Total Non-Current Liabilities	3,598,912	3,632,709
Total Liabilities	4,309,666	4,145,162
Deferred Inflows of Resources		
Deferred Amounts Related to Pension	588,270	393,047
Deferred Amounts Related to Leases	70,867	130,385
Total Deferred Inflows of Resources	659,137	523,432
Total Liabilities and Deferred Inflows of Resources	$ 4,968,803	$ 4,668,594
NET POSITION		
Net Position		
Net Investment in Capital Assets	$ 8,930,282	$ 9,309,410
Restricted	587,610	732,179
Unrestricted	3,137,957	3,080,341
Total Net Position	$ 12,655,849	$ 13,121,930

The accompanying notes are an integral part of these financial statements.

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

	2023	2022
Operating Revenues		
Grants from Corporation for Public Broadcasting	$ 1,111,872	$ 1,090,316
Funds from Federal Emergency Management Agency	573,733	191,628
Grant Revenues from Federal Communications Commission	58,730	1,584,370
Lease Revenue – Tower Space	61,153	59,519
Underwriting	124,311	162,599
Fundraising	23,192	123,347
Advertising	4,649	4,060
Membership Subscriptions and Other Donations	46,378	54,871
Other Operating Revenue	146,892	76,740
Total Operating Revenues	2,150,910	3,347,450
Operating Expenses		
Program Services	4,217,433	3,717,666
Management and General	2,247,355	1,885,272
Fundraising	10,495	114,019
Depreciation	665,189	698,621
Total Operating Expenses	7,140,472	6,415,578
Loss from Operations	(4,989,562)	(3,068,128)
Non-Operating Revenues and Expense		
Non-Capital Appropriations from Government of the U.S. Virgin Islands	4,401,902	4,681,846
Capital Grant from the Government of the U.S. Virgin Islands	75,000	110,000
Other Non-Operating Revenue	31,213	-
Insurance Proceeds, including Hurricane Related Claims	11,511	16,717
Interest Income	3,855	6,452
Total Non-Operating Revenues and Expense	4,523,481	4,815,015
Change in Net Position	(466,081)	1,746,887
Net Position, at Beginning of Year	13,121,930	11,375,043
Net Position, at End of Year	$ 12,655,849	$ 13,121,930

The accompanying notes are an integral part of these financial statements.

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

	2023	2022
Cash Flows Used in Operating Activities		
Receipts from Grants, Customers and Others	$ 2,339,588	$ 3,026,436
Payments to Suppliers and Employees	(6,033,385)	(5,618,563)
Net Cash Used in Operating Activities	(3,693,797)	(2,592,127)
Cash Flows Provided by Non-Capital Financing Activities		
Non-Capital Appropriations from Primary Government	4,400,702	4,680,936
Insurance Recoveries on Non-hurricane related Claims	11,511	16,717
Other Proceeds	31,213	-
Net Cash Used in Non-Capital Financing Activities	4,443,426	4,697,653
Cash Flows Provided by Investing Activities		
Interest Received on Cash and Cash Equivalents	3,855	6,452
Cash Flows Used in Capital and Related Financing Activities		
Purchase of Capital Assets	(286,061)	(2,051,089)
Leased Asset	(448,319)	(72,005)
Capital Grants from the Government of the U.S. Virgin Islands	75,000	110,000
Net Cash Provided by Capital and related Financing Activities	(659,380)	(2,013,094)
Net Increase in Cash and Cash Equivalents	94,104	98,884
Cash and Cash Equivalents, at Beginning of Year	6,080,073	5,981,189
Cash and Cash Equivalents, at End of Year	$ 6,174,177	$ 6,080,073
Cash and Cash Equivalents		
Unrestricted Cash and Cash Equivalents	$ 5,586,567	$ 5,347,894
Restricted Cash and Cash Equivalents	587,610	732,179
Total Cash and Cash Equivalents	$ 6,174,177	$ 6,080,073
Reconciliation to Net Cash Used in Operating Activities		
Loss from Operations	$ (4,989,562)	$ (3,068,128)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	665,189	698,621
Bad Debt Expense	1,200	910
Change in Assets and Liabilities:		
Accounts and Other Receivable	56,881	(19,913)
Lease Receivable	59,267	(136,317)
Due from the Government of the U.S. Virgin Islands	72,528	(164,783)
Prepaid Expenses	(172,902)	66,847
Accounts Payable	(24,740)	(231,167)
Accrued Liabilities	39,505	15,866
Unearned Revenue	(64,360)	76,940
Compensated Absences	23,800	(35,430)
Lease Liability	478,576	74,042
Deferred Outflows of Resources - Pension	313,394	-
Deferred Inflows of Resources - Pension	195,223	-
Deferred Inflows of Resources - Leases	(59,518)	130,385
Net Pension Liability	(288,278)	-
Total Adjustments	1,295,765	476,001
Net Cash Used in Operating Activities	$ (3,693,797)	$ (2,952,127)

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

STATEMENTS OF CASH FLOWS *(Continued)*
FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

	2023	2022
Non-Cash Transactions Disclosures		
Supplementary Disclosures of Cash Flows Information		
Salaries Paid by the Government of Virgin Islands in the Form of a Grant	$ 3,148,283	$ 2,802,567

The accompanying notes are an integral part of these financial statements.

NOTE 1 REPORTING ENTITY

The Virgin Islands Public Broadcasting System (the "System") was created by Act No. 2364 on November 15, 1968, to provide education 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. In December 2014, the System expanded operations to include a public education radio station, WTJX-FM. The radio promotes educational, general welfare and cultural programming including National Public Radio programming. On July 30, 2015, but effective November 2015, the Legislature of the Virgin Islands through Act 7748 officially changed the name of the Virgin Islands Public Television System to the Virgin Islands Public Broadcasting System.

The System was formed as a public corporation and is an autonomous component unit of the Government of the U.S. Virgin Islands (the "GVI") and, therefore, the financial statements of the System are not intended to present fairly the financial position and results of operations of the GVI. Only the accounts of the System are included in the reporting entity.

The System's Board of Directors consists of the Commissioner of the Department of Education, the Vice-Chair 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, four other members appointed by the Governor. The call letters of the System are WTJX, and it is a member of the Public Broadcasting Service ("PBS"), a media foundation that provides programs and services to public and non-commercial television stations. Also, it is a member of the National Public Radio ("NPR").

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The System prepares it financial statements in conformity with accounting principles generally accepted in the United States of America for governmental enterprise funds as prescribed by the Government Accounting Standards Board ("GASB").

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 purposed into net positions, categories and to report the change in net position. Net position is the residual of all other elements presented in the statements 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 accumulated depreciation, reduced by any outstanding balances of mortgages or notes attributable to the acquisition, construction or improvement of those assets.

- ***Restricted Net Position –*** This category consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

- ***Unrestricted 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 revenues of the System are grants, including grants from the Government of the U.S. Virgin Islands and grants from the Corporation for Public Broadcasting ("CPB"), underwriting, fundraising, tower space lease revenue and advertising. Operating expenses mainly include programming services, management and general expenses, and depreciation.

When both restricted and unrestricted resources are available for use, the System decides to use resources on a case by case basis.

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 cash allotments from the CPB in two installments during the year 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, 2023, cash and cash equivalents held at banks were fully collateralized.

Accounts and Other Receivable – All accounts and grant receivables are reported as assets of the System. These accounts receivable mainly consist of underwriting, grants and tower space lease revenue.

Allowance for Doubtful Accounts – The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible based on evaluations of collectability of accounts receivable and prior credit loss experience. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the existing accounts receivable and related allowance may change in the future. Balance of the allowance for doubtful accounts at September 30, 2023 and 2022 amounted to $-0-.

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. These prepaid expenses mainly consist of unamortized PBS dues, memberships and insurance.

Leases – The System implemented GASB Statement No. 87, Leases in fiscal year 2022. This Statement defines a lease as a legally binding contract that conveys control of the right-to-use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time. This contractual arrangement requires the lessee (the party who is renting or leasing the asset) to pay the lessor (the party who owns or controls the asset) for use of the asset over a specified period of time. The System engages in contractual arrangements both as a lessee and lessor.

Lessee
As a lessee, the System recognizes a lease liability and an intangible right-to-use asset. The lease liability is measured at the present value of future payments expected to be paid during the lease term. Lease liabilities are subsequently reduced by the principal portion of lease payments made. The lease asset is measured as the initial lease liability. The right-to-use leased asset is amortized over the shorter of the lease term of the useful life of the underlying asset. The System utilizes the interest rate that is implicitly defined within the lease agreement as the discount rate. If one is not readily determinable, the System utilizes the incremental borrowing rate as an alternative. The System monitors changes in circumstances that would require remeasurement of its lease liability and will remeasure the lease liability and the right-to-use asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor
As a lessor, the System recognizes a lease receivable and deferred inflows of resources. The lease receivable is measured at lease commencement, based on the present value of future lease payments expected to be collected during the lease term. Lease receivables are subsequently reduced by the principal portion of lease payments received. The deferred inflows of resources are measured at the initial amount of the lease receivable. Deferred inflows of resources are recognized as revenue over the life of the lease term. The System utilizes the interest rate that is implicitly defined within the lease agreement as the discount rate. If one is not readily determinable, the System utilizes the incremental borrowing rate as an alternative. The System monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 acquisition value at the date of donation. Only assets with an initial, individual cost, or fair market value, of more than $5,000 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.

Capital assets are depreciated using the straight-line method by groups or classes over the following expected service lives:

	Years
Buildings	40-60
Buildings and Improvements	15-30
Production & Broadcast Equipment	3-15
Others	7

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

Right-to-use assets resulting from leases are measured as the lease liability calculated as the present value of lease payments over the life of the lease.

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 Calendar year. Unpaid annual leave is accrued as a liability of the System, as well as the System's share of related payroll taxes, if the compensated absence is attributable to past service and it is probable that the System will compensate the employee for the benefits. The number of compensated absences is computed using salary rates in effect at September 30th. As of September 30, 2023 and 2022, the System reported accrued compensated absences amounting to $250,404 and $226,603, respectively.

Pension Plan – The Employees' Retirement System of the government (the "GERS") is the administrator of a cost-sharing multiple-employer, defined benefit pension plan (the "plan") established as of October 1, 1959 by the Government to provide retirement, death, and disability benefits to its employees, and includes employees of Judicial, Executive and Legislative Branches of government and outside agencies. The plan covers all employees of the Government except employees compensated on a contract fee basis, casual, per diem or provisional and part-time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after 10 years of service. Benefits may be extended to beneficiaries of plan members.

Deferred Outflows of Resources – In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. The deferred amounts related to pension consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions and other differences between expected and actual experience.

Deferred Inflows of Resources – In addition to liabilities and net position, the statement of net position reports a separate section of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The deferred amounts related to pension consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions and other differences between expected and actual experience.

Revenue Recognition – The System distinguishes operating revenues and expenses from non-operating items. 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. Revenues associated with the Contributions from Corporation for Public Broadcasting are recorded as operating revenues when cash is received. The System also recognizes grants received as operating revenue. Expenses related to the program services, and management and general expenses are recorded as operating expenses.

Non-operating revenues consist principally of non-capital appropriations from government of the U.S. Virgin Islands. These funds are given to the System for its operations. The allotment amount is approved by the government which is split into monthly allotment set by OMB. A memo is sent monthly informing the System that the funds are available.

The accompanying statement of activities for the year ended September 30, 2023 is presented in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606). The Organization measures revenue from contracts with customers based on the consideration specified in a contract with a customer and recognizes revenue as a result of satisfying its promise to transfer goods or services in a contract with a customer using the following general revenue recognition five-step model: (1) identify the contract; (2) identify performance obligations; (3) determine transaction price; (4) allocate transaction price; and (5) recognize revenue.

Use of Estimates in the Preparation of Financial Statements – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 periods. Actual results could differ from those estimates.

New Accounting Pronouncements – Accounting Pronouncements Issued but Not Yet Adopted

GASB Statement No. 100 – ***Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*** **–** This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction) of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes in to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101 – ***Compensated Absences*** **–** This Statement establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). This Statement defines a compensated absence as leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The Statement further defines salary-related payments as obligations that a government incurs related to providing leave in exchange for services rendered and requires note disclosures regarding long-term liabilities for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The System is evaluating the impact of this statement.

NOTE 3 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, and other fundraising activities, (iii) Emergency Maintenance funded from lease revenue of an up-link television broadcasting tower located in St. Thomas, (iv) Certificate of Deposit held as a reserve and (v) a petty cash account. Restricted cash consist of CPB funding. These funds will be used for the operation of the System, in compliance with the purposes and restrictions set forth in the CPB General Provisions and Eligibility criteria guidelines.

As of September 30, 2023 and 2022, cash and cash equivalents consisted of the following deposits in banks and certificate of deposit:

	2023	2022
Restricted:		
Corporation for Public Broadcasting	$ 587,610	$ 732,179
Unrestricted:		
Government of the U.S. Virgin Islands	3,317,956	3,443,218
Special Productions	740,851	693,288
Emergency Maintenance	710,940	681,431
FEMA Funds Account	482,513	195,316
Petty Cash	1,700	2,200
Certificate of Deposit	332,607	332,441
Unrestricted Cash and Cash Equivalents	5,586,567	5,347,894
Total Cash and Cash Equivalents	$ 6,174,177	$ 6,080,073

- **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 USVI Commissioner of Finance.

NOTE 4 ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables at September 30, 2023 and 2022, consisted of the following:

	2023	2022
Underwriting	$ 33,975	$ 61,460
Rent	-	1,633
Fundraising	5,000	14,000
Advertisement	1,450	1,750
Other	5,050	30,631
Auction	7,118	-
	$ 52,593	$ 109,474

As of September 30, 2023 and 2022, the System had an outstanding receivable due from the Government, amounting to $232,263 and $304,791, respectively, to cover accrued payroll expenses.

NOTE 5 CAPITAL ASSETS

Capital assets at September 30, 2023 and 2022 are comprised of the following:

	Balance at September 30, 2022	Additions	Disposals	Balance at September 30, 2023
Non-depreciable assets:				
Land	$ 1,284,996	$ -	$ -	$ 1,284,996
Construction in Progress	186,772	163,606	-	350,378
Non-depreciable assets:	1,471,768	163,606	-	1,635,374
Depreciable assets:				
Production and broadcasting equipment	10,432,348	5,275	(33,896)	10,403,727
Buildings and improvements	3,465,725	20,644	-	3,486,369
Other	2,895,512	96,536	-	2,992,048
Total depreciable assets	16,793,585	122,455	(33,896)	16,882,144
Less: accumulated depreciation	(8,955,943)	(665,189)	33,896	(9,587,236)
Total depreciable assets, net	7,837,642	(542,734)	-	7,294,908
Total capital assets, net	$ 9,309,410	$ (379,128)	$ -	$ 8,930,282

	Balance at September 30, 2021	Additions	Disposals	Balance at September 30, 2022
Non-depreciable assets:				
Land	$ 1,284,996	$ -	$ -	$ 1,284,996
Construction in Progress	25,000	161,772	-	186,772
Non-depreciable assets:	1,309,996	161,772		1,471,768
Depreciable assets:				
Production and broadcasting equipment	9,046,708	1,648,456	(262,816)	10,432,348
Buildings and improvements	3,408,260	57,465	-	3,465,725
Other	2,756,770	183,396	(44,654)	2,895,512
Total depreciable assets	15,211,738	1,889,317	(307,470)	16,793,585
Less: accumulated depreciation	(8,564,792)	(698,621)	307,470	(8,955,943)
Total depreciable assets, net	6,646,946	1,190,696	-	7,837,642
Total capital assets, net	$ 7,956,942	$1,352,468	$ -	$ 9,309,410

Depreciation expense for the years ended September 30, 2023 and 2022 amount to $665,189 and $698,621, respectively.

NOTE 6 PROGRAMMING DUES

The System is a member station of the Public Broadcasting Services of the U.S. ("PBS"). PBS offers programming designed to expand the minds of children, documentaries, noncommercial news programs, and programs designed to expose listeners to music, theatre, dance and art.

Dues for the member year of July 1, 2023 through June 30, 2024 amounted to $781,300, was paid as of September 30, 2023. Unamortized portion amounting to $585,975 in FY 2023 is included as part of prepaid expenses in the accompanying statement of net position.

Dues for the member year of July 1, 2022 through June 30, 2023 amounted to $630,776, was paid as of September 30, 2022. Unamortized portion amounting to $473,082 in FY 2022 is included as part of prepaid expenses in the accompanying statement of net position.

NOTE 7 NON-CAPITAL APPROPRIATIONS AND GRANTS REVENUE

The System receives two main sources of revenues: (i) noncapital appropriations from the Government of the U.S. 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 Service, salaries and related benefits and operating expenses.

For the fiscal years ended September 30, 2023 and 2022, the System received the following grant revenue from these organizations:

	2023	2022
Government of the Virgin Islands	$ 4,401,902	$ 4,681,846
Corporation for Public Broadcasting	1,111,872	1,090,316
Capital Grant from the Government of the U.S. Virgin Islands	75,000	110,000
United Jazz Foundation Project Grant	30,000	-
Re-Packing Fund-FCC	58,730	1,584,370
FEMA Grants	573,733	191,628
American Documentary Grant	3,750	-
	$ 6,254,987	$ 7,658,160

During the years ended September 30, 2023 and 2022, the GVI supported $3,148,283 and $2,802,567 in salary and related costs through its appropriations to the System.

NOTE 8 LEASES

Lease Receivables

The System entered into contractual arrangements as a lessor for certain tower facilities. The leases require monthly payments for a term of 5 years. The System recognized $61,153 and $3,855 in lease revenue and interest income, respectively, during the fiscal year ended September 30, 2023. As of September 2023, lease receivables totaled $77,050 and deferred inflows of resources totaled $70,867.

Lease Liability

The System entered into contractual arrangements as a lessee for office building space and equipment. As of September 30, 2023, the statement of net position includes the following amounts related to leases:

Leased Assets:	
Building and Equipment	$ 802,867
Less Accumulated Amortization	282,542
Leased Assets, Net of Amortization	$ 520,325
Lease Liability:	
Current	$ 256,885
Non-Current	295,733
	$ 552,618

The future principal and interest lease payments as of September 30, 2023 are as follows:

Date	Principal	Interest	Total
9/30/2024	$ 256,885	$ 35,900	$ 292,785
9/30/2025	295,733	13,376	309,109
Total	$ 552,618	$ 49,276	$ 601,894

NOTE 9 COMMITMENTS AND CONTINGENCIES

The System derives most of its operating revenue from appropriations 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.

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

During September 2017, Hurricanes Irma and Maria hit the U.S. Virgin Islands causing enormous losses and devastation. The System suffered damages to equipment and property. The System's headquarters and its main broadcasting facility was severely damaged. Management and the Board continue to identify funding sources and estimated outlay of funds for the restoration of the facilities. The System is anticipating federal funding from FEMA to aid in the rebuild. The total funds to be expended is not yet determinable.

NOTE 10 PENSION PLAN

The System follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes financial reporting standards for state and local governments for pensions.

Plan Description

The System's employees are members of the Employees' Retirement System of the Government of the U.S. Virgin Islands ("GERS"), cost sharing multiple employer defined benefit, public employee retirement system as defined by GASB 68. The system was established by the Government to provide retirement, death and disability benefits to its employees. All of the System's full-time regular employees are mandated to participate in the retirement plan administered by GERS.

The System's part-time employees who regularly work more than 50% of the normal work period, and full-time regular employees who at the time of employment are under age 55 years with one year of government service are eligible to participate in the system. Effective January 1, 2017, the System's required contribution was 23.5% of the member's annual salary. Prior to that date, the percentage was 17.5%. Effective January 1, 2017, member contributions were 11% and 11.5% for Tier I and Tier II employees. Total amount of the System's covered payroll for the year ended September 30, 2021 was $247,054.

Plan descriptions, funding policies, and a schedule of employee required and paid contributions for the defined benefit plans are presented in the Virgin Islands Comprehensive Annual Financial Report (Report) for the fiscal year ended September 30, 2023. The Report also provides detailed historical trend information showing the progress in accumulating sufficient assets to pay benefits when due. In addition, GERS issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained from the Employees' Retirement System of the Government of the Virgin Islands, GERS Complex, 3438 Kronpindsens Gade, St. Thomas, VI 00802.

NOTE 11 NET PENSION LIABILITY

Net Pension Liability

Effective July 1, 2014, the System implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Following is a description of the pension plan and accounting for pension expense, liabilities, and deferred outflows/inflows of resources.

Plan Description and Benefits

Full time employees of the System are members of the Government Employees' Retirement System of the Virgin Islands (GERS), a cost sharing multiple-employer, defined benefit pension plan (the plan) established as of October1,1959 in accordance with Title 3, Chapter 27 of the Virgin Islands Code to provide retirement, death, and disability benefits. Benefits may be extended to beneficiaries of plan members. The plan covers all employees of the Government, including the System, except employees compensated on a contract fee basis, casual, per diem or provisional and part time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after 10 years of service. Benefits may be extended to beneficiaries of plan members.

There are two tiers within the plan:

Tier I: Employees hired prior to September 30, 2005

Tier II: Employees hired on or after October 1, 2005

The System provides for retirement, death, and disability benefits to plan members. Benefits may be extended to beneficiaries of plan members. Regular Tier I employees who have completed 30 years of credited service or have attained age 60 with at least 10 years of credited service are eligible for a full-service retirement annuity. Regular Tier II employees who have attained age 65 with at least ten years of service are eligible for a full-service retirement annuity. Members who are considered "safety employees" as defined in the Code are eligible for full retirement benefits when they have earned at least 20 years of government service or have reached the age of 55 with at least 10 years of credited service. Tier I regular and safety employees who have attained age 50 with at least 10 years of credited service may elect to retire early with a reduced benefit. Tier II regular and safety employees who have attained age 60 with at least 10 years of credited service may elect to retire early with a reduced benefit. Senators and members of the Legislature may receive a retirement annuity when they have attained age 50 and upon the completion of 6 years of credited service as a member of the legislature.

The semi-monthly annuity benefit payments are determined by applying a stipulated benefit ratio to the member's average compensation. Average compensation for Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service. Average compensation for Tier II members is determined by averaging the most recent five years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation is $65,000, except for senators and judges, whose annual salary is used. The Board may set cost-of-living increases for annuitants and pensioners and determine when the annuity should be paid on the basis of the most recent actuarial valuation and the Consumer Price Index. The annual increase in the case of a disability annuity shall be 1 percent per year prior to the member's attainment of age 60 and 1.5 percent per year thereafter. The Board of Trustees may not increase rates by more than 3.0% over a five-year period. The employer's contributions together with the employee's contributions and the income of the System should be sufficient to provide an adequate actuarially determined reserve for the benefits prescribed by the Code.

Funding and Contribution Policy

Contributions to GERS are established by the Board of Trustees of GERS. Contribution rates to the retirement plan for regular employees vary based on classification as Tier I or Tier II. The GVI's employer contribution for Tier I and Tier II employees is 23.5% of the member's annual salary, effective on January 1, 2020. Employee contribution rates are as follows:

	Tier I	Tier II
Regular Employees	11%	11.5%
Public Safety Employees	13%	13.625%
Legislature	12%	14%
Judges	15%	15%

Both the Plan and the System have a September fiscal year end. GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. The GERS Board adopted to use a measurement date that is not more than a year prior to any of the employers' reporting dates as allowed under GASB 68. As of July 1, 2021, all compensation of the System's employees is paid by the Primary Government. Consequently, there is no allocation of pension liabilities, related pension expense, and deferred outflows/inflows for the year ended September 30, 2023. The System's outstanding liability will be adjusted as the overall pension liability changes and incremental changes will be reported by the Primary Government. The System's financial statements reflect the information as of September 30, 2021, measurement date. This data became available during the current fiscal year. The pension liability information presented is for the following timeframes:

Valuation Date:	September 30, 2021
Measurement Date:	September 30, 2021
Measurement Period:	October 1, 2020 – September 30, 2021

The System's proportionate share of employer contributions recognized by GERS was $56,021 for the Plan's fiscal year ended September 30, 2021.

Pension Liabilities and Expense and Deferred Outflows/Inflows of Resources

The actuarial calculated net pension liability for the System's proportionate share of the net pension liability of the plan was $3,177,488 as of September 30, 2021. The net pension liability of the plan is measured as of September 30, 2021, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. Actuarially determined proportionate share information from GERS was estimated by management based on an average five-year respective share of the System's contributions to the plan relative to all contributions to the plan.

The System's proportion was 0.0600% at September 30, 2021. The pension liability reported in the System's financial statements relates to the payroll funded by sources other than government appropriations since the pension liability for all the employees paid by the GVI is accounted for at the GVI's financial statements. The System's proportionate share of employer contributions recognized by GERS from the payroll funded by sources other than government appropriations was $56,021. The System recognized $220,338 of pension expense at September 30, 2021, inclusive of amortization of deferred outflows of pension-related items. Following is a schedule of deferred outflows/inflows of resources allocated to the System in the computation of net pension liability:

September 30, 2021

	Deferred Outflows by Resources	Deferred Inflows of Resources
Change in assumptions	$ 501,097	$ 250,366
Difference between expected and actual experience	19,133	191,414
Net difference between projected and actual earnings on pension plan investments	-	2,429
Change in proportionate share	350,313	144,061
	$ 870,543	$ 588,270

Amounts reported as deferred outflows of resources and deferred inflows of resources, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows:

Year ending September 30,	
2024	$153,355
2025	$ 91,981
2026	$ 91,981
2027	$ 36,382
Thereafter	$ -

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of September 30, 2021, is provided below. Refer to September 30, 2021 actuarial valuation report for a complete description of all other assumptions, which can be found on GERS' website.

Inflation Rate:	2.10%
Salary Increases:	3.25% per year
Actuarial Cost Method:	Entry Age Normal
Expected Rate of Return:	4.0%
Municipal Bond Yield:	2.26%
Discount Rate:	2.52%
Mortality Table:	*Healthy*: 110% of the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables *Disabled*: 125% of the RP-2014 Disabled Annuitant Mortality Table

Investment Rate of Return

The expected rate of return of 4.0% on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2021, are summarized as follows:

Asset Class	Target Allocation	[1]Long-Term Expected Real Rate of Return
Domestic Equity	9%	7.04%
Fixed Income	60%	0.89%
Real Estate	10%	4.14%
Cash	12%	0.29%
Private Equities (Alternatives)	9%	11.04%
Total	100%	

[1]Real rates of return are net of inflation.

Discount Rate

The discount rate used to measure the total pension liability was 2.52% as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the expected rate of return on plan investments of 4.0% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond index was applied, which was 2.26% at September 30, 2021.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the System's allocated proportionate share of the net pension liability (NPL) for the plan, calculated using the discount rate of 2.52% as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (1.52%) or 1% higher (3.52%) than the current rate.

1% Decrease (1.52%)	Current Discount (2.52%)	1% Increase (3.52%)
$3,652,369	$3,177,488	$2,785,378

Detailed information about pension plan's fiduciary net position is available in the separately issued GERS financial report.

NOTE 12 OTHER POSTEMPLOYMENT BENEFIT LIABILITY

The Governmental Accounting Standards Board issued GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The Statement is effective for fiscal years beginning after June 15, 2017. The Government of the Virgin Islands adopted and implemented GASB 75 for the year-end September 30, 2018. The objective of the Statement is to improve Accounting and Financial Reporting for state and local governments (including component units) for Postemployment Benefits Other than Pensions (OPEB).The System is a component unit of the U.S. Virgin Islands Primary Government. For purposes of GASB 75, the plan is classified as a nontrusted multiple employer plan. In this Special Funding Situation, the Primary Government covers the plan expenses as they occur. The plan is considered a "pay as you go" plan.

The Primary Government is the only entity responsible for the payment of OPEB for retirees of the System. As of July 1, 2021, all compensation of the System's employees is paid by the Primary Government. Management has communicated that because the Primary Government is responsible for all employment cost of the System's employees, no adjustments to its financial statements are recorded.

NOTE 13 SUBSEQUENT EVENTS

The Authority's management has evaluated subsequent events through February 26, 2024, the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that exist at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM

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

SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016
System's proportion of the net pension liability	0.0600%	0.0600%	0.0500%	0.0534%	0.0568%	0.0522%	0.0571%
System's proportionate share of the net pension liability	$3,177,488	$3,465,766	$2,657,324	$2,227,340	$2,487,214	$2,552,151	$2,322,908
System's covered-employee payroll	247,054	239,632	202,388	317,367	223,583	203,205	203,050
System's proportion share of the net pension liability as a percentage of its covered-employee payroll	1286%	1446%	1313%	701.82%	1,112.43%	1,256.00%	1,144.00%
Plan fiduciary net position as percentage of the total pension liability	8.23%	9.16%	11.32%	13.72%	16.18%	16.54%	19.58%

**The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year). The data presented is as of the last period of pension liability allocation for the System – September 30, 2021. As of July 1, 2021, compensation for all the System's employees is paid by the Primary Government. Consequently, there is no net pension liability allocation for the System as of September 30, 2023.*

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially required contributions	$224,249	$219,482	$138,762	$142,975	$142,276	$136,431	$114,251	$95,427
Contributions in relation to the actuarially required contributions	56,021	53,570	47,495	43,543	42,715	40,208	41,276	34,354
Contribution deficiency/(excess)	168,228	165,912	91,267	99,432	99,561	96,223	72,975	61,073
Covered-employee payroll	247,054	239,632	202,388	214,172	223,583	203,205	203,050	186,176
Contributions as a percentage of covered-employee payroll	22.68%	22.36%	23.47%	20.33%	19.11%	19.79%	20.33%	18.45%

**The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year). The data presented is as of the last period of pension liability allocation for the System – September 30, 2021. As of July 1, 2021, compensation for all the System's employees is paid by the Primary Government. Consequently, there is no net pension liability allocation for the System as of September 30, 2023.*

Valuation Date:	September 30, 2021
Measurement Date:	September 30, 2021

Actuarially determined contribution rates are calculated as of September 30, 2020, one year prior to end of the fiscal year in which contributions are reported and applied to all periods included in the measurement.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Inflation	2.10%
Salary increases	3.25%
Discount rate	2.52%
Mortality rates	*Healthy*: 110% of the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables *Disabled*: 125% of the RP-2014 Disabled Annuitant Mortality Table
Municipal bond yield	2.26%

**The data presented is as of the last period of pension liability allocation for the System – September 30, 2021.*

SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

STATEMENTS OF REVENUES AND EXPENSES PER DIVISION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

			TOTAL	
	WTJX-TV	**WTJX-FM**	**2023**	**2022**
Operating Revenues				
Grants and Funds	$ 1,744,335	$ -	$ 1,744,335	$ 2,866,313
Lease Revenue	61,153	-	61,153	59,519
Underwriting	54,783	69,528	124,311	162,599
Fundraising	21,904	1,288	23,192	123,347
Advertising	4,649	-	4,649	4,060
Membership Subscriptions and Other Donations	38,423	7,955	46,378	54,872
Other Operating Revenue	146,892	-	146,892	76,740
Total Operating Revenues	2,072,139	78,771	2,150,910	3,347,450
Non-Operating Revenues				
Contribution from the Government of the U.S. Virgin Islands	4,193,774	208,128	4,401,902	4,681,846
Capital Grant from the Government of the U.S. Virgin Islands	75,000	-	75,000	110,000
Interest Income	3,855	-	3,855	6,452
Insurance Proceeds	11,511	-	11,511	16,717
Other non-operating revenue	31,213	-	31,213	-
Total Non-Operating Revenues	4,315,353	208,128	4,523,481	4,815,015
Total Revenues	$ 6,387,492	$ 286,899	$ 6,674,391	$ 8,162,465
Operating Expenses				
Program Services				
Salaries	$ 2,063,246	$ 114,474	$ 2,177,720	$ 1,938,215
Program Acquisition	665,232	16,665	681,897	735,174
Annual Leave Accrual	23,801	-	23,801	(35,430)
Employee Benefits	772,483	32,305	804,788	717,763
Equipment Rental and Maintenance	17,055	-	17,055	184,056
Utilities	12,774	4,275	17,049	19,478
Travel	47,385	-	47,385	27,538
Supplies and Other	34,166	-	34,166	29,456
Production	54,459	45,962	100,421	75,491
Lease Amortization Expense	259,189	-	259,189	23,353
Lease Interest Expense	53,962	-	53,962	2,572
Total Program Services	4,003,752	213,681	4,217,433	3,717,666
Management and General				
Salaries	19,511	-	19,511	26,929
Employee Benefits	308,679	-	308,679	375,506
Depreciation	665,189	-	665,189	698,621
Payroll Taxes and Contributions	157,926	8,684	166,610	148,400
Utilities	313,835	-	313,835	292,045
Professional Fees	286,116	3,094	289,210	173,710
Production	62,702	-	62,702	32,377
Printing and Publication	17,488	-	17,488	14,027
Repairs and Maintenance	122,015	579	122,594	134,085
Insurance	131,732	-	131,732	115,597
Subscriptions and Memberships	11,246	-	11,246	11,272
Professional Development/Training	44,063	4,500	48,563	33,408
Supplies and Other	226,328	325	226,653	152,377
Bad Debt Expense	1,200	-	1,200	910

VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM
(A Component Unit of the Government of the United States Virgin Islands)

STATEMENTS OF REVENUES AND EXPENSES PER DIVISION *(Continued)*
FOR THE YEARS ENDED SEPTEMBER 30, 2023 and 2022

			TOTAL	
	WTJX-TV	**WTJX-FM**	**2023**	**2022**
Program Acquisition	-	14,980	14,980	22,632
Automobile	44,164	-	44,164	37,083
Equipment Rental and Maintenance	3,213	-	3,213	2,150
Small Equipment	241,032	-	241,032	59,267
Postage and Freight	28,227	-	28,227	20,034
Advertising	11,263	-	11,263	27,910
Computer Supplies	92,673	8,062	100,735	89,749
United Jazz Foundation Project Expenses	29,000	-	29,000	-
Security	28,204	-	28,204	15,363
FCC Repacking	-	-	-	81,742
FEMA	26,514	-	26,514	18,699
Total Management and General	2,872,320	40,224	2,912,544	2,583,893
Fundraising	10,420	75	10,495	114,019
Total Operating Expenses	$ 6,886,492	$ 253,980	$ 7,140,472	$ 6,415,578

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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 Broadcasting 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 Broadcasting System (the "System"), as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated February 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on 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 financial statement. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 System'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.

Bert Smith & Co.

Washington, D.C.
February 26, 2024