

**WEST TENNESSEE PUBLIC
TELEVISION COUNCIL, INC.
MARTIN, TN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2016 and 2015

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
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Independent Auditor's Report

To the Board of Directors
West Tennessee Public Television Council, Inc.
Martin, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of West Tennessee Public Television Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Tennessee Public Television Council, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and the schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 October 18, 2016 on our consideration of West Tennessee Public Television Council, Inc.'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 West Tennessee Public Television Council, Inc.'s internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Martin, Tennessee
October 18, 2016

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 815,838	\$ 1,094,170
Accounts receivable	3,181	1,267
Total current assets	819,019	1,095,437
Property and equipment		
Leasehold improvements	53,560	53,560
Furniture/fixtures/office equipment	28,639	61,545
Broadcasting equipment	3,459,444	3,460,598
Software	26,296	26,296
Transmitters/antenna/towers	1,756,352	1,869,682
Vehicles	125,672	125,672
	5,449,963	5,597,353
Less: accumulated depreciation	4,542,154	4,627,502
Net property and equipment	907,809	969,851
Total assets	\$ 1,726,828	\$ 2,065,288
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 490	\$ 73,369
Payroll taxes payable	-	21
Accrued annual pay	45,780	48,838
Unearned revenue	638,656	654,001
Total current liabilities	684,926	776,229
Net assets		
Unrestricted		
Operating	134,093	319,208
Property and equipment	907,809	969,851
Total net assets	1,041,902	1,289,059
Total liabilities and net assets	\$ 1,726,828	\$ 2,065,288

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	UNRESTRICTED		Total
	Operating	Property and equipment	
Public Support and Revenues			
CPB - Community Service Grant	\$ 578,412	\$ 75,589	\$ 654,001
CPB - Interconnect Grant	11,712	-	11,712
CPB - Local Service Grant	57,926	-	57,926
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	8,500	-	8,500
Special event revenue	7,920	-	7,920
Individual giving	82,605	-	82,605
Corporate income	96,394	-	96,394
Production revenue	22,785	-	22,785
TN channel revenue	33,333	-	33,333
In-kind contributions	487,130	-	487,130
Interest income	1,854	-	1,854
Education and community engagement income	17,032	-	17,032
Miscellaneous	3,567	-	3,567
Total public support and revenues	1,839,963	75,589	1,915,552
Expenses			
Program services			
Broadcasting	424,213	-	424,213
Engineering	522,094	100,199	622,293
Production	372,115	31,622	403,737
Education	64,797	-	64,797
Total program services	1,383,219	131,821	1,515,040
Support services:			
Individual giving	98,773	-	98,773
Corporate giving	45,705	-	45,705
Management and support	497,381	5,810	503,191
Total support services	641,859	5,810	647,669
Total expenses	2,025,078	137,631	2,162,709
Change in net assets	(185,115)	(62,042)	(247,157)
Net assets, beginning of year	319,208	969,851	1,289,059
Net assets, end of year	\$ 134,093	\$ 907,809	\$ 1,041,902

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	UNRESTRICTED		Total
	Operating	Property and equipment	
Public Support and Revenues			
CPB - Community Service Grant	\$ 482,443	\$ 172,777	\$ 655,220
CPB - Interconnect Grant	11,831	-	11,831
CPB - Local Service Grant	55,650	-	55,650
USDA grant	-	-	-
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	10,000	-	10,000
CLO income	-	-	-
Special event revenue	6,437	-	6,437
Memberships	72,387	-	72,387
Underwriting	64,021	-	64,021
Production revenue	21,045	-	21,045
TN channel revenue	33,333	-	33,333
In-kind contributions	515,535	-	515,535
Interest income	3,550	-	3,550
Gain on sale of asset	-	2,020	2,020
Miscellaneous	22,428	-	22,428
Total public support and revenues	<u>1,729,453</u>	<u>174,797</u>	<u>1,904,250</u>
Expenses			
Program services			
Broadcasting	425,372	148	425,520
Engineering	518,863	183,161	702,024
Production	383,367	24,327	407,694
Education	58,328	-	58,328
Total program services	<u>1,385,930</u>	<u>207,636</u>	<u>1,593,566</u>
Support services:			
Individual giving	94,682	-	94,682
Marketing	50,894	-	50,894
Management and support	452,282	2,202	454,484
Total support services	<u>597,858</u>	<u>2,202</u>	<u>600,060</u>
Total expenses	<u>1,983,788</u>	<u>209,838</u>	<u>2,193,626</u>
Change in net assets	(254,335)	(35,041)	(289,376)
Net assets, beginning of year	<u>573,543</u>	<u>1,004,892</u>	<u>1,578,435</u>
Net assets, end of year	<u>\$ 319,208</u>	<u>\$ 969,851</u>	<u>\$ 1,289,059</u>

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from Federal, State, and local sources	\$ 1,913,638	\$ 2,034,118
Cash paid to suppliers and employees	(2,118,569)	(1,923,464)
Cash received from interest income	1,854	3,550
Net cash provided (used) by operating activities	(203,077)	114,204
Cash flows from investing activities:		
Net cash paid for capital expenditures	(75,255)	(174,797)
Net cash used by investing activities	(75,255)	(174,797)
Net increase (decrease) in cash and cash equivalents	(278,332)	(60,593)
Cash and cash equivalents - beginning of year	1,094,170	1,154,763
Cash and cash equivalents - end of year	\$ 815,838	\$ 1,094,170
 Cash flows from operating activities:		
Change in net assets	\$ (247,157)	\$ (289,376)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	137,297	209,838
(Increase) decrease in accounts receivable	(1,914)	129,868
Increase (decrease) in accounts payable	(72,879)	65,093
Increase (decrease) in other payables	(21)	-
Increase (decrease) in accrued annual pay	(3,058)	-
Increase (decrease) in unearned revenue	(15,345)	(1,219)
Net cash provided by operating activities	\$ (203,077)	\$ 114,204

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 –SIGNIFICANT ACCOUNTING POLICIES

West Tennessee Public Television Council, Inc. (the Corporation) is a non-profit Tennessee corporation which owns and operates the non-profit public television station – WLJT-TV. WLJT's mission is to educate, enrich and enlighten by providing programs and services of quality and value to West Tennessee and the surrounding area. The Corporation has significant reliance and is supported primarily through private contributions, state and local grants, grants from the Corporation of Public Broadcasting, appropriations from the State of Tennessee, and In-kind contributions.

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has continued its use of fund accounting in keeping its books and records. As a result, it has reclassified its fund balance to present the three classes of net assets for financial statement purposes as required.

C. Revenue Recognition

Grant funding for contract periods spanning across multiple fiscal years are recorded as unearned revenue in the year funds are received to ensure all prior received funds have been expended. Unrestricted contributions, pledges, and grant funding for contract periods for the current fiscal year are recognized as revenue in the Statement of Activities upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

D. In-Kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. WLJT reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statement of activities. If the fair value of the contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded.

E. Income Taxes

WLJT is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as evidenced by a letter dated August 26, 1985. Accordingly, no provision for income taxes has been made in the following statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

F. Cash Equivalents

Cash equivalents consist of cash and interest-bearing deposits. For the purposes of the statements of cash flows, cash in demand deposits with financial institutions and all cash investments with original maturities of three months or less are considered to be cash and cash equivalents.

G. Investments

Investments are reported at fair value. Investments consist of FDIC insured Certificates of Deposit at various financial institutions.

H. Contributions

Contributions are recorded when cash is received and are considered to be available for unrestricted use unless specifically restricted by the donor. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires West Tennessee Public Television Council's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Date of Management Review

Subsequent events have been evaluated through October 18, 2016, which is the date the financial statements were available to be issued.

K. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

L. Contingent Liabilities and Losses

The Corporation receives the majority of its revenue under various state apportionments, corporate grants and in-kind contributions. Any disallowed claims and costs, including already collected, may constitute a liability of the applicable funds. This amount, if any, of expenditures which may be disallowed by grantor agencies or contributors cannot be determined at this time although the Corporation expects such amounts, if any, to be immaterial.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

M. Contingencies

The Organization received fifty percent of their funding from state appropriations and in-kind contributions during the fiscal year ended June 30, 2016. A major reduction of such funds, should this occur, may have a significant effect on future operations.

NOTE 2 –DETAILED NOTES ON ACCOUNTS

A. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are maintained in demand deposit accounts which, at times, may exceed federally insured limits. By their nature, all such financial instruments involve risk, including the credit risk of nonperformance by counterparties. Exposure to credit risk is managed primarily through monitoring procedures. The Corporation had no major concentrations of credit risk except for uninsured bank deposits.

B. Property and equipment

Property and equipment acquired by WLJT are considered to be owned by WLJT. However, Federal and State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government retains a priority lien, which provides its reversionary interest in the equipment purchase with funds provided by PTFP grant number 47-02-06020. This lien extends for a period of ten years following March 30, 2007.

WLJT capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding the use and contributions of cash that might be used to acquire fixed assets are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, WLJT reports expirations of donor restrictions when the donated or acquired assets are placed in service. WLJT reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed on a straight-line basis over the useful lives of the assets as follows:

Building and Improvements	20 – 30 years
Furniture and Equipment	5 – 10 years

The net property and equipment balance has been recorded as a separate component in unrestricted net assets.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Corporate Giving	
Ad agency fees	\$ -	\$ -	\$ -	\$ -	\$ 470	\$ -	\$ -	470
Advertising/Promotions	797	218	-	-	85,679	-	-	86,694
Apparel	-	-	-	-	1,375	-	-	1,375
Benefits (IRA)	5,005	13,509	5,831	2,194	9,050	2,775	1,108	39,472
Board business	-	-	-	-	868	-	-	868
Computer services - in-kind	-	-	3,080	-	1,120	-	-	4,200
Costume rental and actors	-	-	-	205	25	165	-	395
Credit card fees	-	-	-	-	2,957	-	-	2,957
Depreciation	-	99,865	31,622	-	5,810	-	-	137,297
Dues and subscriptions	11,642	-	-	-	119,463	-	-	131,105
Educational books and media	-	-	-	609	-	-	-	609
Equipment - operating	3,118	903	1,179	-	1,735	-	-	6,935
Equipment - replacement	-	502	4,175	-	-	-	-	4,677
Health insurance	3,282	22,902	13,737	3,545	7,284	6,593	-	57,343
Insurance - HRA payments	-	-	-	-	10,416	-	-	10,416
Insurance - business	-	-	-	-	46,032	-	-	46,032
Interconnect	-	1,885	-	-	-	-	-	1,885
Interconnect - INT	-	21,600	-	-	-	-	-	21,600
Legal/Accounting	-	-	-	-	10,802	-	-	10,802
Legislative lobbying	-	-	-	-	19,750	-	-	19,750
Loss on disposal of assets	-	334	-	-	-	-	-	334
Mailing list	-	-	-	-	-	3,450	-	3,450
Miscellaneous	-	82	-	-	1,597	129	-	1,808
Parts	-	3,617	343	-	-	50	-	4,010
Payroll taxes	4,957	18,993	8,546	2,138	9,375	2,707	2,470	49,186
Postage	7	-	21	112	603	3,141	34	3,918
Premiums	-	-	-	-	-	8,467	-	8,467
Printing	3,418	-	-	-	1,469	9	39	4,935
Professional fees - in-kind	-	-	22,800	-	-	-	-	22,800
Program expense	297,965	-	-	-	-	-	-	297,965
Rent and leases - in-kind	-	152,520	50,000	-	-	6,250	-	208,770
Rent and leases	-	7,000	-	-	-	-	-	7,000
Repairs and maintenance - in-kind	13,196	13,196	109,344	13,196	13,196	13,196	13,196	188,520
Repairs and maintenance	-	2,342	54	174	697	-	-	3,267
Salaries	50,715	168,154	77,115	28,709	105,890	36,438	-	467,021
Salaries - commission	-	-	-	-	-	-	4,698	4,698
Salaries - part-time	14,356	27,003	36,183	154	16,060	1,023	16,920	111,699
Shipping	86	92	33	415	1,203	55	-	1,884
Software	-	750	-	-	-	-	-	750
Software contracts	5,758	3,764	79	-	884	5,892	940	17,317
Special events	-	-	-	3,439	3,714	2,109	-	9,262
Supplies	1,637	391	260	577	4,909	241	126	8,141
Telephone	-	4,293	-	-	4,801	-	-	9,094
Tape dubs purchased	-	-	9	-	-	-	-	9
TPTC	-	-	-	-	1,612	-	-	1,612
Training	3,752	3,776	-	4,501	5,360	1,520	1,285	20,194
Travel and entertainment	53	-	538	-	1,409	68	92	2,160
Utilities - in-kind	4,399	4,399	36,446	4,399	4,399	4,399	4,399	62,840
Utilities	-	48,768	-	-	-	-	-	48,768
Vehicle expenses	70	1,435	2,342	430	604	96	398	5,375
Website	-	-	-	-	2,573	-	-	2,573
Totals	\$ 424,213	\$ 622,293	\$ 403,737	\$ 64,797	\$ 503,191	\$ 98,773	\$ 45,705	\$ 2,162,709

See independent auditor's report.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Corporate Giving	
Ad agency fees	\$ -	\$ -	\$ -	\$ -	\$ 2,168	\$ -	\$ -	2,168
Advertising/Promotions	1,326	346	-	263	45,325	-	-	47,260
Benefits (IRA)	4,854	13,146	5,606	713	8,799	2,681	-	35,799
Board business	-	-	-	-	1,847	-	-	1,847
Computer services - in-kind	-	-	3,080	-	1,120	-	-	4,200
Credit card fees	-	-	-	-	3,051	-	-	3,051
Depreciation	148	183,161	24,327	-	2,202	-	-	209,838
Dues and subscriptions	11,326	-	-	35	115,047	-	-	126,408
Equipment - operating	-	-	-	2,602	-	-	-	2,602
Equipment - replacement	-	5,407	4,917	-	-	-	-	10,324
Health insurance	3,053	21,262	12,467	2,354	10,992	8,062	-	58,190
Insurance - HRA payments	-	-	-	-	14,299	-	-	14,299
Insurance - business	-	-	-	-	40,351	-	-	40,351
Interconnect	-	8,568	-	-	-	-	-	8,568
Interconnect - INT	-	11,831	-	-	-	-	-	11,831
Legal/Accounting	-	-	-	-	7,848	-	-	7,848
Legislative lobbying	-	-	-	-	22,550	-	-	22,550
Miscellaneous	21	51	186	285	4,247	154	22	4,966
Parts	-	13,574	1,129	-	-	-	25	14,728
Payroll taxes	4,971	14,914	8,139	1,860	9,264	2,680	2,625	44,453
Postage	28	-	12	124	460	3,074	46	3,744
Premiums	-	-	-	-	-	7,192	-	7,192
Printing	3,172	-	-	90	3,080	-	3	6,345
Professional fees - in-kind	-	-	29,025	-	-	-	-	29,025
Program expense	296,899	-	-	-	-	-	-	296,899
Rent and leases - in-kind	-	152,520	50,000	-	-	5,000	-	207,520
Rent and leases	-	5,000	-	-	-	-	-	5,000
Repairs and maintenance - in-kind	14,094	14,094	116,777	14,094	14,094	14,094	14,094	201,341
Repairs and maintenance	-	2,860	-	-	1,665	-	-	4,525
Salaries	49,417	164,232	75,523	23,500	102,573	35,702	-	450,947
Salaries - commission	-	-	-	-	-	-	5,455	5,455
Salaries - part-time	14,360	21,114	29,772	-	14,272	1,009	20,362	100,889
Shipping	230	203	352	25	1,178	99	-	2,087
Software contracts	5,633	6,643	2,069	-	3,260	5,399	921	23,925
Special events	-	-	-	1,318	3,705	2,877	-	7,900
Special events - in-kind	6,336	-	-	-	-	-	-	6,336
Supplies	784	658	728	486	2,960	268	154	6,038
Telephone	-	7,155	-	-	4,732	-	-	11,887
Tape dubs purchased	-	-	9	-	-	-	-	9
TPTC	-	-	-	-	1,048	-	-	1,048
Training	3,683	-	1,553	3,816	5,964	1,382	1,265	17,663
Travel and entertainment	367	180	254	190	1,260	180	595	3,026
Utilities - in-kind	4,698	4,698	38,926	4,698	4,698	4,698	4,698	67,114
Utilities	-	48,469	-	-	-	-	-	48,469
Vehicle expenses	120	1,938	2,843	1,875	425	131	629	7,961
Totals	\$ 425,520	\$ 702,024	\$ 407,694	\$ 58,328	\$ 454,484	\$ 94,682	\$ 50,894	\$ 2,193,626

See independent auditor's report.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2016

<u>Grantor Program Title</u>	<u>Expenditures</u>
Tennessee Department of Education:	
Direct Appropriation Grant	<u>\$ 430,793</u>

NOTE: *The accompanying schedule is prepared on the accrual basis of accounting.*

See independent auditor's report.

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Independent Auditor's 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

Board of Directors
West Tennessee Public Television Council, Inc.
Martin, Tennessee

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 West Tennessee Public Television Council, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Tennessee Public Television Council, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Tennessee Public Television Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of West Tennessee Public Television Council, Inc.'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 a 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 the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Tennessee Public Television Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with

Board of Directors
West Tennessee Public Television Council, Inc.

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 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Martin, Tennessee
October 18, 2016

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2016

Financial Statement Findings

None reported.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2016

Financial Statement Findings

There were no prior year findings reported.