

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017 and 2016**

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.  
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**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.  
ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS**

For the year ended June 30, 2017

**ROSTER OF MANAGEMENT OFFICIALS**

Monica Reese, General Manager and CEO

**ROSTER OF BOARD MEMBERS**

Rodney Freed, President

Robert Jones, Vice-President

John Hatler, Treasurer

Sharon Clark, Secretary

Jim Blankenship, Member

Kurt Brown, Member

Representative Jimmy Eldridge, Member

Jill Holland, Member

Dob Johnson, Member

Elizabeth Pritchett, Member

Don Ridgeway, Member

Tim Rogers, Member



## 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, 2017 and 2016, 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, 2017 and 2016, 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 roster of management officials and board members, 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.

The schedules of financial expenses and state financial assistance are the responsibility of management and were derived from and relate 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.

The roster of management officials and board members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 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.



Martin, Tennessee  
October 19, 2017

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 739,280	\$ 815,838
Prepaid expense	7,994	-
Accounts receivable	3,186	3,181
Total current assets	750,460	819,019
Property and equipment		
Leasehold improvements	53,560	53,560
Furniture/fixtures/office equipment	28,639	28,639
Broadcasting equipment	3,470,250	3,459,444
Software	26,296	26,296
Transmitters/antenna/towers	1,756,352	1,756,352
Vehicles	125,672	125,672
	5,460,769	5,449,963
Less: accumulated depreciation	4,667,823	4,542,154
Construction in process	5,500	-
	798,446	907,809
Net property and equipment	798,446	907,809
<b>Total assets</b>	<b>\$ 1,548,906</b>	<b>\$ 1,726,828</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 12,039	\$ 490
Payroll taxes payable	54	-
Accrued annual pay	47,356	45,780
Unearned revenue	619,450	638,656
Total current liabilities	678,899	684,926
Net assets		
Unrestricted		
Operating	71,561	134,093
Property and equipment	798,446	907,809
Total net assets	870,007	1,041,902
<b>Total liabilities and net assets</b>	<b>\$ 1,548,906</b>	<b>\$ 1,726,828</b>

*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, 2017

	UNRESTRICTED		Total
	Operating	Property and equipment	
<b>Public Support and Revenues</b>			
CPB - Community Service Grant	\$ 621,915	\$ 16,741	\$ 638,656
CPB - Universal Service Support Grant	127,780	-	127,780
CPB - Interconnect Grant	11,714	-	11,714
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	1,500	-	1,500
Special event revenue	13,867	-	13,867
Individual giving	85,717	-	85,717
Corporate income	88,981	-	88,981
Production revenue	22,265	-	22,265
TN channel revenue	33,333	-	33,333
In-kind contributions	490,956	-	490,956
Interest income	2,940	-	2,940
Education and community engagement income	4,010	-	4,010
Miscellaneous	4,511	-	4,511
Total public support and revenues	1,940,282	16,741	1,957,023
<b>Expenses</b>			
Program services			
Broadcasting	422,524	-	422,524
Engineering	536,655	88,389	625,044
Production	382,881	31,460	414,341
Education	59,344	-	59,344
Total program services	1,401,404	119,849	1,521,253
Support services:			
Individual giving	100,906	-	100,906
Corporate giving	92,925	-	92,925
Management and support	407,579	6,255	413,834
Total support services	601,410	6,255	607,665
Total expenses	2,002,814	126,104	2,128,918
<b>Change in net assets</b>	<b>(62,532)</b>	<b>(109,363)</b>	<b>(171,895)</b>
Net assets, beginning of year	134,093	907,809	1,041,902
Net assets, end of year	\$ 71,561	\$ 798,446	\$ 870,007

*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

	<u>UNRESTRICTED</u>		<u>Total</u>
	<u>Operating</u>	<u>Property and equipment</u>	
<b>Public Support and Revenues</b>			
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	<u>1,839,963</u>	<u>75,589</u>	<u>1,915,552</u>
<b>Expenses</b>			
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	<u>1,383,219</u>	<u>131,821</u>	<u>1,515,040</u>
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	<u>641,859</u>	<u>5,810</u>	<u>647,669</u>
Total expenses	<u>2,025,078</u>	<u>137,631</u>	<u>2,162,709</u>
<b>Change in net assets</b>	<b>(185,115)</b>	<b>(62,042)</b>	<b>(247,157)</b>
Net assets, beginning of year	<u>319,208</u>	<u>969,851</u>	<u>1,289,059</u>
Net assets, end of year	<u>\$ 134,093</u>	<u>\$ 907,809</u>	<u>\$ 1,041,902</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, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Cash received from Federal, State, and local sources	\$ 1,957,018	\$ 1,913,638
Cash paid to suppliers and employees	(2,019,775)	(2,118,569)
Cash received from interest income	2,940	1,854
Net cash provided (used) by operating activities	(59,817)	(203,077)
<b>Cash flows from investing activities:</b>		
Net cash paid for capital expenditures	(16,741)	(75,255)
Net cash used by investing activities	(16,741)	(75,255)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(76,558)</b>	<b>(278,332)</b>
Cash and cash equivalents - beginning of year	815,838	1,094,170
Cash and cash equivalents - end of year	\$ 739,280	\$ 815,838
 <b>Cash flows from operating activities:</b>		
Change in net assets	\$ (171,895)	\$ (247,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	126,104	137,297
(Increase) decrease in prepaid expense	(7,994)	-
(Increase) decrease in accounts receivable	(5)	(1,914)
Increase (decrease) in accounts payable	11,549	(72,879)
Increase (decrease) in other payables	54	(21)
Increase (decrease) in accrued annual pay	1,576	(3,058)
Increase (decrease) in unearned revenue	(19,206)	(15,345)
Net cash provided by operating activities	\$ (59,817)	\$ (203,077)

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

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

**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, 2017 and 2016

**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. 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.

**H. 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.

**I. Date of Management Review**

Subsequent events have been evaluated through October 19, 2017, which is the date the financial statements were available to be issued.

**J. 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.

**K. 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.

**L. Contingencies**

The Organization received fifty percent of their funding from state appropriations and in-kind contributions during the fiscal year ended June 30, 2017. A major reduction of such funds, should this occur, may have a significant effect on future operations.

The Organization is required to complete an FCC repack from channel RF47 to RF14. The complete repack construction is expected to take 39 to 72 months to complete. FCC is to pay for the transition and reimburse the station 90% of the costs upfront. The final 10% will not be

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

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2017 and 2016

allocated until all repacks are complete across the nation, which is not anticipated until FY2020. A new transmitter, new antenna and mask filter are required and will be included in the reimbursement from the FCC. There are over 1,500 repacks scheduled with 21 engineering companies available to assist.

**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.

**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, 2017

	Program Services				Supporting Services		Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	
Advertising/Promotions	792	-	-	-	543	-	68,946
Apparel	-	-	-	-	431	-	431
Benefits (IRA)	5,009	12,715	5,982	2,155	7,675	2,806	36,739
Board business	-	-	3,080	-	667	-	667
Computer services - in-kind	-	-	-	230	1,120	-	4,200
Costume rental and actors	-	-	-	-	-	-	230
Credit card fees	-	-	-	-	3,381	-	3,381
Depreciation	-	88,389	31,460	-	6,255	-	126,104
Dues and subscriptions	12,001	-	-	20	118,621	631	131,273
Educational books and media	-	-	-	600	-	-	600
Equipment - operating	65	1,825	531	-	969	-	3,390
Equipment - replacement	-	-	-	-	2,118	-	2,118
Health insurance	5,439	24,544	21,009	3,953	5,365	6,936	67,246
Insurance - business	-	-	-	-	45,449	-	45,449
Interconnect	-	16,771	-	-	-	-	16,771
Interconnect - INT	-	21,627	-	-	-	-	21,627
Legal/Accounting	-	-	-	-	10,803	-	10,803
Legislative lobbying	-	-	-	-	19,700	-	19,700
Miscellaneous	52	9	-	65	2,668	517	3,311
Parts	160	3,678	262	-	-	66	4,166
Payroll taxes	5,118	14,810	8,483	2,203	9,616	3,998	44,674
Postage	3	-	5	148	1,514	12	6,681
Premiums	-	-	-	-	-	10,607	10,607
Printing	3,828	-	-	-	2,601	825	7,254
Professional fees - in-kind	-	-	27,375	-	-	-	27,375
Program expense	291,888	-	-	-	-	-	291,888
Rent and leases - in-kind	-	152,520	50,000	-	-	5,500	208,020
Rent and leases	-	7,000	-	-	-	-	7,000
Repairs and maintenance - in-kind	13,196	13,196	109,343	13,196	13,197	13,196	188,520
Repairs and maintenance	-	7,011	1,784	-	1,074	-	9,869
Salaries	51,910	166,167	79,856	28,700	97,511	37,367	461,511
Salaries - commission	-	-	-	-	-	-	885
Salaries - part-time	16,136	27,380	34,640	-	18,096	201	101,306
Shipping	191	-	-	455	1,362	41	2,049
Software contracts	7,131	3,791	84	-	948	4,805	17,727
Special events	-	-	-	928	7,908	-	8,836
Supplies	1,468	293	762	1,319	4,344	303	8,489
Telephone	-	3,791	-	-	5,470	-	9,261
Tape dubs purchased	-	-	151	33	-	-	184
TPTC	-	-	-	-	1,142	-	1,142
Training	3,638	-	-	365	12,145	3,573	19,721
Travel and entertainment	30	60	755	145	1,191	66	2,267
Utilities - in-kind	4,399	4,399	36,447	4,399	4,399	4,399	62,841
Utilities	-	51,513	-	-	-	-	51,513
Vehicle expenses	70	3,555	2,332	430	1,051	70	7,646
Website	-	-	-	-	4,500	-	4,500
<b>Totals</b>	<b>\$ 422,524</b>	<b>\$ 625,044</b>	<b>\$ 414,341</b>	<b>\$ 59,344</b>	<b>\$ 413,834</b>	<b>\$ 100,906</b>	<b>\$ 2,128,918</b>

See independent auditor's report.

**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	
Ad agency fees	\$ 797	-	-	\$ 470	-	-	470
Advertising/Promotions	-	218	-	-	85,679	-	86,694
Apparel	-	-	-	-	1,375	-	1,375
Benefits (IRA)	5,005	13,509	5,831	2,194	9,050	2,775	39,472
Board business	-	-	3,080	-	868	-	868
Computer services - in-kind	-	-	-	-	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	-	1,808
Parts	-	3,617	343	-	-	50	4,010
Payroll taxes	4,957	18,993	8,546	2,138	9,375	2,707	49,186
Postage	7	-	21	112	603	3,141	3,918
Premiums	-	-	-	-	-	8,467	8,467
Printing	3,418	-	-	-	1,469	9	4,935
Professional fees - in-kind	-	-	-	-	-	-	-
Program expense	297,965	-	22,800	-	-	-	22,800
Rent and leases - in-kind	-	152,520	50,000	-	-	6,250	297,965
Repairs and maintenance - in-kind	-	7,000	-	-	-	-	7,000
Repairs and maintenance - in-kind	13,196	13,196	109,344	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	-	-	-	-	-	-	-
Salaries - part-time	14,356	27,003	36,183	154	16,060	1,023	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	17,317
Special events	-	-	-	3,439	3,714	2,109	9,262
Supplies	1,637	391	260	577	4,909	241	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	20,194
Travel and entertainment	53	-	538	-	1,409	68	2,160
Utilities - in-kind	4,399	4,399	36,446	4,399	4,399	4,399	62,840
Utilities	-	48,768	-	-	-	-	48,768
Vehicle expenses	70	1,435	2,342	430	604	96	5,375
Website	-	-	-	-	2,573	-	2,573
<b>Totals</b>	<b>\$ 424,213</b>	<b>\$ 622,293</b>	<b>\$ 403,737</b>	<b>\$ 64,797</b>	<b>\$ 503,191</b>	<b>\$ 98,773</b>	<b>\$ 2,162,709</b>

See independent auditor's report.

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2017

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

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

*See independent auditor's report.*



**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, 2017, 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 19, 2017.

**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 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



Board of Directors  
West Tennessee Public Television Council, Inc.

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*.

In addition, we noted another matter involving the internal control and its operation that we reported to management of the Organization in a separate letter dated October 19, 2017.

**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.



Martin, Tennessee  
October 19, 2017

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2017

**Financial Statement Findings**

None reported.

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
For the Year Ended June 30, 2017

**Financial Statement Findings**

There were no prior year findings reported.



October 19, 2017

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

In planning and performing our audit of the financial statements of West Tennessee Public Television Council, Inc. as of and for the year ended June 30, 2017, 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, we considered the Organization's internal control over financial reporting as a basis for designing for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of the following matters, which we believe represent opportunities for strengthening internal controls, compliance and operating efficiency. A separate letter dated October 19, 2017, contains our communication regarding significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated October 19, 2017, on the financial statements of West Tennessee Public Television Council, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

#### **Bank Reconciliation**

Auditor noted interest income and service charges were listed on the operating bank reconciliation twice – under cleared transactions and uncleared transactions. It was also noted the register balance as of June 30, 2017 did not agree to the trial balance at June 30, 2017. In reviewing prior and subsequent bank reconciliations, auditor noted no register balances agreed to the trial balance at bank statement date. It was determined this was due to voiding/deleting transactions after reconciliations were completed. Auditor was also unable to trace individually significant transactions to subsequent bank statements. These transactions were deleted in Quickbooks.

We wish to thank Ms. Reese and her staff for their support and assistance during our audit. This report is intended solely for the information use of Management, Board of Directors and others within the West Tennessee Public Television Council, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'Alexander Thompson Arnold PLLC'.

Alexander Thompson Arnold PLLC  
Martin, Tennessee



October 19, 2017

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

We have audited the financial statements of West Tennessee Public Television Council, Inc. for the year ended June 30, 2017, and have issued our report thereon dated October 19, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 6, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by West Tennessee Public Television Council, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the non-profit organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: Depreciation Expense.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 19, 2017.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our

Board of Directors

West Tennessee Public Television, Inc.

professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

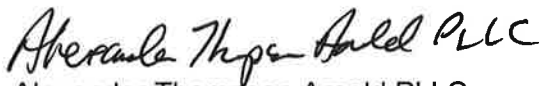
Other Matters

We were engaged to report on the schedules of functional expenses and the schedule of state financial assistance, which accompany the financial statements but are not required supplementary information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements to the financial statements.

We were not engaged to report on the roster of management officials and board members, which accompanies the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Directors and management of West Tennessee Public Television Council, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Alexander Thompson Arnold PLLC  
Martin, Tennessee