

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

**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

We have audited the accompanying statements of financial position of West Tennessee Public Television Council, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of West Tennessee Public Television Council, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2012, on our consideration of West Tennessee Public Television Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses, schedule of expenditures of federal awards, and 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

Board of Directors
West Tennessee Public Television Council, Inc.

management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This 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.

Alexander Thompson Arnold PLLC

Martin, Tennessee
October 16, 2012

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 1,307,329	\$ 1,230,045
Accounts receivable	17,634	13,688
USDA grant receivable	-	13,830
Total current assets	1,324,963	1,257,563
 Fixed Assets		
Leasehold improvements	53,560	53,560
Furniture/fixtures/office equipment	62,804	63,553
Broadcasting equipment	3,327,118	3,329,593
Transmitters/antenna/towers	1,096,282	1,066,873
Vehicles	123,540	113,340
	4,663,304	4,626,919
Less: accumulated depreciation	3,738,531	3,340,510
Construction in process	316,020	-
	1,240,793	1,286,409
Net fixed assets	1,240,793	1,286,409
Total assets	\$ 2,565,756	\$ 2,543,972
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 9,272	\$ 8,595
Accrued annual pay	43,820	47,352
Unearned revenue	575,601	608,941
Total current liabilities	628,693	664,888
 Net assets		
Unrestricted		
Operating	696,270	592,675
Fixed assets	1,240,793	1,286,409
Total net assets	1,937,063	1,879,084
Total liabilities and net assets	\$ 2,565,756	\$ 2,543,972

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, 2012

	<u>UNRESTRICTED</u>		<u>Total</u>
	<u>Operating</u>	<u>Fixed Assets</u>	
Public Support and Revenues			
CPB - Community Service Grant	\$ 608,941	\$ -	\$ 608,941
CPB - Interconnect Grant	11,196	-	11,196
CPB - Local Service Grant	79,447	-	79,447
PBS - donated WARN equipment	-	29,409	29,409
USDA grant	-	316,020	316,020
State of Tennessee - direct apportionment	498,870	9,215	508,085
Special event revenue	13,037	-	13,037
Memberships	63,656	-	63,656
Underwriting	96,143	-	96,143
Production revenue	32,670	-	32,670
TN channel revenue	46,558	-	46,558
In-kind contributions	469,574	-	469,574
Interest income	2,930	-	2,930
Miscellaneous	26,627	-	26,627
Total public support and revenues	<u>1,949,649</u>	<u>354,644</u>	<u>2,304,293</u>
Expenses			
Program services			
Broadcasting	400,179	213,756	613,935
Engineering	465,026	-	465,026
Production	361,363	183,757	545,120
Education	69,422	-	69,422
Total program services	<u>1,295,990</u>	<u>397,513</u>	<u>1,693,503</u>
Support services:			
Individual giving	80,922	-	80,922
Marketing	90,961	400	91,361
Management and support	378,181	2,347	380,528
Total support services	<u>550,064</u>	<u>2,747</u>	<u>552,811</u>
Total expenses	<u>1,846,054</u>	<u>400,260</u>	<u>2,246,314</u>
Change in net assets	103,595	(45,616)	57,979
Net assets, beginning of year	<u>592,675</u>	<u>1,286,409</u>	<u>1,879,084</u>
Net assets, end of year	<u>\$ 696,270</u>	<u>\$ 1,240,793</u>	<u>\$ 1,937,063</u>

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, 2011

	UNRESTRICTED		Total
	Operating	Fixed Assets	
Public Support and Revenues			
CPB - Community Service Grant	\$ 573,992	\$ 13,147	\$ 587,139
CPB - Interconnect Grant	11,737	-	11,737
CPB - Ready to Learn Grant	40,000	-	40,000
CPB - Local Service Grant	67,591	-	67,591
USDA grant	13,830	-	13,830
Other assistance	5,836	-	5,836
State of Tennessee - direct apportionment	546,732	-	546,732
Special event revenue	10,584	-	10,584
Memberships	65,037	-	65,037
Underwriting	75,939	-	75,939
Production revenue	30,400	-	30,400
TN channel revenue	50,173	-	50,173
In-kind contributions	475,494	-	475,494
Interest income	4,279	-	4,279
Miscellaneous	12,368	-	12,368
	<u>1,983,992</u>	<u>13,147</u>	<u>1,997,139</u>
Total public support and revenues			
	<u>1,983,992</u>	<u>13,147</u>	<u>1,997,139</u>
Expenses			
Program services			
Broadcasting	430,892	223,317	654,210
Engineering	590,801	-	590,801
Production	263,070	186,598	449,668
Education	94,332	-	94,332
	<u>1,379,096</u>	<u>409,915</u>	<u>1,789,011</u>
Total program services			
	<u>1,379,096</u>	<u>409,915</u>	<u>1,789,011</u>
Support services			
Individual giving	81,954	-	81,954
Marketing	67,489	400	67,889
Management and support	376,193	2,506	378,698
	<u>525,635</u>	<u>2,906</u>	<u>528,542</u>
Total support services			
	<u>525,635</u>	<u>2,906</u>	<u>528,542</u>
Total expenses	<u>1,904,731</u>	<u>412,821</u>	<u>2,317,552</u>
Change in net assets	79,261	(399,674)	(320,413)
Net assets, beginning of year	<u>513,414</u>	<u>1,686,083</u>	<u>2,199,497</u>
Net assets, end of year	<u>\$ 592,675</u>	<u>\$ 1,286,409</u>	<u>\$ 1,879,084</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, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from Federal, State, and local sources	\$ 2,314,177	\$ 1,501,310
Cash paid to suppliers and employees	(1,885,179)	(1,418,214)
Cash received from interest income	2,930	4,279
Net cash provided by operating activities	431,928	87,375
Cash flows from investing activities:		
Cash paid for capital expenditures	(354,644)	(13,147)
Net cash paid for investments	-	395,000
Net cash provided by investing activities	(354,644)	381,853
Net Increase in Cash and Cash Equivalents	77,284	469,228
Cash and cash equivalents - beginning of year	1,230,045	760,817
Cash and cash equivalents - end of year	\$ 1,307,329	\$ 1,230,045
 Cash flows from operating activities:		
Change in net assets	\$ 57,979	\$ (320,413)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	400,260	412,821
(Increase) Decrease in accounts receivable	(3,946)	(6,505)
(Increase) Decrease in grants receivable	13,830	(13,830)
Increase (Decrease) in accounts payable	677	(8,970)
Increase (Decrease) in accrued annual pay	(3,532)	2,470
Increase (Decrease) in unearned revenue	(33,340)	21,802
Net cash provided by operating activities	\$ 431,928	\$ 87,375

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 is supported primarily through private contributions, state and local grants and grants from the Corporation of Public Broadcasting.

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

Unrestricted contributions, pledges, and grants 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.

WLJT's Form 990, Return of Organizations Exempt from Income Tax, for the years 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 16, 2012, 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.

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

A. Concentrations of Credit Risk (continued)

procedures. The Corporation had no major concentrations of credit risk except for uninsured bank deposits.

B. Fixed Assets

Fixed assets 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 fixed assets over \$2,500. Lesser amounts are expensed. Purchased fixed assets are capitalized at cost. Donations of fixed assets 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 fixed asset 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, 2012

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Marketing	
Advertising/Promotions	\$ 746	\$ 164	\$ -	\$ -	\$ 4,264	\$ -	\$ 72,635	\$ 77,809
Automobile expense	135	2,205	4,590	944	231	50	-	8,155
Benefits (IRA)	4,047	10,202	5,081	2,719	11,733	2,438	-	36,220
Board business	-	-	-	-	2,020	-	-	2,020
Business insurance	-	-	-	-	40,173	-	-	40,173
Computer services - in-kind	-	-	13,200	-	4,800	-	-	18,000
Credit card charges	-	-	-	-	2,292	-	-	2,292
Depreciation	213,756	-	183,757	-	2,347	-	-	400,260
Dues and subscriptions	10,393	22,976	12,080	490	133,378	-	-	144,261
Health insurance	6,141	-	-	3,002	3,228	7,244	-	54,671
Legal/Accounting	-	-	-	-	6,500	-	-	6,500
Miscellaneous	10	-	50	699	5,758	304	-	6,821
Parts	-	5,940	2,526	-	-	-	-	8,466
Payroll taxes	4,529	16,508	8,978	2,807	8,574	2,508	-	43,904
Postage	20	-	18	389	729	1,954	-	3,111
Premiums	-	-	-	-	-	7,539	-	7,539
Printing	2,029	140	-	-	1,355	5	-	3,529
Professional fees - in-kind	-	-	17,400	-	-	-	-	17,400
Professional fees	-	2,094	-	2,000	1,858	146	-	6,098
Program expense	278,479	-	-	-	-	-	-	278,479
Rent and leases - in-kind	-	133,950	43,750	-	-	-	-	177,700
Rent and leases	-	5,000	-	-	-	-	-	5,000
Repairs and maintenance - in-kind	13,183	13,183	109,242	13,183	13,183	13,183	13,183	188,340
Repairs and maintenance	668	5,361	466	630	4,952	150	-	12,227
Salaries	44,022	149,335	66,928	35,862	96,105	32,127	-	424,379
Salaries - part-time	9,453	21,730	32,315	-	12,244	786	-	76,528
Shipping	221	256	6	330	1,297	-	-	2,110
Software contracts	4,535	827	3,978	-	524	6,390	748	17,002
Special events	-	-	-	393	5,845	-	-	6,238
Special events - in-kind	5,354	715	862	1,528	-	388	-	5,354
Supplies	1,470	-	905	-	2,364	-	-	7,327
Tape stock	8,270	-	-	-	-	-	-	9,175
Telephone	-	19,653	-	-	-	-	-	24,248
Training	2,079	-	2,248	50	4,595	-	-	9,276
Travel and entertainment	-	80	330	-	3,719	1,180	-	2,610
Utilities - in-kind	4,395	4,395	36,410	4,395	2,065	135	-	62,780
Utilities	-	50,312	-	-	4,395	4,395	4,395	50,312
Totals	\$ 613,935	\$ 465,026	\$ 545,120	\$ 69,422	\$ 380,528	\$ 80,922	\$ 91,361	\$ 2,246,314

See independent auditor's report.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Marketing	
Advertising/Promotions	\$ 884	\$ 173	\$ 30	\$ -	\$ 1,641	\$ -	\$ 46,407	\$ 49,135
Automobile expense	100	2,435	5,175	1,018	201	50	-	8,979
Benefits (IRA)	3,938	12,362	4,850	2,624	7,983	2,356	-	34,113
Board business	-	-	-	-	1,307	-	-	1,307
Business insurance	-	-	-	-	42,164	-	-	42,164
Computer services - in-kind	-	-	13,200	-	4,800	-	-	18,000
Credit card charges	-	-	-	-	2,058	32	-	2,091
Depreciation	223,317	-	186,598	-	2,506	-	400	412,821
Dues and subscriptions	10,099	-	-	650	140,505	-	-	151,253
Health insurance	6,996	26,829	12,087	3,647	3,658	9,643	-	62,859
Legal/Accounting	-	-	-	-	6,500	-	-	6,500
Miscellaneous	80	171	210	216	5,096	-	-	5,773
Parts	-	4,142	2,496	109	-	-	-	6,748
Payroll taxes	4,652	19,402	10,093	2,826	9,465	2,548	40	49,026
Postage	5	-	76	289	849	2,884	45	4,148
Premiums	-	-	-	-	-	6,173	-	6,173
Printing	1,739	-	-	45	2,878	10	-	4,672
Professional fees - in-kind	-	-	17,400	-	-	-	-	17,400
Professional fees	-	13,830	50	-	1,715	150	-	15,745
Program expense	298,695	-	-	-	-	-	-	298,695
Ready to Learn program	-	-	-	25,641	-	-	-	25,641
Rent and Leases - in-kind	-	-	43,750	-	-	-	-	43,750
Rent and leases	-	133,950	-	-	-	-	-	133,950
Repairs and maintenance - in-kind	-	5,000	-	-	-	-	-	5,000
Repairs and maintenance	13,367	110,758	13,367	13,367	13,367	13,367	13,367	190,961
Salaries	-	7,216	680	427	1,654	-	-	9,976
Salaries - part-time	43,000	167,099	64,668	34,986	94,000	31,416	218	435,387
Shipping	8,706	14,370	32,230	625	12,055	1,054	132	69,173
Software contracts	292	224	56	224	1,154	-	-	1,950
Special events	4,535	799	3,978	-	435	6,030	748	16,525
Special events - in-kind	-	-	-	-	1,855	-	-	3,931
Supplies	7,779	-	-	-	-	-	-	7,779
Tape stock	111	3,093	1,063	2,703	3,920	800	-	11,689
Telephone	19,480	-	-	-	-	-	-	19,480
Training	1,866	239	50	385	4,658	828	-	7,880
Travel and entertainment	113	216	642	94	4,512	157	-	4,529
Utilities - in-kind	4,456	4,456	36,919	4,456	4,456	4,456	4,456	63,654
Utilities	-	49,384	-	-	-	-	-	49,384
Totals	\$ 654,210	\$ 590,801	\$ 449,668	\$ 94,332	\$ 378,698	\$ 81,954	\$ 67,889	\$ 2,317,552

See independent auditor's report.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Grantor Agency/ Pass-through Entity/ Program Name	CFDA #	Contract Number	Balance July 1, 2011	Cash Receipts	Expenditures	Balance June 30, 2012
FEDERAL FINANCIAL ASSISTANCE						
U.S. Department of Agriculture: Rural Utilities Service Public Television Station Digital Transition Grant Program	10.861	TN 1602-B33	(13,830)	329,850	316,020	-
U.S. Department of Commerce: Passes through the Public Broadcasting Service Warning, Alert, and Response Network Act Low-Power Television and Translation Digital-to-Analog Conversion	11.553	N/A	-	29,409	29,409 (1)	-
TOTAL FEDERAL AWARDS			<u><u>\$ (13,830)</u></u>	<u><u>\$ 359,259</u></u>	<u><u>\$ 345,429</u></u>	<u><u>\$ -</u></u>

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

(1) Receipt and expenditure are a noncash transaction of donated equipment.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2012

Grantor Program Title	Balance July 1, 2011	Cash Receipts	Expenditures	Balance June 30, 2012
Tennessee Department of Education: State Fiscal Stabilization Fund - Government Services Fund	\$ -	\$ 508,085	\$ 508,085	\$ -

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

See independent auditor's report



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**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 the financial statements of West Tennessee Public Television Council, Inc., (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 16, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of West Tennessee Public Television Council, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Board of Directors
West Tennessee Public Television Council, Inc.

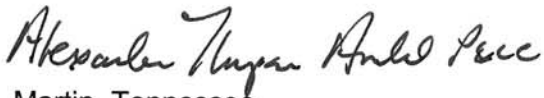
Compliance and Other Matters

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 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*.

We noted certain matters that we reported to management the West Tennessee Public Television Council, Inc. in a separate letter dated October 16, 2012.

This report is intended solely for the information and use of the Board of Directors, management, the State of Tennessee Comptroller of Treasury, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

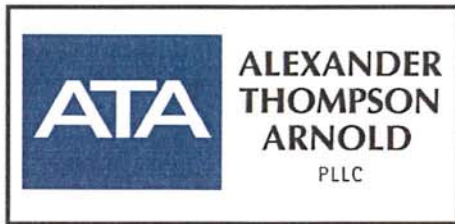


Martin, Tennessee
October 16, 2012

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2012

Financial Statement Findings

None reported.



Certified Public Accountants

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Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

October 16, 2012

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. for the year ended June 30, 2012, in accordance with auditing standards generally acceptable 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 our auditing procedures for the purpose of expressing an 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 certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 16, 2012, 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 will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Fixed Asset Disposals

In order to perform consistent accounting for fixed asset disposals, a policy should be developed including when to dispose of items within grant constrictions, actions to be taken with items (i.e., donated or scrapped), and procedures for properly recording transaction. As of audit date, no such policy was in place.

General Manager Bonus

It was noted during the course of our audit that the General Manager was awarded a cash bonus in February 2012 that was not subjected to a vote including the entire board of directors. The bonus was also not mentioned in the board minutes for the year

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Board of Directors
West Tennessee Public Television Council, Inc.

ended June 30, 2012. According to the Organization's by-laws, the General Manager's compensation is subject to approval by the board of directors.

We wish to thank Ms. Shumake 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.



Alexander Thompson Arnold PLLC
Martin, Tennessee



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October 16, 2012

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

We have audited the financial statements of the West Tennessee Public Television Council, Inc. for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 27, 2012. 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 June 30, 2012. 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

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 known and likely 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Dyersburg, TN
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Board of Directors
West Tennessee Public Television, Inc.

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 16, 2012.

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 governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our 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 governmental unit'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

With respect to the supplementary information accompanying the financial statements, 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 or to the financial statements themselves.

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