

West Virginia Educational Broadcasting Authority and Affiliates

A Component Unit of the State of West Virginia

Single Audit

July 1, 2008 through June 30, 2009

Fiscal Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639

**WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND
AFFILIATES**

SINGLE AUDIT REPORT

Year Ended June 30, 2009

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Combined Statement of Net Assets	7
Combined Statement of Revenues, Expenses, and Changes in Fund Net Assets	8
Combined Statement of Cash Flows	9
Notes to the Combined Financial Statements	11
Supplementary Information:	
FARS Form 6 – Restricted Net Assets/Reserved Fund Equity	21
FARS Form 7 – Deposits and Investments Reconciliation	22
FARS Form 8 – Deposits and Investments Reconciliation	23
FARS Form 8A – Deposits and Investments Reconciliation	24
FARS Form 9 - Receivables	25
FARS Form 15 – Transfers In/Out	26
Schedule of Federal Awards Expenditures	27
Notes to the Schedule of Federal Awards Expenditures	28
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	29
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	31
Schedule of Findings & Questioned Costs OMB Circular A-133 Section .505	33

BALESTRA, HARR & SCHERER, CPAs, INC.
 528 South West Street, P.O. Box 687
 Piketon, Ohio 45661

Telephone (740) 289-4131
 Fax (740) 289-3639
 www.bhspepas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
 West Virginia Educational Broadcasting
 Authority and Affiliates
 Charleston, West Virginia

We have audited the accompanying financial statements of the business-type activities of the West Virginia Educational Broadcasting Authority and Affiliates (the Authority) (a component unit of the State of West Virginia), as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

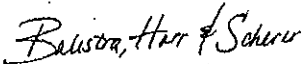
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2009 on our consideration of the Authority's internal control over financial reporting and 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 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 audit.

The Management's Discussion and Analysis on pages 3-6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Directors
West Virginia Educational Broadcasting
Authority and Affiliates
Charleston, West Virginia

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.
September 15, 2009

West Virginia Educational Broadcasting Authority Management's Discussion and Analysis

As management of the Educational Broadcasting Authority, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2009. This discussion and analysis is designed to assist the reader in focusing on the significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The EBA's total assets increased \$463,148 or 5% over the course of the year's operations.

The EBA's current liabilities decreased by \$116,273 or 12% and long-term liabilities increased by \$30,958 or 39%. Our only long-term liability is compensated absences.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the EBA's finances in a manner similar to private sector business.

The statement of net assets presents information on all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Authority's operations over the past year.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the EBA, assets exceeded liabilities by \$8,553,118 at the close of the most recent fiscal year. This indicates that the EBA is in good economic health.

West Virginia Educational Broadcasting Authority and Affiliates Condensed, Combined Statement of Net Assets

	2009	2008
Current and other assets	\$ 3,164,684	\$ 2,850,814
Capital assets	6,021,432	5,790,523
Other assets	<u>259,988</u>	<u>341,619</u>
Total assets	<u>9,446,104</u>	<u>8,982,956</u>

Current liabilities	\$784,456	\$900,729
Compensated absences	<u>108,530</u>	<u>77,572</u>
Total Liabilities	<u>892,986</u>	<u>978,301</u>
Net assets:		
Investment in capital assets, net of related debt	6,021,432	5,790,523
Restricted net assets, nonexpendable	259,988	341,619
Unrestricted net assets	<u>2,271,698</u>	<u>1,872,513</u>
Total net assets	<u>\$ 8,553,118</u>	<u>\$ 8,004,655</u>

**West Virginia Educational Broadcasting Authority and Affiliates
Condensed, Combined Statement of Revenues, Expenses,
and Changes in Net Assets**

	2009	2008
Operating revenues	\$ 3,965,059	\$ 4,010,513
Operating expenses	<u>11,072,495</u>	<u>10,876,107</u>
Income (loss) from operations	<u>(7,107,436)</u>	<u>(6,865,594)</u>
Net non-operating revenues (expenses):		
Loss on investments	(7,344)	(14,149)
Investment income	112	313
Entitlements and grants	982,713	775,380
Gain (loss) on beneficial interest in perpetual trust	<u>(116,293)</u>	<u>(44,250)</u>
Net non-operating revenue/expenses	<u>859,188</u>	<u>717,294</u>
Operating transfer in from primary government	<u>6,759,644</u>	<u>6,448,284</u>
Change in net assets	511,396	299,984
Net assets, beginning of year, restated	<u>8,041,722</u>	<u>7,704,671</u>
Net assets, end of year	<u>\$ 8,553,118</u>	<u>\$ 8,004,655</u>

Significant Events

There are no significant events to report for the fiscal year ended June 30, 2009.

Capital Assets

Capital assets consisted of the following at June 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 77,075	\$	\$	\$ 77,075
Total capital assets not being depreciated	<u>77,075</u>			<u>77,075</u>
Other capital assets:				
Buildings	6,933,588	70,492		7,004,080
Equipment	<u>19,901,237</u>	<u>1,089,801</u>		<u>20,991,038</u>
Total other capital assets	<u>26,834,825</u>	<u>1,160,293</u>		<u>27,995,118</u>
Less accumulated depreciation for:				
Buildings	(4,016,320)	(92,236)		(4,108,556)
Equipment	<u>(17,105,057)</u>	<u>(837,148)</u>		<u>(17,942,205)</u>
Total accumulated depreciation	<u>(21,121,377)</u>	<u>(929,384)</u>		<u>(22,050,761)</u>
Total depreciable capital assets	<u>5,713,448</u>	<u>230,909</u>		<u>5,944,357</u>
Net Capital Assets	<u>5,790,523</u>	<u>230,909</u>		<u>6,021,432</u>

Debt Administration

The Authority or its Affiliates is not subject to any long term debt obligations at June 30, 2009

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, West Virginia Educational Broadcasting Authority, P.O. Box 9004, Beckley, WV 25802-9004.

**WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,306,122
Marketable securities	120,447
Receivables	333,871
Due from primary government - WV Lottery Education Fund	297,660
Other assets	<u>106,584</u>

TOTAL CURRENT ASSETS 3,164,684

NON-CURRENT ASSETS

Capital assets, net	6,021,432
---------------------	-----------

OTHER ASSETS

Beneficial interest in perpetual trust	<u>259,988</u>
--	----------------

TOTAL ASSETS \$ 9,446,104

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 366,922
Deferred revenues	86,171
Compensated absences	<u>331,363</u>

TOTAL CURRENT LIABILITIES 784,456

LONG-TERM LIABILITIES

Compensated absences	<u>108,530</u>
----------------------	----------------

TOTAL LONG-TERM LIABILITIES 108,530

TOTAL LIABILITIES 892,986

NET ASSETS

Invested in capital assets, net of related debt	6,021,432
Restricted net assets, non-expendable	259,988
Unrestricted net assets	<u>2,271,698</u>

TOTAL NET ASSETS \$ 8,553,118

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES:	
Charges for services	\$ 2,007,849
Entitlement and grants	1,473,507
Other	<u>492,863</u>
TOTAL OPERATING REVENUES	3,974,219
OPERATING EXPENSES:	
Cost of sales and services	8,350,708
General and administration	1,792,403
Depreciation and amortization	<u>929,384</u>
TOTAL OPERATING EXPENSES	11,072,495
OPERATING INCOME/(LOSS)	(7,098,276)
NON-OPERATING REVENUES/(EXPENSES)	
Entitlement and grants	982,713
Interest and other investment income	112
Loss on investments	(42,006)
Gain (loss) on beneficial interest in perpetual trust	<u>(81,631)</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	859,188
INCOME/(LOSS) BEFORE OPERATING TRANSFERS	(6,239,088)
OPERATING TRANSFERS	
Operating transfers in from primary government	<u>6,759,644</u>
TOTAL OPERATING TRANSFERS	<u>6,759,644</u>
INCREASE IN NET ASSETS	520,556
NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>8,032,562</u>
NET ASSETS, END OF YEAR	<u>\$ 8,553,118</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers:	
Operating revenue	\$ 3,974,219
Plus: accounts receivable - beginning	395,089
Minus: accounts receivable - ending	(333,871)
Plus: due from primary government - beginning	-
Minus: due from primary government - ending	(297,660)
Plus: other assets - beginning	108,265
Minus: other assets - ending	(106,584)
Minus: deferred revenue - beginning	(81,326)
Plus: deferred revenue - ending	<u>86,171</u>
TOTAL CASH RECEIVED FROM CUSTOMERS	3,744,303
Cash paid to employees:	
Salaries and benefits expense	(5,054,064)
Minus: compensated absences - beginning	(372,848)
Plus: compensated absences - ending	<u>439,893</u>
TOTAL CASH PAID TO EMPLOYEES	(4,987,019)
Cash paid to suppliers:	
Other operating expenses:	
Cost of sales and services	(3,296,644)
General and administrative	(1,792,403)
Minus: accounts payable - beginning	(524,127)
Plus: accounts payable - ending	<u>366,922</u>
TOTAL CASH PAID TO SUPPLIERS	(5,246,252)
NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	(6,488,968)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating transfers in - primary government	6,759,644
Grants, entitlements and shared revenues	<u>65,755</u>
NET CASH PROVIDED BY/(USED FOR) NON-CAPITAL FINANCING ACTIVITIES	6,825,399
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,160,293)
Grants, entitlements and shared revenues	<u>916,958</u>
NET CASH PROVIDED BY/(USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(243,335)
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchase)/Sale of marketable securities	
Net Gain/(Loss) on beneficial interest in perpetual trust	81,631
Net Gain/(Loss) on investments	<u>(41,257)</u>
NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES	40,374
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	133,470
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,181,812</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,315,282</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income/(loss)	\$ (7,098,276)
Adjustments to reconcile operating income/(loss) to cash provided by/(used for) operating activities:	
Depreciation and amortization	929,384
Changes in assets and liabilities:	
Receivables	61,218
Due from primary government	(297,660)
Other assets	1,681
Accounts payable and accrued liabilities	(90,160)
Deferred revenues	4,845
	<u>4,845</u>
NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	<u>\$ (6,488,968)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Principles of Combination

The West Virginia Educational Broadcasting Authority (EBA or the Authority), a component unit of the State of West Virginia, is a public corporation which was created by the State of West Virginia and is responsible for extending educational, cultural and informational experiences to all citizens of West Virginia through the construction and operation of noncommercial education TV and radio stations and related facilities statewide. EBA supervises and operates three public TV stations and nine public radio stations and related facilities statewide. EBA supervises and operates three public TV stations and nine public radio stations plus a statewide two-way microwave network that links the stations and provides special telecommunication services for other state and public service agencies for non-broadcasted activities such as teleconferencing, in-service training, and data delivery.

The following radio and television stations are operated by EBA:

WVPM (FM) Charleston	WVPG (FM) Parkersburg
WVWV (FM) Huntington	WVEP (FM) Martinsburg
WVPB (FM) Beckley	WAUA (FM) Petersburg
WVPW (FM) Buckhannon	WNPB (TV) Morgantown
WVNP (FM) Wheeling	WPBY (TV) Huntington
WVPM (FM) Morgantown	WSWP (TV) Beckley

The combined financial statements include the assets, liabilities, financial activities, and cash flows of the West Virginia Educational Broadcasting Authority, each of the above stations and their interrelated affiliated organizations as follows:

West Virginia Public Broadcasting Foundation, Inc., and Friends of West Virginia Public Broadcasting, Inc.

The West Virginia Public Broadcasting Foundation, Inc. (the Foundation) was formed in 1992 as a non-profit corporation. The Foundation was organized exclusively for charitable and educational purposes to receive, hold, disperse, and invest monies or property given or donated to EBA for educational and eleemosynary purposes related to the preservation, maintenance, promotion, development and growth of educational and public broadcasting in the State of West Virginia. EBA has sole discretion as to the use of the money and property.

The affiliated Friends organization solicits funds for the benefit of the related television and radio stations and public broadcasting. Funds are expended by the Friends for the benefit of the related stations in amounts determined by their respective Boards of Directors.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The combined financial statements of EBA have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*. The financial statement presentation required by GASB No. 34 provides a comprehensive, entity-wide perspective of EBA's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows and replaces the fund-group perspective previously required. EBA's net assets are classified as follows:

Invested in capital assets, net of related debt

This represents EBA's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of, invested in capital assets, net of related debt.

Restricted net assets, expendable

This includes resources in which EBA is legally contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets, nonexpendable

This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition on the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. EBA has one trust that is considered restricted nonexpendable at June 30, 2009 (Note 10).

Unrestricted net assets

Unrestricted net assets represent resources derived from other than capital assets or restricted net assets. These resources are used for transactions relating to the general operations of EBA, and may be used at the discretion of the Board of Directors to meet current expense for any purpose.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

EBA follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, in addition to FASB Statements and Interpretations issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements, to its combined financial statements.

For financial reporting purposes, EBA is considered to be engaged only in business-type activities. Accordingly, EBA's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses when material or services are received. All intercompany accounts and transactions have been eliminated.

Capital Assets

Capital assets include property and equipment. Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 30 years. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Program Rights

Program rights purchased by EBA and affiliates from the Public Broadcasting Service on an annual basis are expended in the year purchased. All other program rights are amortized over the period of their expected usage and are reported net of the accumulated amortization. Amortization expense totaled \$91,234 for the year ended June 30, 2009.

Deferred Production Costs

The costs relating to programs being produced that will be broadcast in a subsequent period are reported as deferred production costs. Grants and contributions related to such programs are included in deferred revenue. As the programs are broadcast, applicable program expenses and revenues are included in the combined statement of revenues, expenses and change in net assets.

Revenue Recognition

General appropriations from the State of West Virginia and appropriations from other state agencies which are considered exchange transactions are recorded as operating transfers in the combined statement of revenues, expense and changes in net assets at the time such appropriations are utilized by incurring authorized expenditures as determined on an accrual basis.

Unrestricted contribution and pledges are recorded as revenue in the combined statement of revenues, expenses and changes in net assets in the period received. Contributions and grants restricted for specific projects are reported as deferred revenue until qualifying expenses have been incurred.

Donated or contributed services and material, including amounts contributed by other state agencies and component units of the State, are recorded at their fair value on the date of the contribution.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purpose of reporting and the combined statement of cash flows, EBA and affiliates considers cash on hand, cash in banks, cash with the State of West Virginia and certificates of deposit which are not subject to withdrawal restrictions or penalties and which have original maturities of three months or less to be cash equivalents.

Income Taxes

EBA, as a public corporation established by the State of West Virginia, is recognized as exempt from Federal income taxes. The Friends of West Virginia Public Broadcasting, Inc. and the West Virginia Public Broadcasting Foundation, Inc. are nonprofit, non-stock corporations which are recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes, and are classified as other than private foundations.

Budgets

Budgets for appropriation from the State of West Virginia are adopted annually on a cash basis and are approved by the State of West Virginia Legislature. Most appropriations for operating funds lapse at year end.

Compensated Absences

Accumulated vacation is accrued as the employees become vested in the benefits. Employees, hired prior to July 1, 2002, vest in accumulated sick leave only upon retirement, when unused sick leave can be converted into termination benefits, such as employer paid premiums for post retirement health care benefits or additional credited service for retirement benefits. A liability for accrued sick leave is recognized to the extent that accumulated leave is expected to be converted to termination benefits on retirement.

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenses. All other interfund transactions are reported as transfers.

Classification of Revenues

EBA has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues

Operating revenues include activities that have the characteristics of exchange transactions.

Nonoperating revenues

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 34, such as state appropriations and investment income.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Funds

EBA has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, EBA attempts to utilize restricted funds first when practicable.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Actual results could differ from those estimates.

Net Assets

Of the Authority's restricted net assets of \$259,988, none were restricted by enabling legislation.

NOTE 2- REVENUE CONCENTRATIONS

During the year ended June 30, 2009, EBA recognized revenue of \$6,324,271 from appropriations from the State of West Virginia, and \$1,464,347 from grants from the Corporation for Public Broadcasting. The ability of these entities to fund operations at this level is dependent on the state and national economic conditions and related tax collections. Future funding is also dependent on the willingness of legislative and grantor entities to continue funding EBA affiliates.

NOTE 3- DEPOSITS AND INVESTMENTS

Statement No. 3 of the Government Accounting Standards Board requires government entities to categorize deposits and investments to give an indication of the level of risk assumed by the entity at year-end. These categories of risk follow:

	<u>Cash</u>	<u>Investments</u>
Category 1	Deposits that are either insured or collateralized with securities held by the Authority or by its agent in the Authority's name.	Investments that are insured or registered, or securities held by Authority or by its agent in the Authority's name.
Category 2	Deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.	Investments that are uninsured and registered, with securities held by the counterparty's trust department or agent in the Authority's name.
Category 3	Deposits that are uncollateralized (including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name).	Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent but not held in the Authority's name.
Not Categorized		Other investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3- DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2009, the carrying amount of the Authority's cash deposits were \$2,306,122 and the bank balance was \$2,469,117. The differences represent normal reconciling items associated with timing differences and cash on hand. At June 30, 2009, \$782,800 of the bank balances was insured by the FDIC (Category 1); the remaining bank balances were Category 3. The following summarizes the carrying value and market value of investments:

<u>Description</u>	<u>Market Value</u>	<u>Investment Maturities (in years)</u>
		<u>Less than 1</u>
June 30, 2009:		
ISHARE TR – S&P Smallcap 600 Index Fund	\$29,638	\$29,638
ISHARES MCSCI EAFE Index Fund	29,139	29,139
ISHARE S&P 1500 Index Fund	29,598	29,598
ISHARE TR – S&P Smallcap 400 Index Fund	<u>32,072</u>	<u>32,072</u>
Total	<u>\$120,447</u>	<u>\$120,447</u>

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Authority has no investment policy that limits its investment choices. As of the fiscal years ended June 30, 2009 the Authority's investments were not rated by Standard & Poor's or Moody's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5 percent of the Authority's investments are in ISHARES. These investments were 100% of the Authority's total investments as of June 30, 2009.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investments are held in the name of the Authority. For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Deposits. The Authority does not have a policy for custodial credit risk. As of June 30, 2009, \$1,686,317 of the Authority's bank balances was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>June 30, 2009</u>
	<u>\$1,686,317</u>
	<u>\$1,686,317</u>

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4- CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2009:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable Capital Assets:				
Land	\$ 77,075	\$ -	\$ -	\$ 77,075
Total Non-depreciable Capital Assets	77,075	-	-	77,075
Depreciable Capital Assets:				
Buildings	6,933,588	70,492	-	7,004,080
Equipment	19,901,237	1,089,801	-	20,991,038
Total Depreciable Capital Assets	26,834,825	1,160,293	-	27,995,118
Less: Accumulated Depreciation:				
Buildings	(4,016,320)	(92,236)		(4,108,556)
Equipment	(17,105,057)	(837,148)		(17,942,205)
Total Accumulated Depreciation	(21,121,377)	(929,384)	-	(22,050,761)
Total Depreciable Capital Assets	5,713,448	230,909	-	5,944,357
Net Capital Assets	\$ 5,790,523	\$ 230,909	\$ -	\$ 6,021,432

NOTE 5- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The GASB has issued Statement No. 43, "Financial Reporting for Post employment Benefit Plans Other Than Pension Plans" and Statement No. 45, "Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions" (OPEB). The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with the fiscal year ending June 30, 2008, the State will implement accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements will report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the "annual required contribution" and a "liability for the amount of the "annual required contribution" that was not actually paid.

Funds have not been set aside to pay future costs of retirees, but the Legislature in response to the GASB statements, has made statutory changes to create the West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of OPEB. The legislation requires the RHBT to determine through an actuarial study, as prescribed by GASB Statement No. 43, the Annual Required Contribution (the ARC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC shall be allocated to respective employers including the Educational Broadcasting Authority who is required by law to remit at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residual funds held in trust for future OPEB costs.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Description

The EBA participates in the West Virginia Other Post employment Benefits Plan (OPEB plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, West Virginia, 25305-0710, or by calling 1-888-680-7842.

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is \$388 per employee per month. Through June 30, 2009, the EBA has paid premiums of \$144,380 and the State of West Virginia, on the EBA's behalf, has paid \$370,352 towards the Annual Required Contribution. As of June 30, 2009 the EBA has recorded a liability of \$105,277 on its balance sheet for OPEB as part of the compensated absences liability.

NOTE 6- CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for EBA for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Accrued compensated absences	<u>\$ 372,848</u>	<u>\$ 439,893</u>	<u>\$ 372,848</u>	<u>\$439,893</u>	<u>\$331,363</u>
TOTAL NON-CURRENT LIABILITIES	<u>\$ 372,848</u>	<u>\$ 439,893</u>	<u>\$ 372,848</u>	<u>\$439,893</u>	<u>\$331,363</u>

NOTE 7- COMMITMENTS/CONTINGENCIES

EBA is involved in various legal actions, from time to time, in the ordinary course of business. Management is not currently aware of any matters, which will have a significant adverse effect on the accompanying combined financial statements.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 8- RISK MANAGEMENT

EBA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA), to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units. The EBA manages its worker's compensation risk by utilizing a private carrier, BrickStreet.

BRIM is a public entity risk pool that provides coverage for general, property, medical malpractice, and automobile liability. PEIA is also a public entity risk pool that provides coverage for employee and dependent health, life and prescription drug insurance. BrickStreet provides coverage for workers' compensation and work related accidents. EBA retains the risk of loss on certain tort and contractor claims in excess of the amount insured or covered by BRIM's insurance carrier.

Through its participation in PEIA and through its private carrier, BrickStreet, EBA has obtained health coverage and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and BrickStreet, EBA has transferred its risk related to health coverage and job related injuries of employees.

NOTE 9- ENDOWMENT TRUSTS

In 1991, cash of \$5,764 was transferred to the Greater Kanawha Valley Foundation (the Foundation) to constitute the principal of the Friends of West Virginia Public Radio, Inc. Endowment Fund, for the purpose of funding equipment replacement. Under the terms of the trust agreement, Friends of West Virginia Public Radio, Inc. has the right to receive the income from the fund, but has no control over, or access to the assets of the fund. Therefore, the assets are not included in these financial statements. Funds received by The Friends of West Virginia Public Radio, Inc. restricted for the benefit of this fund are transferred to the Foundation on an annual basis or more often as a significant amount of funds accumulate. Spending is authorized by the Foundation's Board of Directors. At June 30, 2009, the Endowment Fund had a fair value of \$78,943. This is an increase of \$17,121 from the prior year.

In 2003, Television Friends of West Virginia Public Broadcasting, Inc. and Friends of West Virginia Public Radio, Inc. each contributed \$5,000 to a \$10,000 endowment established at the Beckley Area Foundation (BAF) to benefit the West Virginia Public Broadcasting Foundation, Inc. Under the terms of the agreement, West Virginia Public Broadcasting Foundation, Inc., has the right to receive the income from the fund, but has no control over, or access to, the assets of the fund. Therefore, the assets are not included in these financial statements. Funds received by the Friends groups or the Foundation for the benefit of this fund are transferred to the BAF on an annual basis or more often as a significant amount of funds accumulate with spending will be authorized by the BAF's Board of Directors. At June 30, 2009, the fund had a fair value of approximately \$46,252. This is a decrease of \$3,555 from the prior year.

NOTE 10 - BENEFICIAL INTEREST OF PERPETUAL TRUST

A donor established a trust with a national banking association naming an affiliate of the Authority as a beneficiary of the charitable trust upon the benefactor's death. Payments from the trust started in 2002. Under terms of the split-interest agreement, the Organization is to receive 10% of the trust's income annually for its unrestricted use. The Organization is required to report the present value of future cash flows. The Organization reports the investment in the trust using the fair value of the trust's assets as determined by quoted market price, with the fair value change reported as a change in beneficial interest - permanently restricted net assets in the statement of revenues, expenses and changes in net assets which equated a loss of \$81,631 for 2009. The fair value of the trust is reported in the statement of financial position as beneficial interest in perpetual trust and as restricted net assets, nonexpendable of \$259,988.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11 – OTHER OPERATING REVENUE

Other operating revenue consisted of the following at June 30, 2009:

Business and Industry	\$277,941
Mountain Stage	196,606
Other	<u>18,316</u>
TOTAL OTHER	<u>\$ 492,863</u>

NOTE 12 – LEASES

Operating Lease Commitments

The Authority leases the certain use of its towers to various entities under non-cancelable operating leases with various terms. The following is a schedule by year of future minimum rentals under the lease agreements at June 30, 2009:

<u>Year ending June 30,</u>	
2010	<u>127,361</u>
TOTAL	<u>\$ 127,361</u>

SUPPLEMENTAL INFORMATION

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 6

GAAP REPORTING FORM - RESTRICTED NET ASSETS/RESERVED FUND EQUITY

Audited Agency: West Virginia Broadcasting Authority

RESTRICTED NET ASSETS

Description of Restricted Net Asset Balance (separately breakout amounts restricted by enabling legislation):

<u>Beneficial Interest in Perpetual Trust</u>	\$ <u>259,988</u>
_____	_____
_____	_____
Balance June 30, 2008	\$ <u>259,988</u>

RESERVED FUND EQUITY

Description of Reserved Balance:

Amount

_____	\$ _____
_____	_____
_____	_____
Balance June 30, 2008	\$ _____

FORM 7

STATE OF WEST VIRGINIA
 DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
 FINANCIAL ACCOUNTING AND REPORTING SECTION
 GAMP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency: West Virginia Broadcasting Authority

Per GASB Statement 40 the institution must disclose its deposit policy. The deposit policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the institution's deposit policy.

	Carrying Amount	Reconciled Carrying Amount	Total Carrying Amount	Bank Balance	Issued Amount	Collateralized Amount	2 Amount collateralized with securities held by the pledging financial institution's trust department or agent in the name of the depositor	3A Amount Unreserved and Uncollateralized	3B Collateralized with securities held by the pledging financial institution but not in the name of the depositor	3C Collateralized with securities held by the pledging financial institution trust department or agency but not in the name of the depositor	Foreign Currency Risk
Cash with Treasurer											
Per WVPIUS Operating Balance Rep	610,825	692,543	1,220,185								
Cash with Municipal Bond Commission			0								
Cash in Transit to WVPIUS	1,752	0	1,752								
Cash with Board of Trustees			0								
Cash in Outside Bank Accounts	668,306	288,122	768,917	661,248	752,620	0	0	118,469			
Cash at Escrow			0								
Certificates of Deposits	297,650		297,650								
Other - Re-appropriated Cash			0								
Total	1,686,867	897,865	2,308,122	661,248	752,620	0	0	118,469	0	0	0

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
 Department of Administration - Finance Division
 Financial Accounting and Reporting Section
 Building 17, 3rd Floor
 Charleston, WV 25305
 Telephone Number (204) 558-4003
 Fax Number (204) 558-4084

FORM 8

STATE OF WEST VIRGINIA
 DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
 FINANCIAL ACCOUNTING AND REPORTING SECTION
 GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Member Agency West Virginia Broadcasting Authority

Per GASB Statement 40 the institution must disclose its investment policy. The investment policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the institution's investment policy

Investments with Investment Name Based (INB) Per WVPMS Operating Balance Report As of 6/30/09 Investment Earnings not Pooled to WVPMS Investments with Board of Treasury Investments (BTI) Per Operating Balance Report Investment Earnings not Pooled to WVPMS As of 6/30/09 Investments Outside (OIE)	Reported Amount Unrestricted	Reported Amount Restricted	Classified Credit Risk			Fair Value	Standard & Poor's	Credit Ratings	Interest Rate Risk - Separated Time Distribution Investment Maturities (In Years)			Foreign Currency Mark Movability	Fair Value	
			Category 1 (Based on reported amounts)	Category 2	Category 3				Reported Amount	Less Than 1	1 - 5			6 - 10
U.S. Treasury Obligations														
U.S. Government Agencies														
Other Government Bonds														
Corporate Bonds														
Corporate Stocks	120,447				120,447	120,447								
Mutual Bond Funds														
Mutual Stock Funds														
Mutual Money Market Funds														
Commercial Paper														
Bank Investment Contract														
Guaranteed Investment Contract														
Repurchase Agreements														
State/Local Gov't Securities														
Other Investments (Specify):														
Total	120,447	0	0	0	120,447	120,447								0

MUST COMPLETE THE BELOW INFORMATION IF REPURCHASE AGREEMENTS WERE IDENTIFIED ABOVE

Collateral Description on the Repurchase Agreement

Fair Market Value of Collateral

PLEASE SEND COMPLETED FORMS TO:
 State of West Virginia
 Financial Accounting and Reporting Section
 2100 Washington Street East
 Building 17, 3rd Floor
 Charleston, WV 25305
 Telephone Number: (304) 556-1183
 Fax Number: (304) 556-6484

NOTE: THE REPORTED AMOUNTS SHOULD BE IDENTIFIED AS EITHER AMORTIZED COST (A) OR FAIR VALUE (F).

STATE OF WEST VIRGINIA
 DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
 FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 8A

GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency West Virginia Broadcasting Authority

Reconciliation of cash, cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnote:

Deposits:

Cash and cash equivalents as reported on balance sheet	\$ 2,306,122
Less: cash equivalents disclosed as investments	_____
Add: restricted assets disclosed as deposits	_____
Other (describe) _____	_____
_____	_____
_____	_____

Carrying amount of deposits as disclosed on Form 7

\$ 2,306,122

Investments:

Investments as reported on balance sheet	\$ 120,447
Add: restricted assets disclosed as investments	_____
Add: cash equivalents disclosed as investments	_____
Other (describe) _____	_____
_____	_____
_____	_____

Reported amount of investments as disclosed on Form 8

\$ 120,447

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
 Financial Accounting and Reporting Section
 2101 Washington Street East
 Building 17, 3rd Floor
 Charleston, WV 25305

Telephone Number (304) 558-4083
 Fax Number (304) 558-4084

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 9

GAAP REPORTING FORM - RECEIVABLES

Audited Agency West Virginia Broadcasting Authority

TAXES RECEIVABLE *

Taxes receivables as of June 30, 2008:

Taxes Receivable:	
Gasoline and Motor Carrier	\$ _____
Auto Privilege	_____
Wholesale Motor Fuel	_____
Other -	_____
Less - Estimated Refunds Payable	_____
Net Taxes Receivable	\$ _____

* Applies only to entities reporting as governmental fund type

	<u>ACCOUNTS</u>	<u>LEASES</u>	<u>INTEREST</u>	<u>LOANS</u>	<u>OTHER **</u>
Total receivable as of June 30, 2008	\$ _____	\$ _____	\$ _____	\$ _____	\$ 333,871
Less: Allowance for doubtful accounts	_____	_____	_____	_____	_____
Less: Amount Representing Interest	_____	_____	_____	_____	_____
Net Receivable	\$ _____	\$ _____	\$ _____	\$ _____	\$ 333,871
Net amount you do not expect to collect within one year	_____	_____	_____	_____	_____

Description of Leases: _____

Description of loans: _____

Description of other: Underwriting, Grants and Miscellaneous Receivables

**Include restitution receivable here and amounts receivable from other state agencies if reported here in the financial statements.
Also fill out forms 10 & 10A with more detailed information.

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 15

GAAP REPORTING FORM - TRANSFERS IN/OUT

Audited Agency West Virginia Broadcasting Authority

Indicate amounts transferred from/to your agency as of June 30, 2009.

WVFIMS Doc. ID	Agency Transferring From	WVFIMS FUND	Agency Transferring To	WVFIMS FUND	Amount
1	2	3	4	5	6
	All transfers from State of West Virginia for fiscal year 2009		Appropriations		\$ 6,759,644
			Total		\$ 6,759,644

*Do not include IGT's, Reimbursements or Expense to Expense transactions

Explain Transfers In/Out amounts greater than or equal to \$1,000,000.

West Virginia Educational Broadcasting Authority and Affiliates

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S Department of Agriculture</u>			
<i>Direct from the Federal Government</i>			
Television Station Digital Transition Grant Program	N/A	10.861	<u>498,741</u>
Total U. S. Department of Agriculture			<u>498,741</u>
<u>U.S. Department of Commerce</u>			
<i>Direct from the Federal Government</i>			
Public Telecommunications Facilities Program	N/A	11.550	<u>141,714</u>
Total Environmental Protection Agency			<u>141,714</u>
Total Federal Financial Assistance			<u>\$ 640,455</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

NOTE A – BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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 Virginia Educational Broadcasting
Authority and Affiliates
Charleston, West Virginia

We have audited the financial statements of the business-type activities of the West Virginia Educational Broadcasting Authority and Affiliates (the Authority) (a component unit of the State of West Virginia), as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 11, 2008. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 above.

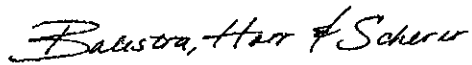
Board of Directors
West Virginia Educational Broadcasting Authority and Affiliates

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*
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic 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*.

This report is intended solely for the information and use of the management and members of the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

September 15, 2009

BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors
West Virginia Educational Broadcasting
Authority and Affiliates
Charleston, West Virginia

Compliance

We have audited the compliance of the West Virginia Educational Broadcasting Authority and Affiliates (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

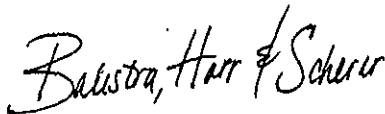
Board of Directors
West Virginia Educational Broadcasting
Authority and Affiliates
Report on Compliance With Requirements Applicable to Each Major Program and
on Internal Control Over Compliance in Accordance With OMB Circular A - 133
Page 2

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the audit committee, management, Members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
September 15, 2009

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified	
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No	
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No	
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No	
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No	
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No	
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified	
(d)(1)(vi)	Are there any reportable findings under section .510?	No	
(d)(1)(vii)	Major Programs (list):	Public Television Station Digital Transition Grant Program, CFDA #10.861	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others	
(d)(1)(ix)	Low Risk Auditee?	No	

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

JUNE 30, 2009

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	None	
----------------	------	--

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None	
CFDA Title and Number		
Federal Award Number/Year		
Federal Agency		
Pass-Through Agency		