

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity
Licensed to Texas Tech University)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Financial Statements:	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Fund Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Required Supplementary Information:	
Schedule of the Station’s Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas.....	21
Schedule of Station Contributions – Teacher Retirement System of Texas	22
Notes to Required Supplementary Information	23
Supplemental Information:	
Combining Statements of Net Position	24
Combining Statements of Revenues, Expenses and Changes in Fund Net Position	25
Combining Statements of Cash Flows	26

INDEPENDENT AUDITOR'S REPORT

Texas Tech University System Board of Regents
Lubbock, Texas:

We have audited the accompanying financial statements of Texas Tech Public Media (A Public Telecommunications Entity Licensed to Texas Tech University) as of and for the years ended August 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Texas Tech Public Media's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Tech Public Media as of August 31, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information as listed in the table of contents on pages 3 through 5 and pages 21 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Texas Tech Public Media's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Davis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
February 13, 2017

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

Introduction and Reporting Entity

The following discussion and analysis is an overview of the financial position and activities of Texas Tech Public Media for the years ended August 31, 2016 and 2015. Management of Texas Tech Public Media has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

Texas Tech Public Media is a licensee of Texas Tech University (the University) and is governed by the University's Board of Regents. Texas Tech Public Media's primary functions are to establish and promote noncommercial educational telecommunications facilities in the South Plains area of Texas and Eastern New Mexico as well as the Concho Valley area of Texas. Texas Tech Public Media includes a television station and two radio stations.

Television

Texas Tech University is the licensee of the only public television station in Lubbock – KTTZ-TV. This station primarily broadcasts PBS programming, including at least 50 hours of children's programming each week. The signal reaches over 396,000 potential viewers in 158,360 television households in the South Plains area of Texas and Eastern New Mexico, and out of that number approximately 35,000 households watch each week. Contributing membership consists of approximately 1,200 households.

Radio

The original radio station – KTTZ-FM – was founded in 1988 and now broadcasts 24 hours daily, serving over 21,000 listeners per week with an approximate 60-mile coverage radius from Lubbock, Texas. In 2007, the station became the first HD radio station in the South Plains area and began streaming two additional music channels. This important upgrade has provided the station the opportunity to multicast by adding more stations to its existing frequency.

In July 2010, Texas Tech University purchased KUTX-FM in San Angelo from The University of Texas. The call letters were changed to KNCH-FM, and the operations were transferred to Texas Tech Public Media.

Overview of the Financial Statements

The financial statements of Texas Tech Public Media consist of the Statements of Net Position, the Statements of Revenue, Expenses and Changes in Fund Net Position, and the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board Statement (GASBS) No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.

GASBS 35 requires the classification of net position into three categories – investment in capital assets, restricted, and unrestricted.

The Statements of Net Position include assets, liabilities and net position of Texas Tech Public Media as of August 31, 2016 and 2015. These statements are classified into current and non-current assets and liabilities, with net position classified in the categories as noted above. The Statements of Revenues, Expenses and Changes in Fund Net Position depict the operating revenues and expenses resulting in net operating income, which is then combined with non-operating revenues to provide the total change in net position. The Statements of Cash Flows show the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

Financial Highlights

The financial position of Texas Tech Public Media remains strong. Net position totaled \$3,211,607, \$3,523,001 and \$4,098,986 at August 31, 2016, 2015 and 2014, respectively. Net position decreased by \$311,394 and \$575,985 at August 31, 2016 and 2015, respectively. Operating revenues totaled \$2,909,203 for fiscal year 2016 compared to \$3,287,169 for fiscal year 2015 and \$2,714,587 for fiscal year 2014, a decrease of \$377,966 for fiscal year 2016 and an increase of \$572,582 for fiscal year 2015. Operating expenses totaled \$3,233,143 for fiscal year 2016 compared to \$3,173,717 for fiscal year 2015 and \$2,756,598 for fiscal year 2014, an increase of \$59,426 and \$417,119, respectively. Non-operating revenue includes interest income.

Texas Tech Public Media's capital assets, net of accumulated depreciation, totaled \$1,253,929 and \$1,561,342 at August 31, 2016 and 2015, respectively. Capital asset additions totaled \$46,559 and \$158,223 in fiscal year 2016 and 2015, respectively.

Condensed Statements of Net Position

	2016	2015	2014
Current assets	\$ 2,773,836	\$ 2,829,866	\$ 2,543,292
Capital assets, net	1,253,929	1,561,342	1,752,913
Total assets	<u>4,027,765</u>	<u>4,391,208</u>	<u>4,296,205</u>
Deferred outflows of resources	<u>76,901</u>	<u>58,905</u>	<u>-</u>
Current liabilities	90,479	167,149	197,219
Noncurrent liabilities	<u>676,620</u>	<u>620,157</u>	<u>-</u>
Total liabilities	<u>767,099</u>	<u>787,306</u>	<u>197,219</u>
Deferred inflows of resources	<u>125,960</u>	<u>139,806</u>	<u>-</u>
Investment in capital assets	1,253,929	1,561,342	1,752,913
Restricted	193,615	329,433	198,249
Unrestricted	<u>1,764,063</u>	<u>1,632,226</u>	<u>2,147,824</u>
Total net position	<u>\$ 3,211,607</u>	<u>\$ 3,523,001</u>	<u>\$ 4,098,986</u>

Current assets consist primarily of cash and accounts receivable. Capital assets are presented net of accumulated depreciation of \$5,839,867, \$5,813,685 and \$5,643,891 at August 31, 2016, 2015 and 2014, respectively. Current liabilities consist of accounts payable and unearned revenue.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 2,909,203	\$ 3,287,169	\$ 2,714,587
Operating expenses	<u>3,233,143</u>	<u>3,173,717</u>	<u>2,756,598</u>
Operating income (loss)	(323,940)	113,452	(42,011)
Non-operating revenue	<u>12,546</u>	<u>13,204</u>	<u>9,164</u>
Change in net position	(311,394)	126,656	(32,847)
Net position, beginning of year	<u>3,523,001</u>	<u>4,098,986</u>	<u>4,131,833</u>
Prior period adjustment	<u>-</u>	<u>(702,641)</u>	<u>-</u>
Net position, end of year	<u>\$ 3,211,607</u>	<u>\$ 3,523,001</u>	<u>\$ 4,098,986</u>

Operating revenues consist primarily of contributions, grants from the Corporation for Public Broadcasting, and donated support from Texas Tech University. Operating expenses consist primarily of programming and production and broadcasting expenses.

Condensed Statements of Cash Flows

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net cash flows from operating activities	\$ (6,859)	\$ 404,897	\$ 348,225
Net cash flows from investing activities	12,546	13,204	9,164
Net cash flows from capital and related financing activities	<u>(46,559)</u>	<u>(159,806)</u>	<u>(133,748)</u>
Change in cash and cash equivalents	(40,872)	258,295	223,641
Cash and cash equivalents, beginning of year	<u>2,655,878</u>	<u>2,397,583</u>	<u>2,173,942</u>
Cash and cash equivalents, end of year	<u>\$ 2,615,006</u>	<u>\$ 2,655,878</u>	<u>\$ 2,397,583</u>

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of Texas Tech Public Media's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

General Manager
Texas Tech Public Media
P.O. Box 42161
Lubbock, TX 79409

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
STATEMENTS OF NET POSITION
AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,615,006	\$ 2,655,878
Accounts receivable	85,494	111,427
Prepaid expenses	73,336	62,561
Total current assets	2,773,836	2,829,866
Capital assets, at cost		
Building	623,700	623,700
Transmitter, antenna and tower	2,216,685	2,473,420
Broadcasting and production equipment	4,152,398	4,175,859
Furniture and fixtures	101,013	102,048
	7,093,796	7,375,027
Less: Accumulated depreciation	(5,839,867)	(5,813,685)
Capital assets, net	1,253,929	1,561,342
Total assets	4,027,765	4,391,208
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions	76,901	58,905
Total deferred outflows of resources	76,901	58,905
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	13,302	64,146
Unearned revenue	77,177	103,003
Total current liabilities	90,479	167,149
Noncurrent liabilities		
Net pension liability	676,620	620,157
Total liabilities	767,099	787,306
DEFERRED INFLOWS OF RESOURCES		
Pension differences in investment earnings	125,960	139,806
Total deferred inflows of resources	125,960	139,806
NET POSITION		
Investment in capital assets	1,253,929	1,561,342
Restricted	193,615	329,433
Unrestricted	1,764,063	1,632,226
Total net position	\$ 3,211,607	\$ 3,523,001

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

TEXAS TECH PUBLIC MEDIA
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Contributions	\$ 215,015	\$ 234,177
Grants from the Corporation for Public Broadcasting	856,360	848,465
Federal grants	14,353	54,764
Donated support from Texas Tech University		
Direct administrative support	653,482	735,210
Indirect administrative support	251,699	301,642
Donated materials and services	1,000	1,000
Other grants	417,982	531,427
Business contributions and underwriting	447,628	536,423
Miscellaneous income	51,684	44,061
Total operating revenues	<u>2,909,203</u>	<u>3,287,169</u>
OPERATING EXPENSES		
Program services		
Programming and production	1,046,203	1,123,671
Broadcasting	781,729	929,842
Program information	299,476	72,889
	<u>2,127,408</u>	<u>2,126,402</u>
Supporting services		
Management and general	816,306	726,559
Fund raising and membership development	260,739	320,756
Underwriting and grant solicitation	28,690	-
	<u>1,105,735</u>	<u>1,047,315</u>
Total operating expenses	<u>3,233,143</u>	<u>3,173,717</u>
OPERATING INCOME (LOSS)	(323,940)	113,452
NON-OPERATING REVENUE		
Interest income	<u>12,546</u>	<u>13,204</u>
CHANGE IN NET POSITION	(311,394)	126,656
NET POSITION, BEGINNING OF YEAR	3,523,001	4,098,986
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(702,641)</u>
NET POSITION, END OF YEAR	<u>\$ 3,211,607</u>	<u>\$ 3,523,001</u>

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

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributors, grants, and underwriters	\$ 2,902,153	\$ 3,261,500
Other receipts	7,157	13,269
Payments to employees	(1,075,420)	(919,877)
Payments to suppliers	(1,611,335)	(1,743,229)
Payments for employee benefits	(229,414)	(206,766)
Net cash (used in) provided by operating activities	<u>(6,859)</u>	<u>404,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and cash equivalents	12,546	13,204
Net cash provided by investing activities	<u>12,546</u>	<u>13,204</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(46,559)	(158,223)
Prior period adjustment	-	(1,583)
Net cash used in capital and related financing activities	<u>(46,559)</u>	<u>(159,806)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(40,872)	258,295
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,655,878</u>	<u>2,397,583</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,615,006</u>	<u>\$ 2,655,878</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (323,940)	\$ 113,452
Adjustments to reconcile income from operations to net cash from operating activities:		
Depreciation	353,972	349,794
Net change in:		
Accounts receivable	25,933	(15,087)
Prepaid expenses	(10,775)	(13,192)
Accounts payable and accrued liabilities	(50,844)	(32,757)
Net pension liability	24,621	-
Unearned revenue	(25,826)	2,687
Total adjustments	<u>317,081</u>	<u>291,445</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (6,859)</u>	<u>\$ 404,897</u>

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

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 1: *NATURE OF ORGANIZATION*

Organization

Texas Tech Public Media is a public telecommunications entity licensed through the Federal Communications Commission to Texas Tech University in Lubbock, Texas and provides public television and radio to the South Plains area of Texas and Eastern New Mexico as well as the Concho Valley area of Texas. Accordingly, Texas Tech Public Media's financial activity is incorporated into the financial statements of the University, which is included in the Comprehensive Annual Financial Report of the State of Texas. The University is a state-supported school, created by the Legislature of the State of Texas. As such, it is a subdivision of the State of Texas and is tax-exempt under Section 115 of the Internal Revenue Code.

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Basis of Accounting

Texas Tech Public Media's financial records are maintained in a manner consistent with guidelines set by the Corporation for Public Broadcasting (CPB). These guidelines are in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

The University adopted GASB Statement (GASBS) No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASBS 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Note Disclosures. Accordingly, Texas Tech Public Media has been required to comply with certain provisions of these statements that establish standards for external reporting for state and local governments and require that resources be classified for accounting and reporting purposes in the following four net position categories:

- Investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed stipulations that Texas Tech Public Media maintains permanently. Texas Tech Public Media does not have any restricted nonexpendable net position.

Expendable – Net position whose use by Texas Tech Public Media is subject to externally imposed stipulations that can be fulfilled by actions of Texas Tech Public Media pursuant to those stipulations or that expire by the passage of time. Restricted net position was \$193,615 and \$329,433 as of August 31, 2016 and 2015, respectively. The net position is restricted for purchases of property and equipment.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

- Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of Texas Tech Public Media’s management or may otherwise be limited by contractual agreements with outside parties.

In accordance with GASBS 35, as amended, entities that have heretofore reported using the AICPA not-for-profit model, as defined in GASBS 29, may use enterprise fund accounting and financial reporting as a business type activity. As such an entity, Texas Tech Public Media’s activities are reported similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by Texas Tech Public Media are described below.

Revenue Recognition

Contributions and grants that are unrestricted are recorded as support when the cash is received. Unrestricted pledges for future contributions are not recorded. Pledges from local businesses and individuals to finance specific programs are recorded and reported on the statement of net position as unearned revenues until the programs are broadcast. At such time, the amounts are included in revenues. Texas Tech Public Media distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from activities performed in connection with Texas Tech Public Media’s purpose as stated above. All revenues and expenses not meeting this definition are reported as non-operating.

Grants received from the CPB are recorded as revenue when the funds are received. Contributions and grants restricted for specific uses are reported on the accompanying statement of net position as restricted net position until the funds are expended.

When both restricted and unrestricted resources are available for use, it is Texas Tech Public Media’s policy to use restricted resources first, then unrestricted resources as they are needed.

Accounts Receivable

Accounts receivable consist of uncollected pledged contributions from local businesses and individuals to finance specific programs and restricted grant funds uncollected at year-end. All amounts considered uncollectible have been written off.

Capital Assets

Capital asset is defined as an asset with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are carried at cost, or in the case of donated assets, at estimated fair market value at date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When property and equipment are retired or otherwise disposed of, the carrying value and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations for the period. For capital assets acquired through federally funded grants, the respective federal agency retains liens on these assets for a period of ten years. At August 31, 2016 and 2015, the net book value of this property was \$51,097 and \$204,063, respectively.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

In-kind Contributions

In-kind contributions are recorded as support and expense in the accompanying financial statements. In-kind contributions consist of various materials, property, and professional services donated for the benefit of Texas Tech Public Media. These donations are recorded at fair market value. The CPB no longer considers the personal services of volunteers in their determination of nonfederal financial support; therefore, these services are excluded from the financial statements.

Donated facilities and administrative support have been computed in accordance with guidelines established by the CPB and consist of the following for the years ended August 31, 2016 and 2015:

	2016	2015
Direct administrative support	\$ 653,482	\$ 735,210
Institutional support	223,311	274,942
Physical plant operations	14,004	12,316
Occupancy	14,384	14,384
	\$ 905,181	\$ 1,036,852

Cash and Cash Equivalents

Texas Tech Public Media's cash is held by the University in a pooled cash account that is managed by the University. Included in the pooled account are demand deposits in banks, local funds held by the state, state reimbursements in transit, repurchase agreements, Texpool and TexSTAR investments. These are considered cash equivalents. Interest income is allocated to Texas Tech Public Media on a quarterly basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: *CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS*

The CPB is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. The CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 3: *CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS – (continued)*

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

NOTE 4: *CAPITAL ASSETS*

Capital asset activity and useful lives of assets for the years ended August 31, 2016 and 2015 are summarized below:

	Life	Balance August 31, 2015	Additions	Retirements	Balance August 31, 2016
Building	40 yrs	\$ 623,700	\$ -	\$ -	\$ 623,700
Tower, transmitter and antenna equipment	10-20 yrs	2,473,420	-	(256,735)	2,216,685
Broadcasting and production equipment	3-10 yrs	4,175,859	46,559	(70,020)	4,152,398
Furniture and fixtures	3-10 yrs	102,048	-	(1,035)	101,013
Depreciable assets, at cost		<u>7,375,027</u>	<u>46,559</u>	<u>(327,790)</u>	<u>7,093,796</u>
Accumulated depreciation		<u>(5,813,685)</u>	<u>(353,972)</u>	<u>327,790</u>	<u>(5,839,867)</u>
Depreciable assets, net		<u>\$ 1,561,342</u>	<u>\$ (307,413)</u>	<u>\$ -</u>	<u>\$ 1,253,929</u>
	Life	Balance August 31, 2014	Additions	Retirements	Balance August 31, 2015
Building	40 yrs	\$ 623,700	\$ -	\$ -	\$ 623,700
Tower, transmitter and antenna equipment	10-20 yrs	2,473,420	-	-	2,473,420
Broadcasting and production equipment	3-10 yrs	4,042,476	133,383	-	4,175,859
Furniture and fixtures	3-10 yrs	77,208	24,840	-	102,048
Depreciable assets, at cost		<u>7,216,804</u>	<u>158,223</u>	<u>-</u>	<u>7,375,027</u>
Accumulated depreciation		<u>(5,463,891)</u>	<u>(349,794)</u>	<u>-</u>	<u>(5,813,685)</u>
Depreciable assets, net		<u>\$ 1,752,913</u>	<u>\$ (191,571)</u>	<u>\$ -</u>	<u>\$ 1,561,342</u>

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: DEFINED BENEFIT PENSION PLAN

Plan Description – The Station participates in a cost-sharing multiple employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS’s defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) as of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public state-supported education institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.02 are covered by the system.

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$ 35,348,668,960</u>
Net Position as a percentage of Total Pension Liability	78.43%

Benefits Provided – TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: *DEFINED BENEFIT PENSION PLAN (continued)*

Contributions – Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2015	2016
Member	6.70%	7.20%
Employers	6.80%	6.80%
2015 Member Contributions	\$ 63,106	
2015 Employer Contributions	\$ 64,048	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the state contribution rate in the following instances:

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 day of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

TEXAS TECH PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS

NOTE 5: *DEFINED BENEFIT PENSION PLAN (continued)*

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old Age, Survivor and Disability Insurance Program (OASDI) for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions – The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases, Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During Year	None
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate – The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: *DEFINED BENEFIT PENSION PLAN (continued)*

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized as follows:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.0%	0.0%	2.2%
Alpha	0.0%	0.0%	1.0%
Total	100.0%		8.7%

* *The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: *DEFINED BENEFIT PENSION PLAN (continued)*

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Total TRS net pension liability	\$ 55,384,701,778	\$ 35,348,668,960	\$ 18,659,898,872
Station's proportionate share of the net pension liability	\$ 1,060,119	\$ 676,620	\$ 357,169

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At August 31, 2016, the Station reported a liability of \$676,620 for its proportionate share of the TRS's net pension liability measured at August 31, 2015.

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was .00001914131 which is a decrease of 0.00000287109 from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotion/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees and disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: *DEFINED BENEFIT PENSION PLAN (continued)*

Other Demographic Assumptions

7. Previously it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
8. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
9. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
10. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
11. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

12. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period. For the year ended August 31, 2016, the Station recognized pension expense of \$64,048.

At August 31, 2016, the Station reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,856	\$ 26,003
Changes in actuarial assumptions	33,020	24,139
Difference between projected and actual investment earnings	166,636	140,079
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	66,531
Contributions paid to TRS subsequent to the measurement date	-	-
Total	\$ 207,512	\$ 256,752

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: *DEFINED BENEFIT PENSION PLAN (continued)*

There are no deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date for the year ended August 31, 2017. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Pension Expense Amount
2017	\$ (16,509)
2018	(16,509)
2019	(16,509)
2020	30,184
2021	(12,071)
Thereafter	(67,062)

NOTE 6: *RECLASSIFICATIONS*

Prior year financials were reclassified to conform to current year presentation. Accounting standards require that deferred outflow of resources pension differences in experience line be netted with the deferred inflows of resources pension differences in investment earnings line. The prior year amounts were netted to match the presentation in the current year.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO FINANCIAL STATEMENTS

NOTE 7: RECONCILIATION OF FINANCIAL STATEMENTS TO CPB REPORT

TELEVISION

	<u>2016</u>	<u>2015</u>
Revenue per audited financial statements	\$ 1,848,267	\$ 2,293,249
In-kind contributions	(1,000)	(1,000)
Indirect administrative support from Texas Tech University	(176,720)	(212,359)
Underwriting bad debt expense	<u>(4,722)</u>	<u>-</u>
Revenue per CPB report, Schedule A, Line 21	<u>\$ 1,665,825</u>	<u>\$ 2,079,890</u>
Expenses per audited financial statements	\$ 2,264,242	\$ 2,252,364
Cost of capital assets	<u>41,384</u>	<u>158,223</u>
Expenditures per CPB report, Schedule E, Line 10	<u>\$ 2,305,626</u>	<u>\$ 2,410,587</u>

RADIO

	<u>2016</u>	<u>2015</u>
Revenue per audited financial statements	\$ 1,073,482	\$ 1,007,124
Indirect administrative support from Texas Tech University	(74,979)	(89,283)
Underwriting bad debt expense	<u>(3,049)</u>	<u>(10,888)</u>
Revenue per CPB report, Schedule A, Line 21	<u>\$ 995,454</u>	<u>\$ 906,953</u>
Expenses per audited financial statements	\$ 968,901	\$ 921,353
Cost of capital assets	<u>5,175</u>	<u>-</u>
Expenditures per CPB report, Schedule E, Line 10	<u>\$ 974,076</u>	<u>\$ 921,353</u>

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
SCHEDULE OF THE STATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2016

	2015*	2014*
Station's Proportion of the Net Pension Liability (Asset)	0.001914131%	0.002321692%
Station's Proportionate Share of Net Pension Liability (Asset)	\$ 676,620	\$ 620,157
Station's Covered-Employee Payroll - Plan Fiscal Year	\$ 871,896	\$ 803,799
Station's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	77.60%	77.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

* The amounts presented for each plan year are as of August 31; plan information was unavailable prior to 2014.

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
SCHEDULE OF STATION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 41,805	\$ 58,861
Contribution in Relation to the Contractually Required Contribution	<u>(41,805)</u>	<u>57,198</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 1,663</u>
Station's Covered-Employee Payroll - Current Fiscal Year	\$ 873,901	\$ 871,896
Contributions as a Percentage of Covered-Employee Payroll	4.78%	6.75%

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1: *NET PENSION LIABILITY – TEACHER RETIREMENT SYSTEM*

Changes of Benefit Terms

There were no changes to benefit terms that affected the measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There are no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotion/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees and disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

7. Previously it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore this 10% is no longer being counted as active members.
8. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
9. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
10. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
11. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

12. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

SUPPLEMENTAL INFORMATION

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF NET POSITION
AUGUST 31, 2016 AND 2015

	Television		Radio		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,647,869	\$ 1,816,531	\$ 967,137	\$ 839,347	\$ 2,615,006	\$ 2,655,878
Accounts receivable	40,549	74,995	44,945	36,432	85,494	111,427
Prepaid expenses	52,308	45,024	21,028	17,537	73,336	62,561
Total current assets	<u>1,740,726</u>	<u>1,936,550</u>	<u>1,033,110</u>	<u>893,316</u>	<u>2,773,836</u>	<u>2,829,866</u>
Capital assets, at cost						
Building	623,700	623,700	-	-	623,700	623,700
Transmitter, antenna and tower	1,662,749	1,919,484	553,936	553,936	2,216,685	2,473,420
Broadcasting and production equipment	3,959,329	3,976,185	193,069	199,674	4,152,398	4,175,859
Furniture and fixtures	99,378	99,378	1,635	2,670	101,013	102,048
	<u>6,345,156</u>	<u>6,618,747</u>	<u>748,640</u>	<u>756,280</u>	<u>7,093,796</u>	<u>7,375,027</u>
Less: Accumulated depreciation	<u>(5,283,887)</u>	<u>(5,291,154)</u>	<u>(555,980)</u>	<u>(522,531)</u>	<u>(5,839,867)</u>	<u>(5,813,685)</u>
Capital assets, net	<u>1,061,269</u>	<u>1,327,593</u>	<u>192,660</u>	<u>233,749</u>	<u>1,253,929</u>	<u>1,561,342</u>
Total assets	<u>2,801,995</u>	<u>3,264,143</u>	<u>1,225,770</u>	<u>1,127,065</u>	<u>4,027,765</u>	<u>4,391,208</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions	<u>77,241</u>	<u>39,904</u>	<u>(340)</u>	<u>19,001</u>	<u>76,901</u>	<u>58,905</u>
Total deferred outflows of resources	<u>77,241</u>	<u>39,904</u>	<u>(340)</u>	<u>19,001</u>	<u>76,901</u>	<u>58,905</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	9,929	34,143	3,373	30,003	13,302	64,146
Unearned revenue	<u>30,381</u>	<u>56,979</u>	<u>46,796</u>	<u>46,024</u>	<u>77,177</u>	<u>103,003</u>
Total current liabilities	<u>40,310</u>	<u>91,122</u>	<u>50,169</u>	<u>76,027</u>	<u>90,479</u>	<u>167,149</u>
Noncurrent liabilities						
Net pension liability	<u>445,727</u>	<u>420,113</u>	<u>230,893</u>	<u>200,044</u>	<u>676,620</u>	<u>620,157</u>
Total noncurrent liabilities	<u>445,727</u>	<u>420,113</u>	<u>230,893</u>	<u>200,044</u>	<u>676,620</u>	<u>620,157</u>
Total liabilities	<u>486,037</u>	<u>511,235</u>	<u>281,062</u>	<u>276,071</u>	<u>767,099</u>	<u>787,306</u>
DEFERRED INFLOWS OF RESOURCES						
Pension differences in investment earnings	<u>111,071</u>	<u>94,709</u>	<u>14,889</u>	<u>45,097</u>	<u>125,960</u>	<u>139,806</u>
Total deferred inflows of resources	<u>111,071</u>	<u>94,709</u>	<u>14,889</u>	<u>45,097</u>	<u>125,960</u>	<u>139,806</u>
NET POSITION						
Investment in capital assets	1,061,269	1,327,593	192,660	233,749	1,253,929	1,561,342
Restricted	188,899	278,347	4,716	51,086	193,615	329,433
Unrestricted	<u>1,031,960</u>	<u>1,092,163</u>	<u>732,103</u>	<u>540,063</u>	<u>1,764,063</u>	<u>1,632,226</u>
Total net position	<u>\$ 2,282,128</u>	<u>\$ 2,698,103</u>	<u>\$ 929,479</u>	<u>\$ 824,898</u>	<u>\$ 3,211,607</u>	<u>\$ 3,523,001</u>

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED AUGUST 31, 2016 AND 2015

	Television		Radio		Total	
	2016	2015	2016	2015	2016	2015
OPERATING REVENUES						
Contributions	\$ 103,935	\$ 117,421	\$ 111,080	\$ 116,756	\$ 215,015	\$ 234,177
Grants from the CPB	710,548	701,333	145,812	147,132	856,360	848,465
Federal Grants	14,353	54,764	-	-	14,353	54,764
Donated support from the University						
Direct administrative support	488,865	571,706	164,617	163,504	653,482	735,210
Indirect administrative support	176,720	212,359	74,979	89,283	251,699	301,642
Donated materials & services-in-kind	1,000	1,000	-	-	1,000	1,000
Other grants	55,414	257,257	362,568	274,170	417,982	531,427
Business contributions and underwriting	244,580	337,766	203,048	198,657	447,628	536,423
Miscellaneous income	44,527	30,792	7,157	13,269	51,684	44,061
Total operating revenues	<u>1,839,942</u>	<u>2,284,398</u>	<u>1,069,261</u>	<u>1,002,771</u>	<u>2,909,203</u>	<u>3,287,169</u>
OPERATING EXPENSES						
Program services						
Programming and production	744,502	783,903	301,701	339,768	1,046,203	1,123,671
Broadcasting	625,770	747,066	155,959	182,776	781,729	929,842
Program information	199,708	49,832	99,768	23,057	299,476	72,889
	<u>1,569,980</u>	<u>1,580,801</u>	<u>557,428</u>	<u>545,601</u>	<u>2,127,408</u>	<u>2,126,402</u>
Supporting services						
Management and general	529,325	460,115	286,981	266,444	816,306	726,559
Fund raising & membership development	143,795	211,448	116,944	109,308	260,739	320,756
Underwriting and grant solicitation	21,142	-	7,548	-	28,690	-
	<u>694,262</u>	<u>671,563</u>	<u>411,473</u>	<u>375,752</u>	<u>1,105,735</u>	<u>1,047,315</u>
Total operating expenses	<u>2,264,242</u>	<u>2,252,364</u>	<u>968,901</u>	<u>921,353</u>	<u>3,233,143</u>	<u>3,173,717</u>
OPERATING (LOSS) INCOME	(424,300)	32,034	100,360	81,418	(323,940)	113,452
NON-OPERATING REVENUE						
Interest income	8,325	8,851	4,221	4,353	12,546	13,204
CHANGE IN NET POSITION	(415,975)	40,885	104,581	85,771	(311,394)	126,656
NET POSITION, BEGINNING OF YEAR	2,698,103	3,133,208	824,898	965,778	3,523,001	4,098,986
PRIOR PERIOD ADJUSTMENT	-	(475,990)	-	(226,651)	-	(702,641)
NET POSITION, END OF YEAR	<u>\$ 2,282,128</u>	<u>\$ 2,698,103</u>	<u>\$ 929,479</u>	<u>\$ 824,898</u>	<u>\$ 3,211,607</u>	<u>\$ 3,523,001</u>

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	Television		Radio		Total	
	2016	2015	2016	2015	2016	2015
CASH FLOWS - OPERATING ACTIVITIES						
Receipts from contributors, grants, & underwriters	\$ 1,847,790	\$ 2,269,882	\$ 1,054,363	\$ 991,618	\$ 2,902,153	\$ 3,261,500
Other receipts	-	-	7,157	13,269	7,157	13,269
Payments to employees	(626,491)	(581,816)	(448,929)	(338,061)	(1,075,420)	(919,877)
Payments to suppliers	(1,127,488)	(1,204,488)	(483,847)	(538,741)	(1,611,335)	(1,743,229)
Payments for employee benefits	(229,414)	(206,766)	-	-	(229,414)	(206,766)
Net cash provided by operating activities	<u>(135,603)</u>	<u>276,812</u>	<u>128,744</u>	<u>128,085</u>	<u>(6,859)</u>	<u>404,897</u>
CASH FLOWS - INVESTING ACTIVITIES						
Interest received	8,325	8,851	4,221	4,353	12,546	13,204
Net cash provided by investing activities	<u>8,325</u>	<u>8,851</u>	<u>4,221</u>	<u>4,353</u>	<u>12,546</u>	<u>13,204</u>
CASH FLOWS - CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(41,384)	(158,223)	(5,175)	-	(46,559)	(158,223)
Prior period adjustment	-	(1,072)	-	(511)	-	(1,583)
Net cash used in capital and related financing activities	<u>(41,384)</u>	<u>(159,295)</u>	<u>(5,175)</u>	<u>(511)</u>	<u>(46,559)</u>	<u>(159,806)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	(168,662)	126,368	127,790	131,927	(40,872)	258,295
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,816,531</u>	<u>1,690,163</u>	<u>839,347</u>	<u>707,420</u>	<u>2,655,878</u>	<u>2,397,583</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,647,869</u>	<u>\$ 1,816,531</u>	<u>\$ 967,137</u>	<u>\$ 839,347</u>	<u>\$ 2,615,006</u>	<u>\$ 2,655,878</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ (424,300)	\$ 32,034	\$ 100,360	\$ 81,418	\$ (323,940)	\$ 113,452
Adjustments to reconcile income from operations to net cash from operating activities						
Depreciation	307,708	303,573	46,264	46,221	353,972	349,794
Net change in:						
Accounts receivable	34,446	(10,938)	(8,513)	(4,149)	25,933	(15,087)
Prepaid expenses	(7,284)	(4,630)	(3,491)	(8,562)	(10,775)	(13,192)
Accounts payable & accrued liabilities	(24,214)	(39,649)	(26,630)	6,892	(50,844)	(32,757)
Net pension liability	4,639	-	19,982	-	24,621	-
Unearned revenue	(26,598)	(3,578)	772	6,265	(25,826)	2,687
Total adjustments	<u>288,697</u>	<u>244,778</u>	<u>28,384</u>	<u>46,667</u>	<u>317,081</u>	<u>291,445</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (135,603)</u>	<u>\$ 276,812</u>	<u>\$ 128,744</u>	<u>\$ 128,085</u>	<u>\$ (6,859)</u>	<u>\$ 404,897</u>