

TEXAS TECH PUBLIC MEDIA
(A PUBLIC TELECOMMUNICATIONS ENTITY
LICENSED TO TEXAS TECH UNIVERSITY)
LUBBOCK, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

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**FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

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Independent Auditor's Report

Texas Tech University System Board of Regents
Lubbock, Texas

Report on the Financial Statements

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 year ended August 31, 2018, 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, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Texas Tech Public Media as of August 31, 2017, were audited by other auditors whose report dated March 14, 2018, expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2018 Texas Tech Public Media adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Adjustments to Prior Period Financial Statements

The financial statements of Texas Tech Public Media as of August 31, 2017, were audited by other auditors whose report dated March 14, 2018, expressed an unmodified opinion on those financial statements. As discussed in Note 10 to the financial statements, Texas Tech Public Media has adjusted its 2017 financial statements to retrospectively apply the change in accounting principle for GASBS No. 75. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2018 financial statements, we also audited adjustments described in Note 10 that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of Texas Tech Public Media other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

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 4 through 6 and pages 30 through 35 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 25, 2019

TEXAS TECH PUBLIC MEDIA MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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, 2018 and 2017. 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 - KITZ-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 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, deferred outflows of resources, liabilities, deferred inflows of resources and net position of Texas Tech Public Media as of August 31, 2018 and 2017. These statements are classified into current and noncurrent assets, deferred inflows of resources, liabilities and deferred inflows of resources, with net position classified in the categories as noted above. The Statements of Revenues, Expenses and Changes in Net Position depict the operating revenues and expenses resulting in net operating income, which is then combined with nonoperating 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.

FINANCIAL HIGHLIGHTS

During the current year, GASB 75 was implemented along with the recording of compensated absences (see Note 10) which resulted in a prior period adjustment of (\$1,108,693) to beginning unrestricted net position in 2017. Due to these implementations, total net position totaled \$1,229,690, \$1,492,753 and \$3,241,415 at August 31, 2018, 2017 and 2016, respectively. Net position decreased by (\$263,063) and (\$639,969) at August 31, 2018 and 2017, respectively. Operating revenues totaled \$2,843,093 for fiscal year 2018 compared to \$2,646,237 for fiscal year 2017 and \$2,914,103 for fiscal year 2016, an increase (decrease) of \$196,856 and (\$267,866) at August 31, 2018 and 2017, respectively. Operating expenses totaled \$3,110,609 for fiscal year 2018 compared to \$3,290,592 for fiscal year 2017 and \$3,233,143 for fiscal year 2016, an increase (decrease) of (\$179,983) and \$57,449 at August 31, 2018 and 2017, respectively. Non-operating revenue includes interest income.

Texas Tech Public Media's capital assets, net of accumulated depreciation, totaled \$1,065,127 and \$1,245,508 at August 31, 2018 and 2017, respectively. Capital asset additions totaled \$46,170 and \$240,424 in fiscal year 2018 and 2017, respectively.

Condensed Statement of Net Position

	2018	2017	2016
Current Assets	\$ 2,224,610	\$ 2,352,136	\$ 2,803,644
Capital Assets - Net	1,065,127	1,245,508	1,253,929
Total Assets	<u>\$ 3,289,737</u>	<u>\$ 3,597,644</u>	<u>\$ 4,057,573</u>
Deferred Outflows of Resources	<u>\$ 184,423</u>	<u>\$ 234,556</u>	<u>\$ 76,901</u>
Current Liabilities	\$ 321,521	\$ 357,929	\$ 90,479
Noncurrent Liabilities	1,571,385	1,872,507	676,620
Total Liabilities	<u>\$ 1,892,906</u>	<u>\$ 2,230,436</u>	<u>\$ 767,099</u>
Deferred Inflows for Resources	<u>\$ 351,564</u>	<u>\$ 109,011</u>	<u>\$ 125,960</u>
Investment in Capital Assets	\$ 1,065,127	\$ 1,245,508	\$ 1,253,929
Restricted Expendable	99,200	79,185	193,615
Unrestricted	65,363	168,060	1,793,871
Total Net Position	<u><u>\$ 1,229,690</u></u>	<u><u>\$ 1,492,753</u></u>	<u><u>\$ 3,241,415</u></u>

Current assets consist primarily of cash and accounts receivable. Capital assets are presented net of accumulated depreciation of \$5,539,894, \$6,014,880 and \$5,839,867 at August 31, 2018, 2017 and 2016, respectively. Current liabilities consist of accounts payable and unearned revenue.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2018	2017	2016
Operating Revenues	\$ 2,843,093	\$ 2,646,237	\$ 2,914,103
Operating Expenses	<u>3,110,609</u>	<u>3,290,592</u>	<u>3,233,143</u>
Operating Income (Loss)	\$ (267,516)	\$ (644,355)	\$ (319,040)
Nonoperating Revenue	<u>4,453</u>	<u>4,386</u>	<u>12,546</u>
Change in Net Position	\$ (263,063)	\$ (639,969)	\$ (306,494)
Net Position, Beginning of Year	1,492,753	3,241,415	3,547,909
Prior Period Adjustment	<u></u>	<u>(1,108,693)</u>	<u></u>
Net Position, End of Year	<u>\$ 1,229,690</u>	<u>\$ 1,492,753</u>	<u>\$ 3,241,415</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 Statement of Cash Flows

	2018	2017	2016
Net Cash Flows From Operating Activities	\$ (425,687)	\$ (222,325)	\$ (6,859)
Net Cash Flows From Capital and Related Financing Activities	(46,170)	(240,424)	(46,559)
Net Cash Flows From Financing Activities	<u>4,453</u>	<u>4,386</u>	<u>12,546</u>
Change in Cash and Cash Equivalents	\$ (467,404)	\$ (458,363)	\$ (40,872)
Cash and Cash Equivalents, Beginning of Year	<u>2,156,643</u>	<u>2,615,006</u>	<u>2,655,878</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,689,239</u>	<u>\$ 2,156,643</u>	<u>\$ 2,615,006</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

Exhibit A

STATEMENTS OF NET POSITION
AUGUST 31, 2018 AND 2017

	August 31,	
	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,590,039	\$ 2,077,458
Restricted Cash	99,200	79,185
Accounts Receivable	158,577	75,922
Promises to Give, net	41,709	35,539
Licensed Program Rights	274,832	5,632
Prepaid Items	60,253	78,400
Total Current Assets	\$ 2,224,610	\$ 2,352,136
Capital Assets, at cost		
Building	\$ 589,603	\$ 623,700
Transmitter, Antenna and Tower Equipment	1,092,747	2,206,643
Broadcasting and Production Equipment	4,858,568	4,329,032
Furniture and Fixtures	64,103	101,013
	\$ 6,605,021	\$ 7,260,388
Less: Accumulated Depreciation	(5,539,894)	(6,014,880)
Capital Assets, net	\$ 1,065,127	\$ 1,245,508
Total Assets	\$ 3,289,737	\$ 3,597,644
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	\$ 159,006	\$ 234,556
Deferred Outflows - OPEB	25,417	
Total Deferred Outflows of Resources	\$ 184,423	\$ 234,556
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 12,277	\$ 19,016
Accrued Payroll	114,868	110,882
Accrued Compensated Absences	126,908	94,919
Licensed Program Liability		64,349
Unearned Revenue	67,468	68,763
Total Current Liabilities	\$ 321,521	\$ 357,929
Noncurrent Liabilities		
Net Pension Liability	\$ 702,902	\$ 858,733
Net OPEB Liability	868,483	1,013,774
Total Noncurrent Liabilities	\$ 1,571,385	\$ 1,872,507
Total Liabilities	\$ 1,892,906	\$ 2,230,436
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	\$ 159,538	\$ 109,011
Deferred Inflows - OPEB	192,026	
Total Deferred Inflows of Resources	\$ 351,564	\$ 109,011
NET POSITION		
Investment in Capital Assets	\$ 1,065,127	\$ 1,245,508
Restricted Expendable	99,200	79,185
Unrestricted	65,363	168,060
Total Net Position	\$ 1,229,690	\$ 1,492,753

The accompanying notes are an integral part of this statement.

TEXAS TECH PUBLIC MEDIA

Exhibit B

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	August 31,	
	2018	2017
OPERATING REVENUES		
Contributions	\$ 529,084	\$ 279,432
Grants from the Corporation for Public Broadcasting	923,837	930,373
Donated Support from Texas Tech University		
Direct Administrative Support	600,585	615,071
Indirect Administrative Support	272,670	258,413
Donated Materials and Services		1,000
Other Grants	30,342	97,873
Business Contributions and Underwriting	450,166	428,057
Miscellaneous Income	36,409	36,018
	<u>\$ 2,843,093</u>	<u>\$ 2,646,237</u>
Total Operating Revenues		
OPERATING EXPENSES		
Program Services		
Programming and Production	\$ 1,443,967	\$ 1,263,293
Broadcasting	498,273	642,492
Program Information	171,189	279,830
	<u>\$ 2,113,429</u>	<u>\$ 2,185,615</u>
Supporting Services		
Management and General	\$ 728,771	\$ 839,730
Fundraising and Membership Development	242,764	247,103
Underwriting and Grant Solicitation	25,645	18,144
	<u>\$ 997,180</u>	<u>\$ 1,104,977</u>
Total Operating Expenses	<u>\$ 3,110,609</u>	<u>\$ 3,290,592</u>
OPERATING INCOME (LOSS)	<u>\$ (267,516)</u>	<u>\$ (644,355)</u>
NONOPERATING REVENUE		
Interest Income	\$ 4,453	\$ 4,386
Total Nonoperating Revenue	<u>\$ 4,453</u>	<u>\$ 4,386</u>
CHANGE IN NET POSITION	\$ (263,063)	\$ (639,969)
NET POSITION - BEGINNING OF YEAR	1,492,753	3,241,415
PRIOR PERIOD ADJUSTMENT		(1,108,693)
NET POSITION - END OF YEAR	<u>\$ 1,229,690</u>	<u>\$ 1,492,753</u>

The accompanying notes are an integral part of this statement.

TEXAS TECH PUBLIC MEDIA

Exhibit C

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	August 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Contributors, Grants, and Underwrites	\$ 2,188,822	\$ 2,605,646
Other Receipts	36,408	36,018
Payments to Employees	(885,610)	(985,103)
Payments to Suppliers	(1,461,234)	(1,484,801)
Payments for Employee Benefits	(304,073)	(394,085)
Net Cash From Operating Activities	\$ (425,687)	\$ (222,325)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisitions of Capital Assets	\$ (46,170)	\$ (240,424)
Net Cash From Capital & Related Financing Activity	\$ (46,170)	\$ (240,424)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	\$ 4,453	\$ 4,386
Net Cash From Investing Activities	\$ 4,453	\$ 4,386
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (467,404)	\$ (458,363)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,156,643</u>	<u>2,615,006</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,689,239</u>	<u>\$ 2,156,643</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating Income (Loss)	\$ (267,516)	\$ (644,355)
Adjustments to Reconcile Income From Operations to Net Cash From Operating Activities:		
Depreciation	215,860	245,913
Loss on Disposal of Assets	10,691	2,932
Pension Expense	(155,831)	182,113
OPEB Expense	(145,291)	
Net Change in:		
Accounts Receivable	(82,655)	9,572
Promises to Give	(6,170)	(5,731)
Prepaid Items	18,147	(5,064)
Licensed Program Rights	(269,200)	(5,632)
Deferred Outflows of Resources	50,133	(157,655)
Accounts Payable and Accrued Liabilities	29,236	116,596
Licensed Program Liabilities	(64,349)	64,349
Unearned Revenue	(1,295)	(8,414)
Deferred Inflows of Resources	242,553	(16,949)
Total Adjustments	\$ (158,171)	\$ 422,030
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (425,687)</u>	<u>\$ (222,325)</u>

The accompanying notes are an integral part of this statement.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

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.

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 GASBS 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 \$99,200 and \$79,185 as of August 31, 2018 and 2017, respectively.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

- 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.

Texas Tech Public Media uses enterprise fund accounting and financial reporting as a business activity. 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. Contributions 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 broadcasted. Pledges for future contributions are recorded in the period that the unconditional pledge is received. Texas Tech Public Media distinguishes *operating* revenues and expenses from *nonoperating* 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 nonoperating.

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, as well as restricted grant funds and underwriting funds uncollected at year-end. All amounts considered uncollectible have been written off or allowed for.

Promises to Give

Gift receivables are accounted for at their estimated net realizable value. The estimated net realizable value consists of the present value of long-term pledges and a reduction for any allowance for uncollectible pledges. Pledges are due in less than one year and are used for the operations of Texas Tech Public Media.

Capital Assets

Capital asset is defined as an asset with an initial, individual cost of \$5,000 or more 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 acquisition value at date of donation. 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.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

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 value. The CPB does not consider 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, 2018 and 2017:

	August 31,	
	2018	2017
Direct Administrative Support	\$ 600,585	\$ 615,071
Institutional Support	244,672	231,174
Physical Plant Operations	13,614	12,855
Occupancy	14,384	14,384
	<u>\$ 873,255</u>	<u>\$ 873,484</u>

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.

These amounts consist of all cash in local banks and are included on the Statement of Net Position as part of current unrestricted and current restricted cash. The carrying amount of deposits as of August 31, 2018 and 2017 was \$1,689,239 and \$2,156,643, respectively.

All of Texas Tech Public Media's deposits in excess of FDIC limits are fully collateralized. The collateral is held in the Texas Tech University System's name by the pledging institution's agent. Texas Tech Public Media also has no foreign currency risk on deposits.

For purposes of the Statement of Cash Flows, Texas Tech Public Media considers cash and cash equivalents and restricted cash to be cash and cash equivalents.

Licensed Program Rights and Liabilities

Texas Tech Public Media purchases certain programming rights for one year licensing periods. The costs of these rights are amortized to expense on a monthly basis over the remaining term of the licensing period.

Additionally, Texas Tech Public Media records a liability for amounts due for subscriptions of licensing periods that have not been paid.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2017 CAFR.

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.

Comparative Financial Information

Certain amounts in the prior period financial statements have been reclassified in order to conform to current period presentation.

3. CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (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 (CSG) to qualifying public broadcasting entities. CSG 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 CSG awarded in prior years.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

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.

4. PROMISES TO GIVE

Unconditional promises to give as of August 31, 2018 and 2017 are as follows:

	August 31,	
	2018	2017
Promises to Give Expected to be Collected in		
Less than One Year	\$ 44,178	\$ 37,363
Less: Allowance for Uncollectible Promises to Give	(2,469)	(1,824)
	<u>\$ 41,709</u>	<u>\$ 35,539</u>

5. CAPITAL ASSETS

Capital asset activity for the years ended August 31, 2018 and 2017 are summarized below:

	Balance August 31, 2017	Additions and Transfers	Retirements	Balance August 31, 2018
Building	\$ 623,700	\$	\$ (34,097)	\$ 589,603
Transmitter, Antenna, and Tower Equipment	2,206,643	(698,617)	(415,279)	1,092,747
Broadcasting and Production Equipment	4,329,032	744,787	(215,251)	4,858,568
Furniture and Fixtures	101,013		(36,910)	64,103
Capital Assets, at cost	\$ 7,260,388	\$ 46,170	\$ (701,537)	\$ 6,605,021
Accumulated Depreciation	(6,014,880)	(215,860)	690,846	(5,539,894)
Capital Assets, net	<u>\$ 1,245,508</u>	<u>\$ (169,690)</u>	<u>\$ (10,691)</u>	<u>\$ 1,065,127</u>

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

	Balance August 31, 2016	Additions and Transfers	Retirements	Balance August 31, 2017
Building	\$ 623,700	\$	\$	\$ 623,700
Transmitter, Antenna, and Tower Equipment	2,216,685		(10,042)	2,206,643
Broadcasting and Production Equipment	4,152,398	240,424	(63,790)	4,329,032
Furniture and Fixtures	101,013			101,013
Capital Assets, at cost	\$ 7,093,796	\$ 240,424	\$ (73,832)	\$ 7,260,388
Accumulated Depreciation	(5,839,867)	(245,913)	70,900	(6,014,880)
Capital Assets, net	\$ 1,253,929	\$ (5,489)	\$ (2,932)	\$ 1,245,508

Depreciation expense and loss on disposal of assets was charged to the following expense accounts for the years ended August 31, 2018 and 2017:

	August 31,	
	2018	2017
Programming and Production	\$ 41,084	\$ 76,924
Broadcasting	157,277	151,472
Management and General	28,190	20,449
	\$ 226,551	\$ 248,845

Capital assets are being depreciated using the straight line method over the following useful lives:

Building	15 - 40 Years
Transmitter, Antenna, and Tower Equipment	7 - 20 Years
Broadcasting and Production Equipment	3 - 40 Years
Furniture and Fixtures	3 - 10 Years

6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of August 31, 2018 and 2017, the Deferred Outflows on the Statement of Net Position consists of Texas Tech Public Media's proportionate share of ERS OPEB outflows as of August 31, 2018 and 2017 of \$25,417 and \$0, respectively, (See Note 8) and Texas Tech Public Media's proportionate share of TRS pension deferred outflows of \$159,006 and \$234,556, respectively, (See Note 7).

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

As of August 31, 2018 and 2017, the Deferred Inflows on the Statement of Net Position consists of the Texas Tech Public Media's proportionate share of ERS OPEB deferred inflows of \$192,026 and \$0, respectively, (See Note 8) and the Texas Tech Public Media's proportionate share of TRS pension deferred inflows of \$159,538 and \$109,011, respectively, (See Note 7).

7. DEFINED BENEFIT PENSION PLAN

Plan Description

Texas Tech Public Media 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, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 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 https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf; 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 2017 and 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2017 and 2016.

<u>Net Pension Liability</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 179,336,534,819	\$ 171,797,150,487
Less: Plan Fiduciary Net Position	(147,361,922,120)	(134,008,637,473)
Net Pension Liability	<u>\$ 31,974,612,699</u>	<u>\$ 37,788,513,014</u>
Net Position as Percentage of Total Pension Liability	82.17%	78.00%

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

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 five 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 five 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.

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's 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 84th Texas Legislature, GAA established the employer contribution rates for fiscal years 2017 and 2018.

	Contribution Rates	
	2017	2018
Members	7.70%	7.70%
Employers	6.80%	6.80%
Members Contributions	\$ 64,003	\$ 87,542
Employer Contributions	73,360	77,310

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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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 employer 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 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.

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, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instruction or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2017 and 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Asset Valuation Method	Market Value	Market Value
Single Discount Rate	8.00%	8.00%
Long-Term Expected Investment Rate of Return	8.00%	8.00%
Last Year Ending August 31 in the Projection		
Period (100 Years)	2116	2115
Inflation	2.50%	2.50%
Salary Increases, Including Inflation	3.50% to 9.50%	3.50% to 9.50%
Payroll Growth Rate	2.50%	2.50%
Benefit Changes During Year	None	None
Ad Hoc Post-Employment Benefit Changes	None	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.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

Discount Rate

The discount rate used to measure the total pension liability was eight percent. 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 eight percent. 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. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 and 2016 are summarized below:

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%	70.0%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-20.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	90.0%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy 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.

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NOTES TO FINANCIAL STATEMENTS

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 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Texas Tech Public Media's Proportionate Share of the Net Pension Liability	\$ <u>1,184,954</u>	\$ <u>702,902</u>	\$ <u>301,516</u>

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 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Texas Tech Public Media's Proportionate Share of the Net Pension Liability	\$ <u>1,329,029</u>	\$ <u>858,733</u>	\$ <u>459,827</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018 and 2017, Texas Tech Public Media reported a liability of \$702,902 and \$858,733, respectively, for its proportionate share of the TRS's net pension liability measured at August 31, 2017 and 2016, respectively.

The 2018 net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

The 2017 net pension liability was measured as of August 31, 2016 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, 2015 through August 31, 2016.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.002198% which is a decrease of 0.000075% from its proportion measured as of August 31, 2016.

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Changes since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the years ended August 31, 2018 and 2017, Texas Tech Public Media recognized pension expense of \$70,751 and \$182,113, respectively.

At August 31, 2018, Texas Tech Public Media 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 Actuarial Experience	\$ 10,284	\$ 37,907
Changes in Actuarial Assumptions	32,018	18,330
Difference Between Projected and Actual Investment Earnings		51,226
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	39,394	52,075
Contributions Paid to TRS Subsequent to the Measurement Date	77,310	
Total	\$ 159,006	\$ 159,538

The 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 (Benefit) Expense
2019	\$ 49,728
2020	17,286
2021	(31,029)
2022	(40,525)
2023	5,424
Thereafter	(1,416)
	\$ (532)

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NOTES TO FINANCIAL STATEMENTS

At August 31, 2017, Texas Tech Public Media reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 13,465	\$ 25,641
Changes in Actuarial Assumptions	26,173	23,803
Difference Between Projected and Actual Investment Earnings	72,715	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	48,843	59,567
Contributions Paid to TRS Subsequent to the Measurement Date	73,360	
Total	<u>\$ 234,556</u>	<u>\$ 109,011</u>

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

Texas Tech Public Media participates in the State Retiree Health Plan (SRHP). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through the Employees Retirement System (ERS). It is established and administered in accordance with the Texas Insurance Code, Chapter 1551.

Pension Plan Fiduciary Net Position

Detail information about the ERS's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2017-CAFR.pdf>; by writing to ERS at 200 E. 18th Street, Austin, TX 78701; or by calling (877)275-4377.

Components of the net OPEB liability of the ERS plan as of August 31, 2017 are as follows:

Net OPEB Liability	2017
Total OPEB Liability	\$ 34,782,794,493
Less: Plan Fiduciary Net Position	<u>(709,782,760)</u>
Net OPEB Liability	<u>\$ 34,073,011,733</u>
Net Position as Percentage of Total OPEB Liability	2.04%

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NOTES TO FINANCIAL STATEMENTS

Benefits Provided

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments (COLAs).

Contributions

During the measurement period of 2017 for fiscal 2018 reporting, the amount of the System's contributions recognized by the plan was \$23,879. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

<u>Retiree Health and Basic Life Premium</u>	<u>ERS Plan</u>
Retiree Only	\$ 617.30
Retiree and Spouse	970.98
Retiree and Children	854.10
Retiree and Family	1,207.78

Actuarial Assumptions

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2017 measurement date.

Actuarial Valuation Date	August 31, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.51%
Inflation	2.50%
Salary Increase, Including Inflation	2.50% to 9.50%
Healthcare Cost and Trend Rate	8.5% for FY2019, decreasing to 0.50% per year to 4.50% for FY2027 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experienced-based tables of rates that are specific to the class of employee

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Mortality:

State Agency Members: Service Retirees, Survivors and Other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disabled Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Higher Education Members: Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disabled Retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB
Ad Hoc Post-Employment Benefit Changes	None

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2011 to August 31, 2016 for state agency members and for the period September 1, 2010 to August 31, 2014 for higher education members. The mortality rates were based on the tables identified in the table above.

Discount Rate

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.51% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.84%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.84%.

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NOTES TO FINANCIAL STATEMENTS

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.51%)	Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
Texas Tech Public Media's Proportionate Share of the Net OPEB Liability	\$ <u>1,036,716</u>	\$ <u>868,483</u>	\$ <u>738,173</u>

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Texas Tech Public Media's Proportionate Share of the Net OPEB Liability	\$ <u>730,108</u>	\$ <u>868,483</u>	\$ <u>1,048,034</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, Texas Tech Public Media reported a liability of \$868,483 for its proportionate share of the TRS's net OPEB liability measured at August 31, 2017.

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net OPEB liability was 0.302679% which was the same proportion measured as of August 31, 2016.

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

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

Assumptions for Administrative Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation.

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

Minor benefit changes have been reflected in the FY 2018 Assumed Per Capita Health Benefit Costs.

Benefit revisions have been adopted since the prior valuation. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

- an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- elimination of the copayment for virtual visits;
- a reduction in the copayment for Airrosti; and
- for out-of-state participants, (i) elimination of the deductible for in-network services and (ii) application of a copayment rather than coinsurance to certain services like primary care and specialist office visits.

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NOTES TO FINANCIAL STATEMENTS

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

For the year ended August 31, 2018, Texas Tech Public Media recognized OPEB expense of \$46,478.

At August 31, 2018, Texas Tech Public Media reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$	\$ 10,437
Changes in Actuarial Assumptions		181,589
Difference Between Projected and Actual Investment Earnings	257	
Contributions Paid to ERS Subsequent to the Measurement Date	25,160	
Total	\$ 25,417	\$ 192,026

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended August 31	OPEB (Benefit) Expense
2019	\$ (18,024)
2020	(43,185)
2021	(43,185)
2022	(43,185)
2023	(19,030)
	\$ (166,609)

TEXAS TECH PUBLIC MEDIA
NOTES TO FINANCIAL STATEMENTS

9. RELATED PARTIES

Texas Tech Public Media is a public telecommunications entity licensed to Texas Tech University. As such, Texas Tech University is considered a related party. The radio station pays rent to the University for their facilities in the Plaza building. The University also pays for salaries and benefits, utilities, maintenance, education and general expenses and rent. The total of these expenses was \$628,456 and \$633,194 for the television station and \$244,799 and \$240,290 for the radio station for the years ended August 31, 2018 and 2017, respectively.

	TELEVISION		RADIO	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and Benefits	\$ 450,578	\$ 447,781	\$ 150,007	\$ 167,290
Education and General	153,014	160,951	91,658	71,141
Maintenance	10,480	10,078	3,134	1,859
Utilities	14,384	14,384		
	<u>\$ 628,456</u>	<u>\$ 633,194</u>	<u>\$ 244,799</u>	<u>\$ 240,290</u>

10. PRIOR PERIOD ADJUSTMENT

Texas Tech Public Media recorded accrued compensated absences that had previously been unrecorded to the financial statements for the year ended August 31, 2017. The financials for the year ended August 31, 2017 were restated. The liability for accrued compensated absences was recorded for \$94,919 and unrestricted net position was reduced by the same amount.

During the year Texas Tech Public Media adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the effect of adopting this standard reduced beginning net position by \$1,013,774. The Statement of Net Position for the year ended August 31, 2017 reflects the net OPEB liability of \$1,013,774 and unrestricted net position was reduced by the same amount.

11. LITIGATION

There is no litigation pending against Texas Tech Public Media which would have a material effect on the financial statements.

12. SUBSEQUENT EVENTS

Texas Tech Public Media's management has evaluated subsequent events through January 25, 2019, the date which the financial statements were available for issue.

TEXAS TECH PUBLIC MEDIA
NOTES TO FINANCIAL STATEMENTS

13. RECONCILIATION OF FINANCIAL STATEMENTS TO CPB REPORT

TELEVISION

	2018	2017
Revenue and Interest Income per Audited Financial Statements	\$ 1,842,068	\$ 1,858,943
In-Kind Contributions		(1,000)
Indirect Administrative Support from Texas Tech University	(177,878)	(185,413)
Revenue per CPB Report, Schedule A, Line 22	<u>\$ 1,664,190</u>	<u>\$ 1,672,530</u>
Expenses per Audited Financial Statements	\$ 1,992,973	\$ 2,325,461
Cost of Capital Assets	46,170	240,424
Expenditures per CPB Report, Schedule E, Line 10	<u>\$ 2,039,143</u>	<u>\$ 2,565,885</u>

RADIO

	2018	2017
Revenue and Interest Income per Audited Financial Statements	\$ 1,005,478	\$ 791,680
Indirect Administrative Support from Texas Tech University	(94,792)	(73,000)
Revenue per CPB Report, Schedule A, Line 22	<u>\$ 910,686</u>	<u>\$ 718,680</u>
Expenses per Audited Financial Statements	\$ 1,117,636	\$ 962,199
Cost of Capital Assets		
Expenditures per CPB Report, Schedule E, Line 10	<u>\$ 1,117,636</u>	<u>\$ 962,199</u>

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS TECH PUBLIC MEDIA

**SCHEDULES OF THE TEXAS TECH PUBLIC MEDIA'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEARS ENDED AUGUST 31**

	2018 <u>Plan Year 2017</u>	2017 <u>Plan Year 2016</u>	2016 <u>Plan Year 2015</u>	2015 <u>Plan Year 2014</u>
Texas Tech Public Media's Proportion of the Net Pension Liability	0.002198%	0.002273%	0.001914%	0.002322%
Texas Tech Public Media's Proportionate Share of Net Pension Liability	\$ <u>702,902</u>	\$ <u>858,733</u>	\$ <u>676,620</u>	\$ <u>620,157</u>
Texas Tech Public Media's Covered Payroll	\$ 1,099,240	\$ 873,901	\$ 871,896	\$ 803,799
Texas Tech Public Media's Proportionate Share of Net Pension Liability as a Percentage of it's Covered Payroll	63.94%	98.26%	77.60%	77.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for 2018, August 31, 2016 for 2017, August 31, 2015 for 2016, and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TEXAS TECH PUBLIC MEDIA

**SCHEDULES OF TEXAS TECH PUBLIC MEDIA'S CONTRIBUTIONS
FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEARS ENDED AUGUST 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 72,048	\$ 73,360	\$ 41,805	\$ 58,861
Contribution in Relation to the Contractually Required Contribution	<u>(72,048)</u>	<u>(73,360)</u>	<u>(41,805)</u>	<u>(58,861)</u>
Contribution Deficiency (Excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Texas Tech Public Media's Covered Payroll	\$ 1,136,906	\$ 1,099,240	\$ 873,901	\$ 871,896
Contributions as a Percentage of Covered Payroll	6.34%	6.67%	4.78%	6.75%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TEXAS TECH PUBLIC MEDIA

**SCHEDULE OF THE TEXAS TECH PUBLIC MEDIA'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31**

	2018 <u>Plan Year 2017</u>
Texas Tech Public Media's Proportion of the Net OPEB Liability	0.302679%
Texas Tech Public Media's Proportionate Share of Net OPEB Liability	\$ <u>868,483</u>
Texas Tech Public Media's Covered Payroll	\$ 1,099,240
Texas Tech Public Media's Proportionate Share of Net OPEB Liability as a Percentage of it's Covered Payroll	79.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	82.17%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule be determined as of the measurement date. Therefore the amounts reported for 2018 are based on the August 31, 2017 measurement date.

Note: This schedule shows only the year for which this information is available. Additional information will be added until ten years of data are available and reported.

TEXAS TECH PUBLIC MEDIA

**SCHEDULE OF TEXAS TECH PUBLIC MEDIA'S CONTRIBUTIONS
FOR OTHER POSTEMPLOYMENT BENEFITS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31**

	<u>2018</u>
Contractually Required Contribution	\$ 69,201
Contribution in Relation to the Contractually Required Contribution	<u>(69,201)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
 Texas Tech Public Media's Covered Payroll	 \$ 1,136,906
 Contributions as a Percentage of Covered Payroll	 6.09%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Note: This schedule shows only the year for which this information is available. Additional information will be added until ten years of data are available and reported.

TEXAS TECH PUBLIC MEDIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes in the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Benefit Terms

Benefit revisions have been adopted since the prior valuation. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

- an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- elimination of the copayment for virtual visits;
- a reduction in the copayment for Airrosti; and
- for out-of-state participants, (i) elimination of the deductible for in-network services and (ii) application of a copayment rather than coinsurance to certain services like primary care and specialist office visits.

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

TEXAS TECH PUBLIC MEDIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

Assumptions for Administrative Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation.

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

Minor benefit changes have been reflected in the FY 2018 Assumed Per Capita Health Benefit Costs.

SUPPLEMENTAL INFORMATION

TEXAS TECH PUBLIC MEDIA

COMBINING STATEMENTS OF NET POSITION
AUGUST 31, 2018 AND 2017

	Television		Radio		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 841,123	\$ 1,183,819	\$ 748,916	\$ 893,639	\$ 1,590,039	\$ 2,077,458
Restricted Cash	41,319	78,234	57,881	951	99,200	79,185
Accounts Receivable	83,041	36,102	75,536	39,820	158,577	75,922
Promises to Give, net	29,475	25,322	12,234	10,217	41,709	35,539
Licensed Program Rights	269,340		5,492	5,632	274,832	5,632
Prepaid Items	46,692	59,623	13,561	18,777	60,253	78,400
Total Current Assets	\$ 1,310,990	\$ 1,383,100	\$ 913,620	\$ 969,036	\$ 2,224,610	\$ 2,352,136
Capital Assets, at cost						
Building	\$ 589,603	\$ 623,700	\$	\$	\$ 589,603	\$ 623,700
Transmitter, Antenna and Tower Equipment	555,826	1,652,707	536,921	553,936	1,092,747	2,206,643
Broadcasting and Production Equipment	4,723,852	4,168,589	134,716	160,443	4,858,568	4,329,032
Furniture and Fixtures	64,103	99,378		1,635	64,103	101,013
	\$ 5,933,384	\$ 6,544,374	\$ 671,637	\$ 716,014	\$ 6,605,021	\$ 7,260,388
Less: Accumulated Depreciation	(4,970,427)	(5,445,796)	(569,467)	(569,084)	(5,539,894)	(6,014,880)
Capital Assets, net	\$ 962,957	\$ 1,098,578	\$ 102,170	\$ 146,930	\$ 1,065,127	\$ 1,245,508
Total Assets	\$ 2,273,947	\$ 2,481,678	\$ 1,015,790	\$ 1,115,966	\$ 3,289,737	\$ 3,597,644
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pension	\$ 110,833	\$ 153,696	\$ 48,173	\$ 80,860	\$ 159,006	\$ 234,556
Deferred Outflows - OPEB	14,293		11,124		25,417	0
Total Deferred Outflows of Resources	\$ 125,126	\$ 153,696	\$ 59,297	\$ 80,860	\$ 184,423	\$ 234,556
LIABILITIES						
Current Liabilities						
Accounts Payable and Accrued Liabilities	\$ 7,786	\$ 1,836	\$ 4,491	\$ 17,180	\$ 12,277	\$ 19,016
Accrued Payroll	68,750	71,435	46,118	39,447	114,868	110,882
Accrued Compensated Absences	72,334	62,710	54,574	32,209	126,908	94,919
Licensed Program Liability		64,349			0	64,349
Unearned Revenue	30,928	31,399	36,540	37,364	67,468	68,763
Total Current Liabilities	\$ 179,798	\$ 231,729	\$ 141,723	\$ 126,200	\$ 321,521	\$ 357,929
Noncurrent Liabilities						
Net Pension Liability	\$ 474,285	\$ 562,695	\$ 228,617	\$ 296,038	\$ 702,902	\$ 858,733
Net OPEB Liability	488,348	570,045	380,135	443,729	868,483	1,013,774
Total Noncurrent Liabilities	\$ 962,633	\$ 1,132,740	\$ 608,752	\$ 739,767	\$ 1,571,385	\$ 1,872,507
Total Liabilities	\$ 1,142,431	\$ 1,364,469	\$ 750,475	\$ 865,967	\$ 1,892,906	\$ 2,230,436
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	\$ 100,097	\$ 71,431	\$ 59,441	\$ 37,580	\$ 159,538	\$ 109,011
Deferred Inflows - OPEB	107,976		84,050		192,026	0
Total Deferred Inflows of Resources	\$ 208,073	\$ 71,431	\$ 143,491	\$ 37,580	\$ 351,564	\$ 109,011
NET POSITION						
Investment in Capital Assets	\$ 962,957	\$ 1,098,578	\$ 102,170	\$ 146,930	\$ 1,065,127	\$ 1,245,508
Restricted Expendable	41,319	78,234	57,881	951	99,200	79,185
Unrestricted	44,293	22,662	21,070	145,398	65,363	168,060
Total Net Position	\$ 1,048,569	\$ 1,199,474	\$ 181,121	\$ 293,279	\$ 1,229,690	\$ 1,492,753

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TEXAS TECH PUBLIC MEDIA

**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	Television		Radio		Total	
	2018	2017	2018	2017	2018	2017
OPERATING REVENUES						
Contributions	\$ 167,311	\$ 158,595	\$ 361,773	\$ 120,837	\$ 529,084	\$ 279,432
Grants from CPB	767,572	774,803	156,265	155,570	923,837	930,373
Donated Support from the University						
Direct Administrative Support	450,578	447,781	150,007	167,290	600,585	615,071
Indirect Administrative Support	177,878	185,413	94,792	73,000	272,670	258,413
Donated Materials & Services-In-Kind		1,000			0	1,000
Other Grants	10,000	71,873	20,342	26,000	30,342	97,873
Business Contributions and Underwriting	232,902	183,877	217,264	244,180	450,166	428,057
Miscellaneous Income	32,955	32,661	3,454	3,357	36,409	36,018
Total Operating Revenues	\$ 1,839,196	\$ 1,856,003	\$ 1,003,897	\$ 790,234	\$ 2,843,093	\$ 2,646,237
OPERATING EXPENSES						
Program Services						
Programming and Production	\$ 950,796	\$ 937,312	\$ 493,171	\$ 325,981	\$ 1,443,967	\$ 1,263,293
Broadcasting	401,075	481,815	97,198	160,677	498,273	642,492
Program Information	87,497	232,439	83,692	47,391	171,189	279,830
	<u>\$ 1,439,368</u>	<u>\$ 1,651,566</u>	<u>\$ 674,061</u>	<u>\$ 534,049</u>	<u>\$ 2,113,429</u>	<u>\$ 2,185,615</u>
Supporting Services						
Management and General	\$ 432,258	\$ 541,382	\$ 296,513	\$ 298,348	\$ 728,771	\$ 839,730
Fundraising & Membership Development	115,829	127,775	126,935	119,328	242,764	247,103
Underwriting and Grant Solicitation	5,518	7,238	20,127	10,906	25,645	18,144
	<u>\$ 553,605</u>	<u>\$ 676,395</u>	<u>\$ 443,575</u>	<u>\$ 428,582</u>	<u>\$ 997,180</u>	<u>\$ 1,104,977</u>
Total Operating Expenses	\$ 1,992,973	\$ 2,327,961	\$ 1,117,636	\$ 962,631	\$ 3,110,609	\$ 3,290,592
OPERATING INCOME (LOSS)	\$ (153,777)	\$ (471,958)	\$ (113,739)	\$ (172,397)	\$ (267,516)	\$ (644,355)
NONOPERATING REVENUE						
Interest Income	\$ 2,872	\$ 2,940	\$ 1,581	\$ 1,446	\$ 4,453	\$ 4,386
Total Nonoperating Revenue	\$ 2,872	\$ 2,940	\$ 1,581	\$ 1,446	\$ 4,453	\$ 4,386
CHANGE IN NET POSITION	\$ (150,905)	\$ (469,018)	\$ (112,158)	\$ (170,951)	\$ (263,063)	\$ (639,969)
NET POSITION, BEGINNING OF YEAR	1,199,474	2,301,247	293,279	940,168	1,492,753	3,241,415
PRIOR PERIOD ADJUSTMENT		(632,755)		(475,938)	0	(1,108,693)
NET POSITION, END OF YEAR	\$ 1,048,569	\$ 1,199,474	\$ 181,121	\$ 293,279	\$ 1,229,690	\$ 1,492,753

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TEXAS TECH PUBLIC MEDIA

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	Television		Radio		Total	
	2018	2017	2018	2017	2018	2017
CASH FLOWS - OPERATING ACTIVITIES						
Receipts From Contributors, Grants & Underwriters	\$ 1,457,700	\$ 1,822,604	\$ 731,122	\$ 783,042	\$ 2,188,822	\$ 2,605,646
Other Receipts	32,955	32,661	3,453	3,357	36,408	36,018
Payments to Employees	(450,165)	(641,054)	(435,445)	(344,049)	(885,610)	(985,103)
Payments to Suppliers	(1,211,712)	(1,096,899)	(249,522)	(387,902)	(1,461,234)	(1,484,801)
Payments for Employee Benefits	(165,091)	(265,644)	(138,982)	(128,441)	(304,073)	(394,085)
Net Cash From Operating Activities	\$ (336,313)	\$ (148,332)	\$ (89,374)	\$ (73,993)	\$ (425,687)	\$ (222,325)
CASH FLOWS - CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition of Capital Assets	\$ (46,170)	\$ (240,424)	\$ 0	\$ 0	\$ (46,170)	\$ (240,424)
Net Cash From Capital and Related Financing Activities	\$ (46,170)	\$ (240,424)	\$ 0	\$ 0	\$ (46,170)	\$ (240,424)
CASH FLOWS - INVESTING ACTIVITIES						
Interest Received	\$ 2,872	\$ 2,940	\$ 1,581	\$ 1,446	\$ 4,453	\$ 4,386
Net Cash From Investing Activities	\$ 2,872	\$ 2,940	\$ 1,581	\$ 1,446	\$ 4,453	\$ 4,386
NET CHANGE IN CASH & CASH EQUIVALENTS	\$ (379,611)	\$ (385,816)	\$ (87,793)	\$ (72,547)	\$ (467,404)	\$ (458,363)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,262,053</u>	<u>1,647,869</u>	<u>894,590</u>	<u>967,137</u>	<u>2,156,643</u>	<u>2,615,006</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 882,442</u>	<u>\$ 1,262,053</u>	<u>\$ 806,797</u>	<u>\$ 894,590</u>	<u>\$ 1,689,239</u>	<u>\$ 2,156,643</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:						
Operating (Loss)	\$ (153,777)	\$ (471,958)	\$ (113,739)	\$ (172,397)	\$ (267,516)	\$ (644,355)
Adjustments to Reconcile Income from Operations to Net Cash From Operating Activities						
Depreciation	\$ 173,297	\$ 200,615	\$ 42,563	\$ 45,298	\$ 215,860	\$ 245,913
Loss on Disposal of Assets	8,494	2,500	2,197	432	10,691	2,932
Pension Expense	(88,410)	116,968	(67,421)	65,145	(155,831)	182,113
OPEB Expense	(81,697)		(63,594)		(145,291)	0
Net Change in:						
Account Receivable	(46,939)	4,447	(35,716)	5,125	(82,655)	9,572
Promises to Give	(4,153)	(6,203)	(2,017)	472	(6,170)	(5,731)
Prepaid Items	12,931	(7,315)	5,216	2,251	18,147	(5,064)
Licensed Program Rights	(269,340)		140	(5,632)	(269,200)	(5,632)
Deferred Outflows of Resources	28,570	(76,455)	21,563	(81,200)	50,133	(157,655)
Accounts Payable & Accrued Liabilities	12,889	63,342	16,347	53,254	29,236	116,596
Licensed Program Liabilities	(64,349)	64,349			(64,349)	64,349
Unearned Revenue	(471)	1,018	(824)	(9,432)	(1,295)	(8,414)
Deferred Inflows of Resources	136,642	(39,640)	105,911	22,691	242,553	(16,949)
Total Adjustments	\$ (182,536)	\$ 323,626	\$ 24,365	\$ 98,404	\$ (158,171)	\$ 422,030
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (336,313)</u>	<u>\$ (148,332)</u>	<u>\$ (89,374)</u>	<u>\$ (73,993)</u>	<u>\$ (425,687)</u>	<u>\$ (222,325)</u>