

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, 2015 AND 2014

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

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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, 2015 and 2014, 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, 2015 and 2014, 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.

Emphasis of Matter

As discussed in Note 6 to the basic financial statements, the Station implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during the year ended August 31, 2015, which requires recognition of its net pension liability and a more comprehensive measure of pension expense. Our opinion is not modified with respect to this matter.

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 20 through 22 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.

Dan Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
February 2, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

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, 2015 and 2014. 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, formerly operated as KTXT-TV, and two radio stations, previously operated as Texas Tech Public Media.

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, 2015 and 2014. 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, 2015 AND 2014**

Financial Highlights

During fiscal year 2015, the Station adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27, resulting in the Station recording its proportionate share of the net pension liability of \$620,157, deferred outflows of resources of \$108,807 and deferred inflows of resources of \$189,708. The comparative information presented for August 31, 2014 has not been restated to reflect this change. See Note 5 for further information.

The financial position of Texas Tech Public Media remains strong. Net position totaled \$3,523,001, \$4,098,986 and \$4,131,833 at August 31, 2015, 2014 and 2013, respectively. Net position decreased by \$575,985 and \$32,847 at August 31, 2015 and 2014, respectively. Operating revenues totaled \$3,287,169 for fiscal year 2015 compared to \$2,714,587 for fiscal year 2014 and \$2,316,833 for fiscal year 2013, an increase of \$572,582 and \$397,754 for fiscal years 2015 and 2014, respectively. Operating expenses totaled \$3,173,717 for fiscal year 2015 compared to \$2,756,598 for fiscal year 2014 and \$2,621,660 for fiscal year 2013, an increase of \$417,119 and \$134,938, respectively. Non-operating revenue includes interest income.

Texas Tech Public Media's capital assets, net of accumulated depreciation, totaled \$1,561,342 and \$1,752,913 at August 31, 2015 and 2014, respectively. Capital asset additions totaled \$158,223 and \$133,748 in fiscal year 2015 and 2014, respectively.

Condensed Statements of Net Position

	2015	2014	2013
Current assets	\$ 2,829,866	\$ 2,543,292	\$ 2,294,696
Capital assets, net	1,561,342	1,752,913	1,948,623
Total assets	4,391,208	4,296,205	4,243,319
Deferred outflows of resources	108,807	-	-
Current liabilities	167,149	197,219	111,486
Noncurrent liabilities	620,157	-	-
Total liabilities	787,306	197,219	111,486
Deferred inflows of resources	189,708	-	-
Investment in capital assets	1,561,342	1,752,913	1,948,623
Restricted	329,433	198,249	112,883
Unrestricted	1,632,226	2,147,824	2,070,327
Total net position	\$ 3,523,001	\$ 4,098,986	\$ 4,131,833

Current assets consist primarily of cash and accounts receivable. Capital assets are presented net of accumulated depreciation of \$5,813,685, \$5,463,891 and \$5,152,903 at August 31, 2015, 2014 and 2013, respectively. Current liabilities consist of accounts payable and unearned revenue.

TEXAS TECH PUBLIC MEDIA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

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

	2015	2014	2013
Operating revenues	\$ 3,287,169	\$ 2,714,587	\$ 2,316,833
Operating expenses	<u>3,173,717</u>	<u>2,756,598</u>	<u>2,621,660</u>
Operating income (loss)	113,452	(42,011)	(304,827)
Non-operating revenue	<u>13,204</u>	<u>9,164</u>	<u>12,870</u>
Change in net position	126,656	(32,847)	(291,957)
Net position, beginning of year	<u>4,098,986</u>	<u>4,131,833</u>	<u>4,423,790</u>
Prior period adjustment	<u>(702,641)</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ 3,523,001</u></u>	<u><u>\$ 4,098,986</u></u>	<u><u>\$ 4,131,833</u></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.

	2015	2014	2013
Net cash flows from operating activities	\$ 404,897	\$ 348,225	\$ 128,244
Net cash flows from investing activities	13,204	9,164	12,870
Net cash flows from capital and related financing activities	<u>(159,806)</u>	<u>(133,748)</u>	<u>(51,165)</u>
Change in cash and cash equivalents	258,295	223,641	89,949
Cash and cash equivalents, beginning of year	<u>2,397,583</u>	<u>2,173,942</u>	<u>2,083,993</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,655,878</u></u>	<u><u>\$ 2,397,583</u></u>	<u><u>\$ 2,173,942</u></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, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,655,878	\$ 2,397,583
Accounts receivable	111,427	96,340
Prepaid expenses	62,561	49,369
Total current assets	<u>2,829,866</u>	<u>2,543,292</u>
Capital assets, at cost		
Building	623,700	623,700
Transmitter, antenna and tower	2,473,420	2,473,420
Broadcasting and production equipment	4,175,859	4,042,476
Furniture and fixtures	102,048	77,208
	<u>7,375,027</u>	<u>7,216,804</u>
Less: Accumulated depreciation	<u>(5,813,685)</u>	<u>(5,463,891)</u>
Capital assets, net	<u>1,561,342</u>	<u>1,752,913</u>
Total assets	<u>4,391,208</u>	<u>4,296,205</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions	58,905	-
Pension differences in experience	49,902	-
Total deferred outflows of resources	<u>108,807</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	64,146	96,903
Unearned revenue	103,003	100,316
Total current liabilities	<u>167,149</u>	<u>197,219</u>
Noncurrent liabilities		
Net pension liability	620,157	-
Total liabilities	<u>787,306</u>	<u>197,219</u>
DEFERRED INFLOWS OF RESOURCES		
Pension differences in investment earnings	189,708	-
Total deferred inflows of resources	<u>189,708</u>	<u>-</u>
NET POSITION		
Investment in capital assets	1,561,342	1,752,913
Restricted	329,433	198,249
Unrestricted	1,632,226	2,147,824
Total net position	<u>\$ 3,523,001</u>	<u>\$ 4,098,986</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 REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Contributions	\$ 234,177	\$ 226,722
Grants from the Corporation for Public Broadcasting	848,465	841,254
Federal grants	54,764	-
Donated support from Texas Tech University		
Direct administrative support	735,210	704,087
Indirect administrative support	301,642	237,328
Donated materials and services	1,000	2,500
Other grants	531,427	250,700
Business contributions and underwriting	536,423	394,133
Miscellaneous income	44,061	57,863
Total operating revenues	<u>3,287,169</u>	<u>2,714,587</u>
OPERATING EXPENSES		
Program services		
Programming and production	1,123,671	1,128,054
Broadcasting	929,842	718,565
Program information	72,889	63,846
	<u>2,126,402</u>	<u>1,910,465</u>
Supporting services		
Management and general	726,559	554,703
Fund raising and membership development	320,756	291,430
	<u>1,047,315</u>	<u>846,133</u>
Total operating expenses	<u>3,173,717</u>	<u>2,756,598</u>
OPERATING INCOME (LOSS)	113,452	(42,011)
NON-OPERATING REVENUE		
Interest income	<u>13,204</u>	<u>9,164</u>
CHANGE IN NET POSITION	126,656	(32,847)
NET POSITION, BEGINNING OF YEAR	4,098,986	4,131,833
PRIOR PERIOD ADJUSTMENT	<u>(702,641)</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 3,523,001</u>	<u>\$ 4,098,986</u>

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

TEXAS TECH PUBLIC MEDIA
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STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributors, grants, and underwriters	\$ 3,261,500	\$ 2,743,829
Other receipts	13,269	4,124
Payments to employees	(919,877)	(899,170)
Payments to suppliers	(1,743,229)	(1,305,039)
Payments for employee benefits	(206,766)	(195,519)
Net cash provided by operating activities	<u>404,897</u>	<u>348,225</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and cash equivalents	<u>13,204</u>	<u>9,164</u>
Net cash provided by investing activities	<u>13,204</u>	<u>9,164</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(158,223)	(133,748)
Prior period adjustment	(1,583)	-
Net cash used in capital and related financing activities	<u>(159,806)</u>	<u>(133,748)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	258,295	223,641
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,397,583</u>	<u>2,173,942</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,655,878</u>	<u>\$ 2,397,583</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ <u>113,452</u>	\$ <u>(42,011)</u>
Adjustments to reconcile income from operations to net cash from operating activities:		
Depreciation	349,794	329,458
Net change in:		
Accounts receivable	(15,087)	(32,227)
Prepaid expenses	(13,192)	7,272
Accounts payable and accrued liabilities	(32,757)	20,140
Unearned revenue	2,687	65,593
Total adjustments	<u>291,445</u>	<u>390,236</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 404,897</u>	<u>\$ 348,225</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 \$329,433 and \$198,249 as of August 31, 2015 and 2014, 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, 2015 and 2014, the net book value of this property was \$204,063 and \$357,120, respectively.

TEXAS TECH PUBLIC MEDIA
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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, 2015 and 2014:

	2015	2014
Direct administrative support	\$ 735,210	\$ 704,087
Institutional support	274,942	211,018
Physical plant operations	12,316	11,926
Occupancy	14,384	14,384
	<u>\$ 1,036,852</u>	<u>\$ 941,415</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. 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.

TEXAS TECH PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS

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

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.

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, 2015 and 2014 are summarized below:

		Balance			Balance
		August 31,			August 31,
	Life	2014	Additions	Retirements	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		7,216,804	158,223	-	7,375,027
Accumulated depreciation		(5,463,891)	(349,794)	-	(5,813,685)
Depreciable assets, net		<u>\$ 1,752,913</u>	<u>\$ (191,571)</u>	<u>\$ -</u>	<u>\$ 1,561,342</u>

		Balance			Balance
		August 31,			August 31,
	Life	2013	Additions	Retirements	2014
Building	40 yrs	\$ 623,700	\$ -	\$ -	\$ 623,700
Tower, transmitter and antenna equipment	10-20 yrs	2,453,159	20,261	-	2,473,420
Broadcasting and production equipment	3-10 yrs	3,943,506	113,487	(14,517)	4,042,476
Furniture and fixtures	3-10 yrs	81,161	-	(3,953)	77,208
Depreciable assets, at cost		7,101,526	133,748	(18,470)	7,216,804
Accumulated depreciation		(5,152,903)	(329,458)	18,470	(5,463,891)
Depreciable assets, net		<u>\$ 1,948,623</u>	<u>\$ (195,710)</u>	<u>\$ -</u>	<u>\$ 1,752,913</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 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
Net Pension Liability	<u>\$ 26,716,832,801</u>
Net Position as a percentage of Total Pension Liability	83.25%

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. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	Contribution Rates	
	2015	2014
Member	6.70%	6.65%
Employers	6.80%	6.00%
2014 Member Contributions	\$ 55,307	
2014 Employer Contributions	\$ 58,905	

Actuarial Assumptions – The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

TEXAS TECH PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS

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

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

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, 2014 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return *</u>
Global Equity			
U.S.	18.0%	7.0%	1.4%
Non-U.S. Developed	13.0%	7.3%	1.1%
Emerging Markets	9.0%	8.1%	0.9%
Directional Hedge Funds	4.0%	5.4%	0.2%
Private Equity	13.0%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11.0%	2.9%	0.3%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	4.0%	5.2%	0.2%
Cash	1.0%	2.0%	0.0%
Real Return			
Global Inflation Linked Bond	3.0%	3.1%	0.0%
Real Assets	16.0%	7.3%	1.5%
Energy and Natural Resources	3.0%	8.8%	0.3%
Commodities	0.0%	3.4%	0.0%
Risk Parity			
Risk Parity	5.0%	8.9%	0.4%
Alpha	0.0%		1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

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

TEXAS TECH PUBLIC MEDIA
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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 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Station's proportionate share of the net pension liability	\$ 1,108,186	\$ 620,157	\$ 255,205

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At August 31, 2015, the Station reported a liability of \$620,157 for its proportionate share of the TRS's net pension liability measured at August 31, 2014.

The net pension liability was measured as of August 31, 2014 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, 2013 through August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was .00002321692. Since this is the first year of implementation, the Station does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the Station recognized pension expense of \$58,905.

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

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

At August 31, 2014, 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	\$ 9,591	\$ -
Changes in actuarial assumptions	40,311	-
Difference between projected and actual investment earnings	-	189,545
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	163
Contributions paid to TRS subsequent to the measurement date	58,905	-
Total	\$ <u>108,807</u>	\$ <u>189,708</u>

\$58,905 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2016. 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:

<u>Year Ended August 31</u>	<u>Pension Expense Amount</u>
2016	\$ (38,995)
2017	(38,995)
2018	(38,995)
2019	(38,995)
2020	8,391
Thereafter	<u>7,783</u>
Total	\$ <u>(139,806)</u>

TEXAS TECH PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS

NOTE 6: PRIOR PERIOD ADJUSTMENT

During fiscal year 2015, the Station adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Upon adoption of GASB No. 68, the Station must assume its proportionate share of the net pension liability of the Teacher Retirement System of Texas. Adoption of GASB No. 68 required a prior period adjustment to report the effect of GASB No. 68 retroactively. The effect of the prior period adjustment was a decrease in net position at September 1, 2014 of \$702,641. The comparative information presented for August 31, 2014 has not been restated to reflect this change.

NOTE 7: RECONCILIATION OF FINANCIAL STATEMENTS TO CPB REPORT

TELEVISION

	2015	2014
Revenue per audited financial statements	\$ 2,293,249	\$ 1,893,724
In-kind contributions	(1,000)	(2,500)
Indirect administrative support from Texas Tech University	(212,359)	(171,565)
Underwriting bad debt expense	<u>(52,003)</u>	<u>(35,885)</u>
Revenue per CPB report, Schedule A, Line 21	\$ <u>2,027,887</u>	\$ <u>1,683,774</u>
Expenses per audited financial statements	\$ 2,252,364	\$ 1,999,334
Cost of capital assets	<u>158,223</u>	<u>104,321</u>
Expenditures per CPB report, Schedule E, Line 10	\$ <u>2,410,587</u>	\$ <u>2,103,655</u>

RADIO

	2015	2014
Revenue per audited financial statements	\$ 1,007,124	\$ 830,027
Indirect administrative support from Texas Tech University	(89,283)	(65,763)
Underwriting bad debt expense	<u>(10,888)</u>	<u>-</u>
Revenue per CPB report, Schedule A, Line 21	\$ <u>906,953</u>	\$ <u>764,264</u>
Expenses per audited financial statements	\$ 921,353	\$ 757,264
Cost of capital assets	<u>-</u>	<u>29,427</u>
Expenditures per CPB report, Schedule E, Line 10	\$ <u>921,353</u>	\$ <u>786,691</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, 2015

	<u>2015</u>
Station's Proportion of the Net Pension Liability (Asset)	0.00002321692%
Station's Proportionate Share of Net Pension Liability (Asset)	\$ 620,157
Station's Covered-Employee Payroll - Plan Fiscal Year	\$ 803,799
Station's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	77.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%

Note: GASB 68, paragraph 81 requires that the information on this schedule be data from the period covered as of August 31, 2014, the measurement date of the collective net pension liability, the period from September 1, 2013 to August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-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
(A Public Telecommunications Entity Licensed to Texas Tech University)
SCHEDULE OF STATION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2015

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

Note: GASB 68, paragraph 81 requires that the information on this schedule be data from the period covered as of August 31, 2014, the measurement date of the collective net pension liability, the period from September 1, 2013 to August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-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
(A Public Telecommunications Entity Licensed to Texas Tech University)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2015

NOTE 1: NET PENSION LIABILITY – TEACHER RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

SUPPLEMENTAL INFORMATION

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF NET POSITION
AUGUST 31, 2015 AND 2014

	Television		Radio		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,816,531	\$ 1,690,163	\$ 839,347	\$ 707,420	\$ 2,655,878	\$ 2,397,583
Accounts receivable	74,995	64,057	36,432	32,283	111,427	96,340
Prepaid expenses	45,024	40,394	17,537	8,975	62,561	49,369
Total current assets	1,936,550	1,794,614	893,316	748,678	2,829,866	2,543,292
Capital assets, at cost						
Building	623,700	623,700	-	-	623,700	623,700
Transmitter, antenna and tower	1,919,484	1,919,484	553,936	553,936	2,473,420	2,473,420
Broadcasting and production equipment	3,976,185	3,842,802	199,674	199,674	4,175,859	4,042,476
Furniture and fixtures	99,378	74,538	2,670	2,670	102,048	77,208
	6,618,747	6,460,524	756,280	756,280	7,375,027	7,216,804
Less: Accumulated depreciation	(5,291,154)	(4,987,581)	(522,531)	(476,310)	(5,813,685)	(5,463,891)
Capital assets, net	1,327,593	1,472,943	233,749	279,970	1,561,342	1,752,913
Total assets	3,264,143	3,267,557	1,127,065	1,028,648	4,391,208	4,296,205
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions	39,904	-	19,001	-	58,905	-
Pension differences in experience	33,805	-	16,097	-	49,902	-
Total deferred outflows of resources	73,709	-	35,098	-	108,807	-
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	34,143	73,792	30,003	23,111	64,146	96,903
Unearned revenue	56,979	60,557	46,024	39,759	103,003	100,316
Total current liabilities	91,122	134,349	76,027	62,870	167,149	197,219
Noncurrent liabilities						
Net pension liability	420,113	-	200,044	-	620,157	-
Total noncurrent liabilities	420,113	-	200,044	-	620,157	-
Total liabilities	511,235	134,349	276,071	62,870	787,306	197,219
DEFERRED INFLOWS OF RESOURCES						
Pension differences in investment earnings	128,514	-	61,194	-	189,708	-
Total deferred inflows of resources	128,514	-	61,194	-	189,708	-
NET POSITION						
Investment in capital assets	1,327,593	1,472,943	233,749	279,970	1,561,342	1,752,913
Restricted	278,347	156,548	51,086	41,701	329,433	198,249
Unrestricted	1,092,163	1,503,717	540,063	644,107	1,632,226	2,147,824
Total net position	\$ 2,698,103	\$ 3,133,208	\$ 824,898	\$ 965,778	\$ 3,523,001	\$ 4,098,986

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, 2015 AND 2014

	Television		Radio		Total	
	2015	2014	2015	2014	2015	2014
OPERATING REVENUES						
Contributions	\$ 117,421	\$ 134,169	\$ 116,756	\$ 92,553	\$ 234,177	\$ 226,722
Grants from the CPB	701,333	698,553	147,132	142,701	848,465	841,254
Federal Grants	54,764	-	-	-	54,764	-
Donated support from the University						
Direct administrative support	571,706	531,575	163,504	172,512	735,210	704,087
Indirect administrative support	212,359	171,565	89,283	65,763	301,642	237,328
Donated materials & services-in-kind	1,000	2,500	-	-	1,000	2,500
Other grants	257,257	35,000	274,170	215,700	531,427	250,700
Business contributions and underwriting	337,766	259,778	198,657	134,355	536,423	394,133
Miscellaneous income	30,792	53,739	13,269	4,124	44,061	57,863
Total operating revenues	<u>2,284,398</u>	<u>1,886,879</u>	<u>1,002,771</u>	<u>827,708</u>	<u>3,287,169</u>	<u>2,714,587</u>
OPERATING EXPENSES						
Program services						
Programming and production	783,903	800,242	339,768	327,812	1,123,671	1,128,054
Broadcasting	747,066	553,063	182,776	165,502	929,842	718,565
Program information	49,832	41,564	23,057	22,282	72,889	63,846
	<u>1,580,801</u>	<u>1,394,869</u>	<u>545,601</u>	<u>515,596</u>	<u>2,126,402</u>	<u>1,910,465</u>
Supporting services						
Management and general	460,115	408,929	266,444	145,774	726,559	554,703
Fund raising & membership development	211,448	195,536	109,308	95,894	320,756	291,430
	<u>671,563</u>	<u>604,465</u>	<u>375,752</u>	<u>241,668</u>	<u>1,047,315</u>	<u>846,133</u>
Total operating expenses	<u>2,252,364</u>	<u>1,999,334</u>	<u>921,353</u>	<u>757,264</u>	<u>3,173,717</u>	<u>2,756,598</u>
OPERATING (LOSS) INCOME	32,034	(112,455)	81,418	70,444	113,452	(42,011)
NON-OPERATING REVENUE						
Interest income	<u>8,851</u>	<u>6,845</u>	<u>4,353</u>	<u>2,319</u>	<u>13,204</u>	<u>9,164</u>
CHANGE IN NET POSITION	40,885	(105,610)	85,771	72,763	126,656	(32,847)
NET POSITION, BEGINNING OF YEAR	3,133,208	3,238,818	965,778	893,015	4,098,986	4,131,833
PRIOR PERIOD ADJUSTMENT	<u>(475,990)</u>	<u>-</u>	<u>(226,651)</u>	<u>-</u>	<u>(702,641)</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 2,698,103</u>	<u>\$ 3,133,208</u>	<u>\$ 824,898</u>	<u>\$ 965,778</u>	<u>\$ 3,523,001</u>	<u>\$ 4,098,986</u>

TEXAS TECH PUBLIC MEDIA
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	Television		Radio		Total	
	2015	2014	2015	2014	2015	2014
CASH FLOWS - OPERATING ACTIVITIES						
Receipts from contributors, grants, & underwriters	\$ 2,269,882	\$ 1,907,240	\$ 991,618	\$ 836,589	\$ 3,261,500	\$ 2,743,829
Other receipts	-	-	13,269	4,124	13,269	4,124
Payments to employees	(581,816)	(561,109)	(338,061)	(338,061)	(919,877)	(899,170)
Payments to suppliers	(1,204,488)	(968,812)	(538,741)	(336,227)	(1,743,229)	(1,305,039)
Payments for employee benefits	(206,766)	(195,519)	-	-	(206,766)	(195,519)
Net cash provided by operating activities	<u>276,812</u>	<u>181,800</u>	<u>128,085</u>	<u>166,425</u>	<u>404,897</u>	<u>348,225</u>
CASH FLOWS - INVESTING ACTIVITIES						
Interest received	<u>8,851</u>	<u>6,845</u>	<u>4,353</u>	<u>2,319</u>	<u>13,204</u>	<u>9,164</u>
Net cash provided by investing activities	<u>8,851</u>	<u>6,845</u>	<u>4,353</u>	<u>2,319</u>	<u>13,204</u>	<u>9,164</u>
CASH FLOWS - CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(158,223)	(104,321)	-	(29,427)	(158,223)	(133,748)
Prior period adjustment	<u>(1,072)</u>	<u>-</u>	<u>(511)</u>	<u>-</u>	<u>(1,583)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(159,295)</u>	<u>(104,321)</u>	<u>(511)</u>	<u>(29,427)</u>	<u>(159,806)</u>	<u>(133,748)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	126,368	84,324	131,927	139,317	258,295	223,641
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,690,163</u>	<u>1,605,839</u>	<u>707,420</u>	<u>568,103</u>	<u>2,397,583</u>	<u>2,173,942</u>
CASH AND CASH EQUIVALENTS, END 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>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 32,034	\$ (112,455)	\$ 81,418	\$ 70,444	\$ 113,452	\$ (42,011)
Adjustments to reconcile income from operations to net cash from operating activities						
Depreciation	303,573	283,802	46,221	45,656	349,794	329,458
Net change in:						
Accounts receivable	(10,938)	(24,054)	(4,149)	(8,173)	(15,087)	(32,227)
Prepaid expenses	(4,630)	(17,749)	(8,562)	25,021	(13,192)	7,272
Accounts payable & accrued liabilities	(39,649)	7,841	6,892	12,299	(32,757)	20,140
Unearned revenue	(3,578)	44,415	6,265	21,178	2,687	65,593
Total adjustments	<u>244,778</u>	<u>294,255</u>	<u>46,667</u>	<u>95,981</u>	<u>291,445</u>	<u>390,236</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 276,812</u>	<u>\$ 181,800</u>	<u>\$ 128,085</u>	<u>\$ 166,425</u>	<u>\$ 404,897</u>	<u>\$ 348,225</u>