

# **KPVU-FM**

A Public Telecommunications Entity  
Operated by Prairie View A&M University

Financial Statements  
for the Years Ended August 31, 2017 and 2016

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**TABLE OF CONTENTS**

	<b><u>Page Number</u></b>
<b>SECTION I: FINANCIAL STATEMENTS</b>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis .....	3-6
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statements of Net Position .....	7
Statements of Activities .....	8-9
<b>Fund Financial Statements</b>	
Balance Sheets.....	10-11
Reconciliation of the Governmental Fund Balance Sheet to Government-wide Statement of Net Position.....	12
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	13-14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in the Fund Balances of Governmental Funds to the Statement of Activities .....	15-16
<b>Notes to the Financial Statements .....</b>	<b>17-33</b>
<b>Required Supplementary Information (unaudited):</b>	
Schedule of A&M System's Proportionate Share of the Net Pension Liability.....	34
Schedule of A&M System's Employer Contributions – Teacher Retirement System .....	34
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	35-36
<b>SECTION II: SUPPLEMENTAL SCHEDULE</b>	
Schedule of Functional Expenses .....	37-38



## Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

Dr. Ruth Simmons  
President, Prairie View A&M University  
Prairie View, Texas

We have audited the accompanying financial statements of KPVU-FM, a public telecommunications entity operated by Prairie View A&M University, as of and for the years ended August 31, 2017 and 2016 as listed in the Table of Contents and the related notes to the financial statements.

#### **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.

As described in Note 1, the financial statements present only the accounts of KPVU-FM, and are not intended to present the financial position of Prairie View A&M University or the results of its operations.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KPVU-FM, as of August 31, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of employer's proportionate share of the net pension liability, schedule of employer contributions to the pension plan, and budgetary comparison information 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 the basic financial statements of KPVU-FM. The supplementary schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements of KPVU-FM. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Bryan, Texas  
April 3, 2018

*Impron, Waller ; Company*

**KPVU-FM**  
A Public Telecommunications Entity  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Years Ended August 31, 2017 and 2016**

**Introduction and Reporting Entity**

Management's Discussion and Analysis (MD&A) is an overview of the financial position and activities of KPVU-FM. Statements for KPVU Radio Station include all of the financial activity of KPVU-FM for the years ended August 31, 2017 and 2016.

Management of KPVU has prepared the following discussion. Readers should also review the Independent Auditor's Report along with the financial statements and related footnotes which follow this section to enhance their understanding of KPVU-FM's performance.

KPVU serves Prairie View, Texas, as well as a seven-county coverage that includes Waller, Austin, Grimes, and Montgomery, Washington, Fort Bend and Harris counties. This coverage allows KPVU the potential of being heard by an estimated 785,298 listeners. The station operates at 30,000 watts, 24 hours a day, 365 days a year and can be heard online through internet broadcast. In addition to regular broadcasting, KPVU serves as an educational training facility for students interested in broadcasting careers.

**Overview of the Financial Statements**

KPVU-FM's financial report consists of a series of financial statements and notes to the statements. In its Statements Nos. 34, 37, and 38, the Governmental Accounting Standards Board (GASB) sets the presentation standards of audited financial statements and note disclosures for state and local governments and their subsidiaries.

**Public-Broadcasting-Entity-Wide Statements**

The public-broadcasting-entity-wide financial statements and the fund financial statements are the basic financial statements under the reporting standards of GASB. Financial information reported in the public-broadcasting-entity-wide financial statements uses the full-accrual method of accounting. Revenues are recognized when they are earned, and expenditures are recognized when they are incurred.

The public-broadcasting-entity-wide financial statements present all of the financial activities of KPVU-FM.

The financial statements of KPVU consist of:

- a public-broadcasting-entity-wide Statement of Net Position and Statement of Activities;

## **KPVU-FM**

A Public Telecommunications Entity  
Operated by Prairie View A&M University

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ended August 31, 2017 and 2016**

- for the governmental fund, a Balance Sheet, A Statement of Revenues, Expenditures, and Changes in Fund Balances, a reconciliation of the fund Balance Sheet to the public-broadcasting entity-wide Statement of Net Position, and a reconciliation of the fund Statement of Revenues, Expenditures, and Changes in the Fund Balances to the public-broadcasting-entity-wide Statement of Activities.

The public-broadcasting-entity-wide Statement of Net Position includes Assets, Liabilities and Net Position of KPVU as of August 31, 2017 and 2016. The statement lists capital assets of \$18,103, net of accumulated depreciation. Net position decreased during FY 2017 to \$222,430 from \$424,852 due to an increase in pension, other post -employment benefits and fundraising expenses along with a decrease in program revenues.

The Statement of Activities list expenses by function. Program revenues are listed by source and are allocated to functional expenses. Grants and contributions not restricted to a specific program or function are included in General Revenues.

#### **Operating Fund Statements**

Financial data presented in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances use the modified-accrual method of accounting. As it relates to KPVU, this method does not differ materially from full accrual accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. However, capital assets of land, buildings, property and equipment are not presented in the Balance Sheet, and depreciation is not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.

The operating fund financial statements focus on how money flows in and out of funds and the balances left at year-end that are available for future spending. The net change in fund balance was a decrease of \$135,956 in FY 2017 verses an increase of fund balance of \$64,879 in FY 2016. This is primarily due to the large drop in donor underwriting and membership donations and the increase in fundraising expenses.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Years Ended August 31, 2017 and 2016**

The following table illustrates the KPVU's condensed net position for the fiscal years August 31, 2017, 2016 and 2015:

**Condensed Statements of Net Position**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 344,143	\$ 470,480	\$ 401,601
Capital assets (net)	18,103	23,561	21,777
Total Assets	<u>362,246</u>	<u>494,041</u>	<u>423,378</u>
Deferred outflows of resources	13,951	14,403	7,345
Total Deferred Outflow of Resources	<u>13,951</u>	<u>14,403</u>	<u>7,345</u>
Current liabilities	13,619	4,000	-
Non-current liabilities	134,890	71,430	78,939
Total Liabilities	<u>148,509</u>	<u>75,430</u>	<u>78,939</u>
Deferred inflows of resources	5,258	8,162	12,652
Total Deferred Inflow of Resources	<u>5,258</u>	<u>8,162</u>	<u>12,652</u>
Invested in capital assets, net	18,103	23,561	21,777
Restricted	33,660	32,862	33,899
Unrestricted	170,667	368,429	283,456
Total Net Position	<u>\$ 222,430</u>	<u>\$ 424,852</u>	<u>\$ 339,132</u>

The following table illustrates the changes in net position for the fiscal years ending August 31, 2017, 2016 and 2015:

**Condensed Statement of Activities**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charges for services	147,672	\$ 182,534	\$ 78,411
Operating grants and contributions	163,025	233,167	238,438
Total Program Revenues	<u>310,697</u>	<u>415,701</u>	<u>316,849</u>
Membership donations	18,108	25,213	67,321
CPB community service grant	127,561	125,802	128,352
Miscellaneous	-	-	162
Total General Revenues	<u>145,669</u>	<u>151,015</u>	<u>195,835</u>
Programming and production	107,398	140,825	168,061
Broadcasting	58,114	53,774	70,413
Fundraising	226,906	108,185	54,500
Management and general	266,370	178,212	215,163
Total Expenses	<u>658,788</u>	<u>480,996</u>	<u>508,137</u>
Changes in Net Position	(202,422)	85,720	4,547
Net Position, Beginning	424,852	339,132	334,585
Net Position End of Year	<u>\$ 222,430</u>	<u>\$ 424,852</u>	<u>\$ 339,132</u>

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Years Ended August 31, 2017 and 2016**

**Financial Highlights**

In FY 2017 state fund revenues decreased by \$70,142 as compared to FY 2016 because in FY 2016 there was a more dedicated and strategic effort by the executive staff of the University to increase revenues. There was an increase of \$118,721 in expenses for fundraising as compared to FY 2016. This was due to hiring contractors to assist in performing marketing and promotions as well as radio sales. There was also more concentration on marketing and promoting the benefit concert to ensure success.

**Capital Assets**

KPVU's investment in capital assets for its governmental activities as of August 31, 2017, amounts to \$18,103 (net of accumulated depreciation). KPVU has been in operation for over 32 years and most of the assets (equipment) are outdated and will need replacement.

**Budget Variations**

GASB requires management to discuss material differences between opening budget, final budget, and actual results. There were no significant variances in the budgets for KPVU for FY 2017 or 2016.

**Request for Information**

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of KPVU-FM's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format.

Additional details can be requested by mail at the following address:

KPVU-FM  
c/o Senior Vice President of Business Affairs  
P.O. Box 519; MS 1300  
Alvin I. Thomas Building, Suite 116  
Prairie View, Texas 77446  
Or by e-mail at: [csbradford@pvamu.edu](mailto:csbradford@pvamu.edu)

**KPVU-FM**  
A Public Telecommunications Entity  
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**STATEMENTS OF NET POSITION**  
**August 31, 2017 and 2016**

	<b>Governmental Activities August 31, 2017</b>	<b>Governmental Activities August 31, 2016</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 343,691	\$ 399,965
Accounts receivable	-	68,445
Prepaid expenses	452	2,070
Capital assets (net of accumulated depreciation)		
Equipment	18,103	23,561
<b>Total Assets</b>	<b>362,246</b>	<b>494,041</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension		
Total deferred outflows of resources	13,951	14,403
<b>Total assets and deferred outflows</b>	<b>\$ 376,197</b>	<b>\$ 508,444</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 13,619	\$ 4,000
Liability for compensated absences	6,358	3,975
Liability for other postemployment benefits	95,645	28,904
Liability for pension benefits	32,887	38,551
<b>Total Liabilities</b>	<b>148,509</b>	<b>75,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension		
Total deferred inflows of resources	5,258	8,162
<b>Total liabilities and deferred inflows</b>	<b>153,767</b>	<b>83,592</b>
<b>NET POSITION</b>		
Net investment in capital assets	18,103	23,561
Restricted	33,660	32,862
Unrestricted	170,667	368,429
<b>Total net position</b>	<b>\$ 222,430</b>	<b>\$ 424,852</b>

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

**KPVU-FM**  
A Public Telecommunications Entity  
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**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2017**

		<u>Program Revenues</u>		<u>Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Programming and production	\$ 107,398	\$ -	\$ 26,577	\$ (80,821)
Broadcasting	58,114	-	14,381	(43,733)
Fundraising and membership	226,906	147,672	56,151	(23,083)
Management and general	266,370	-	65,916	(200,454)
Total primary government	<u>\$ 658,788</u>	<u>\$ 147,672</u>	<u>\$ 163,025</u>	<u>(348,091)</u>

**General Revenues:**

Grants and revenues not restricted to specific programs	
Membership donations	18,108
Community service grant from the Corporation for Public Broadcasting	129,111
Funds returned to the Corporation for Public Broadcasting	(1,550)
Total general revenues	<u>145,669</u>
Change in net position	(202,422)
Net position, beginning	<u>424,852</u>
Net position, ending	<u>\$ 222,430</u>

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**KPVU-FM**  
A Public Telecommunications Entity  
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**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2016**

		<u>Program Revenues</u>		<u>Changes in</u> <u>Net Assets</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
<b>Governmental Activities</b>				
Programming and production	\$ 140,825	\$ -	\$ 68,266	\$ (72,559)
Broadcasting	53,774	-	26,067	(27,707)
Fundraising and membership	108,185	182,534	52,444	126,793
Management and general	178,212	-	86,390	(91,822)
Total primary government	<u>\$ 480,996</u>	<u>\$ 182,534</u>	<u>\$ 233,167</u>	<u>(65,295)</u>

**General Revenues:**

Grants and revenues not restricted to specific programs	
Membership donations	25,213
Community service grant from the Corporation for Public Broadcasting	126,731
Funds returned to the Corporation for Public Broadcasting	(929)
Total general revenues	<u>151,015</u>
Change in net position	85,720
Net position, beginning	<u>339,132</u>
Net position, ending	<u>\$ 424,852</u>

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

**KPVU-FM**  
A Public Telecommunications Entity  
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**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2017**

	<u>General</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 343,691	\$ 343,691
Prepaid expenses	452	452
	<u>          </u>	<u>          </u>
 Total Assets	 <u>\$ 344,143</u>	 <u>\$ 344,143</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
 Liabilities:		
Accounts payable	<u>\$ 13,619</u>	<u>\$ 13,619</u>
	<u>          </u>	<u>          </u>
Total Liabilities	<u>13,619</u>	<u>13,619</u>
 Fund balance:		
Restricted	33,660	33,660
Unassigned	296,864	296,864
	<u>          </u>	<u>          </u>
Total Fund Balances	<u>330,524</u>	<u>330,524</u>
	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 344,143</u>	<u>\$ 344,143</u>

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**KPVU-FM**  
A Public Telecommunications Entity  
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**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2016**

	<b>General</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 399,965	\$ 399,965
Accounts receivable	68,445	68,445
Prepaid expenses	2,070	2,070
	<hr/>	<hr/>
Total Assets	\$ 470,480	\$ 470,480
	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 4,000	\$ 4,000
	<hr/>	<hr/>
Total Liabilities	4,000	4,000
	<hr/>	<hr/>
Fund balance:		
Restricted	32,862	32,862
Unassigned	433,618	433,618
	<hr/>	<hr/>
Total Fund Balances	466,480	466,480
	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 470,480	\$ 470,480
	<hr/>	<hr/>

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

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
For the Year Ended August 31, 2017 and 2016**

	<b>Total Governmental Funds <u>August 31, 2017</u></b>	<b>Total Governmental Funds <u>August 31, 2016</u></b>
<b>Fund balance- total governmental funds</b>	\$ 330,524	\$ 466,480
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.	18,103	23,561
Long-term assets are not available to pay for expenditures in the current period and therefore are not reported in the funds.	13,951	14,403
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(140,148)	(79,592)
<b>Net position of governmental activities</b>	<u>\$ 222,430</u>	<u>\$ 424,852</u>

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

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2017**

	<u>General</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>		
Community service grants from the Corporation for Public Broadcasting	\$ 129,111	\$ 129,111
Grants funds returned to the Corporation for Public Broadcasting	(1,550)	(1,550)
State funds furnished by Prairie View A&M University	163,025	163,025
Membership donations	18,108	18,108
Underwriting	32,803	32,803
Concert ticket sales	114,869	114,869
	<u>456,366</u>	<u>456,366</u>
<b>Expenditures:</b>		
Program Services		
Programming and production	101,940	101,940
Broadcasting	49,479	49,479
Support Services		
Fundraising	210,500	210,500
Management and general	230,403	230,403
	<u>592,322</u>	<u>592,322</u>
Excess (deficiency) of revenues over (under) expenditures	(135,956)	(135,956)
Fund balances- beginning	466,480	466,480
Fund balances- ending	<u>\$ 330,524</u>	<u>\$ 330,524</u>

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

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2016**

	<u>General</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>		
Community service grants from the Corporation for Public Broadcasting	\$ 126,731	\$ 126,731
Grants funds returned to the Corporation for Public Broadcasting	(929)	(929)
State funds furnished by Prairie View A&M University	225,423	225,423
Membership donations	25,213	25,213
Underwriting	112,343	112,343
Miscellaneous	70,191	70,191
	<u>558,972</u>	<u>558,972</u>
Total Revenues		
<b>Expenditures:</b>		
Program Services		
Programming and production	141,835	141,835
Broadcasting	53,896	53,896
Support Services		
Fundraising	110,293	110,293
Management and general	188,069	188,069
	<u>494,093</u>	<u>494,093</u>
Total Expenditures		
Excess (deficiency) of revenues over (under) expenditures	64,879	64,879
Fund balances- beginning	401,601	401,601
	<u>401,601</u>	<u>401,601</u>
Fund balances- ending	\$ 466,480	\$ 466,480
	<u>\$ 466,480</u>	<u>\$ 466,480</u>

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

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2017**

	<b>Total Governmental Funds <u>August 31, 2017</u></b>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances- total governmental funds	\$ (135,956)
Governmental funds reported capital outlays as expenditures. However in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense	
Expenditures for capital assets	-
Less-current year depreciation	(5,458)
Some expenses reported in the statement of activities (compensated absences, pension , other post retirement benefits) do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(61,008)</u>
Change in net position of governmental activities	<u>\$ (202,422)</u>

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

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2016**

	<b>Total Governmental Funds <u>August 31, 2016</u></b>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances- total governmental funds	\$ 64,879
Governmental funds reported capital outlays as expenditures. However in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense	
Expenditures for capital assets	
Less-current year depreciation	(5,960)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	7,744
Some expenses reported in the statement of activities (compensated absences, pension , other post retirement benefits) do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>19,057</u>
Change in net position of governmental activities	<u><u>\$ 85,720</u></u>

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

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of KPVU-FM have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). KPVU-FM applies all applicable GASB pronouncements in accounting and reporting for KPVU-FM operations. These pronouncements establish standards for external financial reporting for all state and local governmental entities. This reporting includes both public-broadcasting-entity-wide statements (a statement of net position, and a statement of activities) and fund statements (for governmental funds, a balance sheet, and a statement of revenues, expenditures and changes in fund balances), together with notes to the financial statements and certain required supplemental information (RSI) including the MD&A, schedule of employer's proportionate share of the net pension liability, schedule of employer contributions to the pension plan, and a budgetary comparison schedule showing original and final budgets and actual revenues and expenditures. Statement No. 34 as amended by Statement No. 63 requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted.

**B. Measurement Focus and Basis of Accounting**

“Measurement focus” refers to which kinds of transactions are recorded within the various financial statements. In the public-broadcasting-entity-wide statements, KPVU-FM uses an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. In the governmental funds statements, the focus is on sources, uses, and balances of current financial resources.

“Basis of accounting” refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. KPVU-FM uses the following as its bases of accounting:

1. *Accrual basis* – Both governmental-type and business-type activities are presented in the public – broadcasting-entity-wide financial statements on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

2. *Modified accrual basis* – In the governmental funds financial statements, the governmental-type activities are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined, and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year period is used for recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is included.

**C. Reporting Entity**

KPVU-FM is a public telecommunications entity operated by Prairie View A&M University ("the University"), a State agency supported primarily by State appropriations. The University Fiscal Office maintains the accounting records. KPVU-FM's primary functions are to promote, establish and provide public broadcasting and other noncommercial educational telecommunications services.

The accompanying financial statements represent only the accounts of KPVU-FM and are not intended to present the financial position or results of operations of the University.

There are no component units included within the reporting entity.

**D. Cash and Cash Equivalents**

KPVU-FM considers its balances held by Prairie View A&M University's fiscal office to be cash equivalents.

Prairie View A&M University and the Texas A&M University System maintain deposits with various banks according to the System's policies. At August 31, 2017 and 2016, the System reported that all of its bank deposits were covered by the Federal Deposit Insurance Corporation (FDIC) insurance, were collateralized with securities in the System's name, or were covered by surety bonds.

Excess cash is invested according to the “prudent person rule” as authorized by VTCA, Higher Education Code §51. The majority of the System's funds are maintained in short-term investment pools.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**E. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government -wide financial statements. Capital assets are defined by Prairie View A&M University as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. KPVU-FM records property and equipment at cost or in the case of donated property, at its estimated fair value at date of receipt net of accumulated depreciation.

KPVU-FM uses the straight-line method to calculate depreciation over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Equipment	5-10

**F. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the years ended August 31, 2017 and 2016, KPVU-FM reported \$13,951 and \$14,403, respectively, as deferred outflow of resources related to KPVU's pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. For the years ended August 31, 2017 and 2016, KPVU-FM reported \$5,258 and \$8,162, respectively, as deferred inflow of resources related to KPVU-FM's pension plan.

See Note III for more information.

**G. Compensated Absences**

KPVU-FM employees are employees of the State of Texas. It is the State's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the State does not have a policy to pay any amounts when employees separate from service with the State. All vacation pay is accrued when incurred in the government-wide statements. A liability for these

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**H. Fund Balances**

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The implementation of GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints placed on the use of these resources by creditors (such as through debt covenants), grantors, contributors or other governments; or constraints are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision making authority.

Assigned Fund Balance – Amounts that are constrained by the government's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given.

Unassigned Fund Balance – All amounts not included in other spendable classifications.

**I. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use by either external parties or enabling legislation.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**J. Pledges and Contributions**

KPVU-FM engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to KPVU-FM for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of KPVU-FM. This usage is consistent with appeals for contributions and pledges.

**K. In -kind Contributions**

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. KPVU-FM reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statements of revenues, expenses, and change in net assets.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as donated national and local programs, are not recorded as revenue and expenses as there is no objective basis available to measure the value of such services.

**L. Revenue Recognition**

State appropriations are recorded as revenue in the statement of activities when an expenditure is recorded.

Membership contributions are recognized as operating revenues in the period they are received. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support.

Grants to finance non-capital projects are recorded as deferred revenue until an expenditure is incurred for which the grant was intended. The amounts are then included in revenues, and the expenditures are recorded.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**M. Program Revenues and General Revenues**

In the statement of activities, KPVU-FM reports as program revenues all revenues that derive directly from the program activities themselves, including charges for services in exchange transactions, as well as operating grants and contributions that are restricted for particular uses or for capital purposes. Other grants and contributions not thus restricted – including Community Service Grants from the Corporation for Public Broadcasting and membership contributions – are reported as general revenues.

**N. 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. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

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

**O. Use of Estimates**

The preparation of the accompanying 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**II. PROPERTY AND EQUIPMENT, NET**

Capital asset activity for the years August 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	\$ 324,816	\$ -	\$ -	\$ 324,816
Total capital assets being depreciated	324,816	-	-	324,816
Less accumulated depreciation for:				
Equipment	301,255	5,458	-	306,713
Total accumulated depreciation	301,255	5,458	-	306,713
Total capital assets being depreciated, net	\$ 23,561	\$ (5,458)	\$ -	\$ 18,103

Current depreciation expense of \$5,458 was charged to the programming and production function of the primary government.

Capital asset activity for the years ended August 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	\$ 323,146	\$ 7,744	\$ 6,074	\$ 324,816
Total capital assets being depreciated	323,146	7,744	6,074	324,816
Less accumulated depreciation for:				
Equipment	301,369	5,960	6,074	301,255
Total accumulated depreciation	301,369	5,960	6,074	301,255
Total capital assets being depreciated, net	\$ 21,777	\$ 1,784	\$ -	\$ 23,561

In fiscal year 2016 depreciation expense of \$5,960 was charged to the programming and production function of the primary government.

**III. PENSION PLAN OBLIGATIONS**

The State of Texas has joint contributory retirement plans for substantially all its employees. The primary plan the A&M System (of which Prairie View A&M University is a member) participates in is the cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas. All employees of the A&M System who are employed for one-half or more of the standard work load and not exempted from membership under the Texas Government Code, Title 8, Section 822.002 are covered by the plan.

The TRS plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefits formulas are based on members' average annual compensation and years of service credit. The standard annuity

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments.

During the 2016 measurement period for fiscal year 2017 reporting, the amount of KPVU contributions recognized by the plan was \$9,214. KPVU's contributions to TRS for years ended August 31, 2016 were \$10,642. Contributions by employees were 7.2 percent of gross earnings. Depending upon the source of funding for the employee's compensation, the state or the A&M System members contribute a percentage of participant salaries totaling 6.8 percent of annual compensation for 2016 and 2015.

The total pension liability is determined by the annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2016 measurement date.

<b>Summary of Actuarial Methods and Assumptions – TRS Plan</b>	
Actuarial Valuation Date	August 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions	
<i>Discount Rate</i>	8.00%
<i>Investment Rate of Return</i>	8.00%
<i>Inflation</i>	2.50%
<i>Salary Increase</i>	3.50% to 9.50% including inflation
Mortality	
<i>Active</i>	90% of the RP 2014 Employees Mortality Tables for males and females
<i>Post-Retirement</i>	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2014 and adopted September, 2015. The mortality rates were based on 90 percent of the RP 2014 employee Mortality Tables for the active members. The Post-retirement mortality rates were based on 2015 TRS Healthy Pensioner Mortality Tables.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

The discount rate of 8 percent was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8 percent long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below.

<b>TRS Asset Class</b>	<b>TRS Target Allocation</b>	<b>TRS Long-term Expected Geometric Real Rate of Return</b>
<b>Global Equity</b>		
<i>U.S.</i>	18%	4.6%
<i>Non-U.S. Developed</i>	13%	5.1%
<i>Emerging Markets</i>	9%	5.9%
<i>Directional Hedge Funds</i>	4%	3.2%
<i>Private Equity</i>	13%	7.0%
<b>Stable Value</b>		
<i>U.S. Treasury</i>	11%	0.7%
<i>Absolute Return</i>	0%	1.8%
<i>Stable Value Hedge Funds</i>	4%	3.0%
<i>Cash</i>	1%	-0.2%
<b>Real Return</b>		
<i>Global Inflation Linked Bonds</i>	3%	0.9%
<i>Real Assets</i>	16%	5.1%
<i>Energy and Natural Resources</i>	3%	6.6%
<i>Commodities</i>	0%	1.2%
<b>Risk Parity</b>	5%	6.7%
<b>TOTAL</b>	<b>100%</b>	

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the A&M System's net pension liability. The result of the analysis is presented in the table below.

<b>Sensitivity of A&amp;M System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</b>		
<b>1% Decrease</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
\$708,092,746	\$457,523,817	\$244,990,713

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2016 Comprehensive Annual Financial Report.

At August 31, 2017, the A&M System reported a liability of \$457,523,817 for its proportionate share of the collective net pension liability. The collective 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 A&M System's proportion at August 31, 2017 was 1.2107484 percent which was an increase from the 1.1294397 percent measured at the prior measurement date. The A&M System's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2015 through August 31, 2016.

KPVU-FM was allocated a portion of the pension liability based on its salaries and wages in proportion to the TAMU System's total salaries and wages. The pension liability recognized by KPVU-FM for the year ended August 31, 2017 and 2016 is \$32,887 and \$38,551, respectively.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

At August 31, 2017, KPVU-FM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 538	\$ 1,004
Changes of assumptions	997	907
Net difference between projected and actual investment return	2,770	0
Change in proportion and contribution difference	432	3,347
Contributions subsequent to the measurement date	9,214	0
<b>TOTAL</b>	<b>\$ 13,951</b>	<b>\$ 5,258</b>

The \$9,214 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years.

<b>Portions of Deferred Outflows and Inflows in Pension Expense</b>	
2018	\$ 34
2019	\$ 34
2020	\$ (888)
2021	\$ 104
2022	\$ 295
Thereafter	\$ (100)

Further information regarding actuarial assumptions and conclusions, together with the audited Comprehensive Annual Financial Report (CAFR) for TRS may be obtained from the address below or on the TRS website.

Teacher Retirement System of Texas  
1000 Red River Street  
Austin, Texas 78701-2698

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**IV. OTHER POSTEMPLOYMENT BENEFITS**

The State of Texas has joint contributory retirement plans for substantially all its employees. The primary plan the A&M System (of which Prairie View A&M University is a member) participates in is the cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas. All employees of the A&M System who are employed for one-half or more of the standard work load and not exempted from membership under the Texas Government Code, Title 8, Section 822.002 are covered by the plan.

The Texas A&M University System (of which Prairie View A&M University is a member) offers post-retirement health care benefits to employees including medical, dental, and life insurance. To qualify for healthcare an employee who was hired on or before August 31, 2003, must be at least 55 years of age and have five years of service credit. An employee hired after August 31, 2003, must be at least 65 years of age and have at least 10 years of service credit.

Retiree spouses and unmarried dependent children are also granted eligibility. Eligible retirees may continue health insurance benefits for eligible spouses and dependents covered at the time of retirement. Eligibility also continues for spouses covered at the time of death of a retiree or activates beyond the death of an active employee.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition and display of other postemployment benefit expenditures and related liabilities, and note disclosures in the financial report. Basically, public-sector employers must accrue the cost of other postemployment benefits (OPEB) over the active service life of benefitting employees.

Annual OPEB Cost

The Texas A&M University System's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The OPEB actuarial valuation for fiscal year ended August 31, 2017, was performed on September 1, 2016.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

The System's annual OPEB cost for the current year is as follows:

<b>Annual OPEB Cost and Net OPEB Obligation</b>	
Annual Required Contribution (ARC)	\$ 221,649,003
Interest on Net OPEB Obligation	\$ 78,245,960
Adjustment to ARC	\$ (57,919,712)
Annual OPEB Cost	\$ 241,975,251
Employer Contributions	\$ (74,423,445)
Increase in Net OPEB Obligation	\$ 167,551,806
Net OPEB Obligation at Beginning of Year	\$ 1,117,799,433
Net OPEB Obligation at End of Year	\$ 1,285,351,239

KPVU-FM was allocated a portion of the OPEB liability based on its salaries and wages in proportion to the TAMU System's total salaries and wages. The OPEB liability recognized by KPVU-FM for the year ended August 31, 2017 and 2016 is \$95,645 and \$28,904, respectively.

**Funding Status**

Currently, the Texas A&M University System is not funding the other postemployment benefit obligations and it is unclear if it will fund the obligations in the future. The schedule of funding progress is as follows:

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b) – (a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Annual Covered Payroll (c)</b>	<b>Ratio of UAAL to Covered Payroll ((b-a)/c)</b>
09/01/2012	\$0	\$1,924,980,271	\$1,924,980,271	0.0%	\$1,149,300,305	167.50%
09/01/2014	\$0	\$2,002,648,687	\$2,002,648,687	0.0%	\$1,440,510,210	139.02%
09/01/2016	\$0	\$2,548,478,008	\$2,548,478,008	0.0%	\$1,607,610,763	158.53%

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

Schedule of Employer Contributions

<b>Three-Year History of Annual OPEB Cost and Net OPEB Obligation</b>				
<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation at End of Fiscal Year</b>
08/31/15	\$186,757,980	\$62,619,823	33.5%	\$983,874,345
08/31/16	\$198,140,212	\$64,215,124	32.4%	\$1,117,799,433
08/31/17	\$241,975,251	\$74,423,445	30.8%	\$1,285,351,239

Actuarial Methods and Assumptions

The Entry Age Normal Actuarial Cost Method was used to determine the current contribution amount as well as the normal cost and actuarial accrued liability. This method is a budgeting technique, used to allocate total estimated plan liabilities over past, current, and future years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used in the plan valuation include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional detail about the actuarial assumptions used in the plan valuation is outlined in the table below.

<b>Summary of Actuarial Methods and Assumptions – OPEB Plan</b>	
Actuarial Valuation Date ( <i>Biennial Valuation</i> )	September 1, 2016
Actuarial Cost Method	Entry Age Normal ( <i>Level percent of pay</i> )
Asset Valuation Method	Market
Amortization Method	Level percent of pay
Amortization Period	30 year open period
Actuarial Assumptions	
<i>Annual investment return (discount rate)</i>	7.40%
<i>Projected annual salary increases</i>	4.50% to 10.50%
<i>Weighted-average at valuation date</i>	6.09%
<i>Annual Healthcare Trend Rates</i>	8.00% in Fiscal Year 2018 Declining to 5.50% in Fiscal Year 2023

In June 2015, the Government Accounting Standards Board issued Statement Number 75, “Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.” The new statement requires governments to report a liability on the face of the financial statements for the other Post-Employment Benefits they provide. This

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

statement is effective for fiscal years beginning after June 15, 2017. It is not known at this time what the effects of the new requirement will be.

**V. NONFEDERAL FINANCIAL SUPPORT (NFFS)**

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the consumption or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2017 NFFS. This change excludes all revenues received for any capital purchases.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the sources must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments to exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcast entity on behalf of a public broadcast station.

Reported NFFS for KPVU-FM was \$328,715 and \$522,570 for 2017 and 2016 respectively.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**VI. COMMUNITY SERVICE GRANTS (CSGs)**

KPVU-FM receives a Community Service Grant from the Corporation for Public Broadcasting annually. The Community Service Grants received and expended during the most recent fiscal years were as follows:

<b>Grant Period</b>	<b>Amounts Received</b>	<b>Expended</b>			<b>Uncommitted</b>
		<b>2015 &amp; Prior</b>	<b>2016</b>	<b>2017</b>	<b>Balance at August 31 2017</b>
2015-2017	\$ 126,731	-	13,702	102,500	\$ 10,529
2016-2018	\$ 129,111	-	-	-	\$ 129,111

  

<b>Grant Period</b>	<b>Amounts Received</b>	<b>Expended</b>			<b>Uncommitted</b>
		<b>2014 &amp; Prior</b>	<b>2015</b>	<b>2016</b>	<b>Balance at August 31 2016</b>
2014-2016	\$ 128,549	-	-	120,485	\$ 8,064
2015-2017	\$ 126,731	-	-	13,702	\$ 113,029

In August 2011 KPVU received a letter from the CPB stating that KPVU did not meet the Audience Service Criteria (ASC) for the Community Service Grant year 2012 based on information provided in KPVU's FY2010 financial report. According to CPB policy, a grantee not meeting the ASC is placed in a five year transition plan that will lead to its eventual removal from the CSG program should it continue to fail the ASC. As KPVU received the warning letter for CSG year 2012, it has until CSG year 2017 to meet the ASC before KPVU is removed from the CSG program. Each year the station does not meet its ASC, the Community Service Grant will be reduced until the fifth year in which the station will be removed from the CSG program. A grantee that is able to meet the ASC during Years 1-4 will have its full CSG restored.

KPVU management is continuing to focus development efforts on the largest single population in Waller County, the Prairie View A&M University (PVAMU) resident population. KPVU has also addressed technical issues that include installing an encoder that allows listenership to be monitored which was not done in the past.

**VII. INDIRECT ADMINISTRATIVE SUPPORT**

Indirect support from the University consists of allocated institutional support and physical plant costs incurred by various other divisions of the University for which KPVU-FM receives benefits. Indirect administrative support not included in the financial statements amounted to \$110,560 and \$109,362 in 2017 and 2016 respectively.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2017 and 2016**

**VIII. CONTRIBUTED IN-KIND SUPPORT**

Contributed support represents expenses paid on behalf of KPVU-FM by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support. The amount of contributed services is reflected as revenues in the accompanying statements of revenues, expenses and changes in net assets. As expenses of an equivalent amount are also recognized, there is no impact on net assets.

A summary of contributed support received in 2017 and 2016 is as follows: Contributed support from the University consists of certain administrative and other expenses incurred on behalf of KPVU-FM. These costs for 2017 and 2016, respectively, were \$50,422 and \$65,775.

**IX. SUBSEQUENT EVENTS**

KPVU has evaluated subsequent events through April 3, 2018, the date which the financial statements were issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**KPVU-FM**

A Public Telecommunications Entity  
 Operated by Prairie View A&M University

**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Years Ended August 31, 2017 AND 2016**

<b>Schedule of the A&amp;M System's Proportionate Share of the Net Pension Liability</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>
A&M System's percentage proportionate share of the net pension liability	1.2107484%	1.1294397%	1.3190594%
A&M System's proportionate share of the net pension liability	\$457,523,817	\$399,241,901	\$352,410,894
A&M System's covered payroll-non General Revenue	\$594,339,736	\$434,248,377	\$483,491,868
A&M System's proportionate share of the net pension liability as a percentage of covered payroll	76.98%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

This schedule is intended to present 10 years of information. Currently only three years of information is available. Information for future years will be added when it becomes available.

<b>Schedule of the A&amp;M System's Employer Contributions</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contributions	\$38,633,263	\$38,024,480	\$34,182,243	\$33,176,668
Contributions in relation to the statutorily required contributions	\$38,633,263	\$38,024,480	\$34,182,243	\$33,176,668
Contribution deficiency	\$0.00	\$0.00	\$0.00	\$0.00
A&M System's covered payroll-non General Revenue	\$594,339,736	\$434,248,377	\$483,491,868	\$498,135,206
Contributions as a percentage of covered payroll	6.80%	8.76%	7.07%	6.66%

The information on the schedule of employer contributions was determined as of the end of the fiscal years presented. The schedules of employer contributions comparing the actuarially determined contributions and the contributions recognized by the pension plan in relation to the actuarially determined contributions for the state's Teacher Retirement System of Texas Plan (TRS Plan) are presented above.

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL – GENERAL FUND  
For the Year Ended August 31, 2017**

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>			
Community service grants from the Corporation of Public Broadcasting	\$ 127,561	\$ 129,111	\$ 1,550
Funds returned to the Corporation for Public Broadcasting		(1,550)	(1,550)
State funds furnished by Prairie View A&M University	163,025	163,025	-
Membership donations	18,258	18,108	(150)
Underwriting	37,803	32,803	(5,000)
Concert ticket sales	<u>114,870</u>	<u>114,869</u>	<u>(1)</u>
Total Revenues	<u>461,517</u>	<u>456,366</u>	<u>(5,151)</u>
<b>Total Expenditures:</b>	<u>704,461</u>	<u>592,322</u>	<u>112,139</u>
Excess (deficiency) of revenues over (under) expenditures	(242,944)	(135,956)	106,988
Fund balances- beginning	<u>466,480</u>	<u>466,480</u>	<u>-</u>
Fund balances- ending	<u><u>\$ 223,536</u></u>	<u><u>\$ 330,524</u></u>	<u><u>\$ 106,988</u></u>

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL – GENERAL FUND  
For the Year Ended August 31, 2016**

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>			
Community service grants from the Corporation of Public Broadcasting	\$ 126,731	\$ 126,731	\$ -
Funds returned to the Corporation for Public Broadcasting	-	(929)	(929)
State funds furnished by Prairie View A&M University	225,423	225,423	-
Membership donations	25,213	25,213	-
Underwriting	112,343	112,343	-
Concert ticket sales	70,191	70,191	-
Total Revenues	559,901	558,972	(929)
<b>Total Expenditures:</b>	615,460	494,093	121,367
Excess (deficiency) of revenues over (under) expenditures	(55,559)	64,879	120,438
Fund balances- beginning	401,601	401,601	-
Fund balances- ending	\$ 346,042	\$ 466,480	\$ 120,438

## **SUPPLEMENTARY SCHEDULE**

**KPVU-FM**  
A Public Telecommunications Entity  
Operated by Prairie View A&M University

**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended August 31, 2017**

	<b>Programming and Production</b>	<b>Broadcasting</b>	<b>Fund Raising</b>	<b>Management and General</b>	<b>August 31, 2017 Total</b>
Salaries and wages	\$ -	\$ 14,311	\$ 36,500	\$ 98,513	\$ 149,324
Fringe benefits	-	14,201	23,117	57,664	94,982
Travel	1,986	-	12,289	31,885	46,160
Membership fees and dues	-	-	-	396	396
Professional services	-	-	-	14,700	14,700
Maintenance and repair of equipment	-	3,300	-	4,424	7,724
Advertising	-	-	26,193	-	26,193
Administrative fees	-	-	-	4,160	4,160
Postal services	-	-	-	898	898
Reproduction services	-	-	-	2,412	2,412
Electronic parts and non- capital equipment	-	8,164	-	7,025	15,189
Utilities	-	-	-	19,289	19,289
Connection and programming fees	22,327	-	-	-	22,327
Program distribution	-	736	-	-	736
Contracted services	74,359	17,402	118,071	-	209,832
Conference dues	-	-	-	2,595	2,595
Published materials	3,268	-	-	-	3,268
Supplies	-	-	-	3,135	3,135
Telephone	-	-	-	8,469	8,469
Depreciation	5,458	-	-	-	5,458
Other	-	-	10,736	10,805	21,541
<b>Total</b>	<b>\$ 107,398</b>	<b>\$ 58,114</b>	<b>\$ 226,906</b>	<b>\$ 266,370</b>	<b>\$ 658,788</b>

**KPVU-FM**  
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**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended August 31, 2016**

	<b>Programming and Production</b>	<b>Broadcasting</b>	<b>Fund Raising</b>	<b>Management and General</b>	<b>August 31, 2016 Total</b>
Salaries and wages	\$ 26,179	\$ 14,652	\$ 42,097	\$ 84,899	\$ 167,827
Fringe benefits	14,109	5,157	12,010	15,745	47,021
Travel	17,733	1,417	5,506	7,636	32,292
Membership fees and dues	658	-	-	1,925	2,583
Professional services	-	-	-	12,816	12,816
Maintenance and repair of equipment	-	-	-	3,379	3,379
Advertising	-	-	18,933	-	18,933
Administrative fees	-	-	-	1,510	1,510
Postal services	-	-	-	985	985
Reproduction services	-	-	-	2,818	2,818
Electronic parts and non- capital equipment	-	8,444	-	3,191	11,635
Utilities	-	-	-	37,188	37,188
Connection and programming fees	36,302	-	-	-	36,302
Program distribution	-	12,937	-	-	12,937
Contracted services	36,840	10,620	18,379	-	65,839
Conference dues	-	-	-	4,010	4,010
Published materials	824	-	-	-	824
Supplies	2,220	547	108	2,386	5,261
Telephone	-	-	-	7,740	7,740
Depreciation	5,960	-	-	-	5,960
Other post employment benefits	-	-	-	2,312	2,312
Pension expense	-	-	-	(14,388)	(14,388)
Other	-	-	11,152	4,060	15,212
<b>Total</b>	<b>\$ 140,825</b>	<b>\$ 53,774</b>	<b>\$ 108,185</b>	<b>\$ 178,212</b>	<b>\$ 480,996</b>