

KPVU – FM

A Public Telecommunications Entity

Operated by Prairie View A&M University

Financial Statements

For the Years Ended August 31, 2020 and 2019

KPVU-FM
A Public Telecommunications Entity
Operated by Prairie View A&M University
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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 KPVO-FM, a public telecommunications entity operated by Prairie View A&M University, as of and for the years ended August 31, 2020 and 2019 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, 2020 and 2019, 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, schedule of employer's proportionate share of the other postemployment benefits liability-last 10 years, 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.

Supplementary 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 expenditures 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.

Impram, Wallis; Company

Bryan, Texas
March 15, 2021

KPVU-FM
(A Public Telecommunications Entity Operated by Prairie View A&M University)
Management's Discussion and Analysis
For the Years Ended August 31, 2020 and 2019 (Unaudited)

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, 2020 and 2019.

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, 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, 38, and 63 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;
- 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.

KPVU-FM
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Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2020 and 2019 (Unaudited)

The public-broadcasting-entity-wide Statement of Net Position includes Assets, Liabilities and Net Position of KPVU as of August 31, 2020 and 2019. The statement lists capital assets of \$19,910, net of accumulated depreciation. Net position decreased during FY 2020 to (\$208,631) from (\$198,319).

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 (\$8,878) in FY20 and \$4,014 in FY19. The difference is mainly due to a decrease in sales that resulted from not being able to host a holiday concert in FY20.

KPVU-FM
(A Public Telecommunications Entity Operated by Prairie View A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2020 and 2019 (Unaudited)

Condensed Financial Information

The following table illustrates the changes in net position for the fiscal years ending August 31, 2020 and 2019:

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>
Current Assets	\$183,536	\$134,074
Capital Assets (net)	<u>19,910</u>	<u>25,066</u>
Total Assets	<u>203,446</u>	<u>159,140</u>
Deferred Outflows of Resources	<u>64,722</u>	<u>80,233</u>
Total Deferred Outflows of Resources	<u>64,722</u>	<u>80,233</u>
Current Liabilities	207,171	148,831
Long-Term Liabilities	<u>194,020</u>	<u>222,434</u>
Total Liabilities	<u>401,191</u>	<u>371,265</u>
Deferred Inflows of Resources	<u>75,608</u>	<u>66,427</u>
Total Deferred Inflows of Resources	<u>75,608</u>	<u>66,427</u>
Invested in Capital Assets, net	19,910	25,066
Restricted	26,229	63,442
Unrestricted	<u>(254,770)</u>	<u>(286,827)</u>
Total Net Position	<u>(\$208,631)</u>	<u>(\$198,319)</u>

Condensed Statements of Activities

	<u>2020</u>	<u>2019</u>
Charges for Services	\$ -	\$ 41,287
Operating grants and contributions	<u>215,231</u>	<u>292,339</u>
Total Program Revenues	<u>215,231</u>	<u>333,626</u>
Membership Donations	6,333	6,093
CPB Grants	<u>125,377</u>	<u>137,424</u>
Total General Revenues	<u>131,710</u>	<u>143,517</u>
Programming and Production	44,017	123,104
Broadcasting	198,174	117,269
Fund Raising	5,426	134,486
Management and General	<u>109,636</u>	<u>65,767</u>
Total Expenses	<u>357,253</u>	<u>440,626</u>
Changes in Net Position	(10,312)	36,517
Net Position, Beginning	<u>(198,319)</u>	<u>(234,836)</u>
Net Position End of Year	<u>(\$208,631)</u>	<u>(\$198,319)</u>

KPVU-FM
(A Public Telecommunications Entity Operated by Prairie View A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2020 and 2019 (Unaudited)

Financial Highlights

In FY20 charges for services decreased by \$41,287 as compared to FY19 mainly because in FY19 KPVU-FM hosted a holiday concert that grossed \$38,437 in ticket sales. There was no concert held in FY20 due to COVID-19. There was a decrease of \$129,060 in expenses for fundraising as compared to FY19 that was also mainly due to the fact that KPVU-FM could not host a concert in FY20.

Capital Assets

KPVU's investment in capital assets for its governmental activities as of August 31, 2020, amounts to \$19,910 (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.

The variance in grant funds from the Corporation for Public Broadcasting is due to the fact that the budgeted amount equals total grants received in FY20 but the actual amount reflects only grant funds spent as unspent grant funds are recorded as deferred revenue.

The variance in expenditures is due mainly to the fact that the budget was prepared as if all CPB grant funds were spent in FY20. Actual expenditures are less as not all grant funds were actually spent in FY20.

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 cacarterhorn@pvamu.edu*

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Statements of Net Position
August 31, 2020 and 2019

	<u>Governmental Activities August 31, 2020</u>	<u>Governmental Activities August 31, 2019</u>
ASSETS		
Cash and equivalents	\$ 181,580	\$ 130,049
Prepays	1,956	4,025
Capital Assets (net of accumulated depreciation):		
Equipment	<u>19,910</u>	<u>25,066</u>
Total assets	<u>203,446</u>	<u>159,140</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Pension	31,366	40,093
Other postemployment benefits	<u>33,356</u>	<u>40,140</u>
Total deferred outflows of resources	<u>64,722</u>	<u>80,233</u>
Total assets and deferred outflows	<u>268,168</u>	<u>239,373</u>
 LIABILITIES		
Accounts payable	-	1,000
Liability for compensated absences	16,702	10,765
Unearned revenue-CPB grants	204,374	143,844
Liability for postemployment benefits	130,978	153,128
Liability for pension benefits	<u>49,137</u>	<u>62,528</u>
Total liabilities	<u>401,191</u>	<u>371,265</u>
 DEFERRED INFLOWS OF RESOURCES		
Pension	8,583	5,526
Other postemployment benefits	<u>67,025</u>	<u>60,901</u>
Total deferred inflows of resources	<u>75,608</u>	<u>66,427</u>
Total liabilities and deferred inflows	<u>476,799</u>	<u>437,692</u>
 NET POSITION		
Net investment in capital assets	19,910	25,066
Restricted	26,229	63,442
Unrestricted	<u>(254,770)</u>	<u>(286,827)</u>
Total net position	<u>\$ (208,631)</u>	<u>\$ (198,319)</u>

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Statement of Activities
For the Year Ended August 31, 2020

	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Programming and production	\$ 44,017	\$ -	\$ 26,519	\$ (17,498)
Broadcasting	198,174	-	119,392	(78,782)
Fundraising and membership	5,426	-	3,269	(2,157)
Management and general	109,636	-	66,051	(43,585)
Total governmental activities	\$ 357,253	\$ -	\$ 215,231	(142,022)
 General revenues:				
Grants and revenues not restricted to specific programs				6,333
Membership donations				
Community service grant from the Corporation for Public Broadcasting				125,377
Total general revenues				131,710
Change in net position				(10,312)
Net position - beginning				(198,319)
Net position - ending				\$ (208,631)

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Statement of Activities
For the Year Ended August 31, 2019

	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Programming and production	\$ 123,104	\$ -	\$ 81,675	\$ (41,429)
Broadcasting	117,269	-	77,804	(39,465)
Fundraising and membership	134,486	41,287	89,226	(3,973)
Management and general	65,767	-	43,634	(22,133)
Total governmental activities	\$ 440,626	\$ 41,287	\$ 292,339	(107,000)
 General revenues:				
Grants and revenues not restricted to specific programs				6,093
Membership donations				
Community service grant from the Corporation for Public Broadcasting				137,424
Total general revenues				143,517
Change in net position				36,517
Net position - beginning, as restated				(234,836)
Net position - ending				\$ (198,319)

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Balance Sheet
Governmental Funds
August 31, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 181,580	\$ 181,580
Prepays	<u>1,956</u>	<u>1,956</u>
Total assets	<u>\$ 183,536</u>	<u>\$ 183,536</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Unearned revenue	\$ 204,374	\$ 204,374
Other postemployment benefits	<u>2,797</u>	<u>2,797</u>
Total liabilities	<u>207,171</u>	<u>207,171</u>
 Fund balances:		
Restricted	26,229	26,229
Unassigned	<u>(49,864)</u>	<u>(49,864)</u>
Total fund balances	<u>(23,635)</u>	<u>(23,635)</u>
Total liabilities and fund balances	<u>\$ 183,536</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,910
Long-term assets are not available to pay for expenditures in the current period and therefore are not reported in the funds.	64,722
Long-term liabilities are not due and payable in the current period therefore they are not reported in the funds.	<u>(269,628)</u>
Net position of governmental activities	<u>\$ (208,631)</u>

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Balance Sheet
Governmental Funds
August 31, 2019

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 130,049	\$ 130,049
Prepays	4,025	4,025
Total assets	<u>\$ 134,074</u>	<u>\$ 134,074</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,000	\$ 1,000
Unearned revenue	143,844	143,844
Other postemployment benefits	3,987	3,987
Total liabilities	<u>148,831</u>	<u>148,831</u>
Fund balances:		
Restricted	63,442	63,442
Unassigned	<u>(78,199)</u>	<u>(78,199)</u>
Total fund balances	<u>(14,757)</u>	<u>(14,757)</u>
Total liabilities and fund balances	<u>\$ 134,074</u>	

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 25,066

Long-term assets are not available to pay for expenditures in
the current period and therefore are not reported in the funds. 80,233

Long-term liabilities are not due and payable in the current
period therefore they are not reported in the funds. (288,861)

Net position of governmental activities \$ (198,319)

The accompanying notes are an integral part of the 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, 2020

	<u>General</u>	<u>Total Governmental Funds</u>
SUPPORT AND REVENUES		
Support:		
Community service grant from the Corporation for Public Broadcasting	\$ 125,377	\$ 125,377
Membership donations	6,333	6,333
Total support	131,710	131,710
Revenues:		
State funds furnished by Prairie View A&M University	215,231	215,231
Total revenues	215,231	215,231
Total support and revenues	346,941	346,941
EXPENDITURES		
Program Services		
Programming and production	38,962	38,962
Broadcasting	203,517	203,517
Support Services		
Fundraising and membership	5,527	5,527
Management and general	107,813	107,813
Capital Outlay		
Total expenditures	355,819	355,819
Excess (deficiency) of revenues over (under) expenditures	(8,878)	(8,878)
Fund balances - beginning	(14,757)	(14,757)
Fund balances - ending	\$ (23,635)	\$ (23,635)

The accompanying notes are an integral part of the 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, 2019

	<u>General</u>	<u>Total Governmental Funds</u>
SUPPORT AND REVENUES		
Support:		
Community service grant from the Corporation for Public Broadcasting	\$ 137,424	\$ 137,424
Membership donations	<u>6,093</u>	<u>6,093</u>
Total support	<u>143,517</u>	<u>143,517</u>
Revenues:		
State funds furnished by Prairie View A&M University	292,339	292,339
Underwriting	350	350
Sponsorships	2,500	2,500
Concert Ticket Sales	<u>38,437</u>	<u>38,437</u>
Total revenues	<u>333,626</u>	<u>333,626</u>
Total support and revenues	<u>477,143</u>	<u>477,143</u>
EXPENDITURES		
Program Services		
Programming and production	121,507	121,507
Broadcasting	121,145	121,145
Support Services		
Fundraising and membership	138,002	138,002
Management and general	92,475	92,475
Capital Outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>473,129</u>	<u>473,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,014</u>	<u>4,014</u>
Fund balances - beginning, as restated	<u>(18,771)</u>	<u>(18,771)</u>
Fund balances - ending	<u><u>\$ (14,757)</u></u>	<u><u>\$ (14,757)</u></u>

The accompanying notes are an integral part of the 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 Fund Balances of Governmental Funds to the Statement of Activities
For the Years Ended August 31, 2020 and 2019

	Total	Total
	Governmental	Governmental
	Funds	Funds
	August 31, 2020	August 31, 2019
	<u> </u>	<u> </u>
Net change in fund balances - total governmental funds	\$ (8,878)	\$ 4,014
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	-	
Less - current year depreciation	<u>(5,156)</u>	
	(5,156)	(4,013)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
	<u>3,722</u>	<u>36,516</u>
Change in net position of governmental activities	<u>\$ (10,312)</u>	<u>\$ 36,517</u>

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements
August 31, 2020 and 2019

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.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

“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.
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 incurred.

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.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2020 and 2019, 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.

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:

<u>Assets</u>	<u>Years</u>
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, 2020 and 2019, KPVU-FM reported \$31,366 and \$40,093, respectively, as deferred outflow of resources related to KPVU’s pension plan. For the years ended August 31, 2020 and 2019, KPVU-FM reported \$33,356 and \$40,140, respectively, as deferred outflow of resources related to KPVU’s other postemployment benefits.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2020 and 2019, KPVU-FM reported \$8,583 and \$5,526, respectively, as deferred inflow of resources related to KPVU-FM's pension plan. For the years ended August 31, 2020 and 2019, KPVU-FM reported \$67,025 and \$60,901, respectively, as deferred inflow of resources related to KPVU-FM's other postemployment benefits.

See Note III and IV 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 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. KPVU-FM has reclassified the fund balances of its governmental funds following the implementation of GASB 54 in fiscal year 2011. 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.

KPVU-FM
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Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking 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 Basic Financial Statements - Continued
August 31, 2020 and 2019

II. PROPERTY AND EQUIPMENT, NET

Capital asset activity for the year ended August 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Equipment	<u>\$341,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$341,451</u>
Total capital assets being depreciated	<u>341,451</u>	<u>-</u>	<u>-</u>	<u>341,451</u>
Less accumulated depreciation for:				
Equipment	<u>316,385</u>	<u>5,156</u>	<u>-</u>	<u>321,541</u>
Total accumulated depreciation	<u>316,385</u>	<u>5,156</u>	<u>-</u>	<u>321,541</u>
Total capital assets, being depreciated, net	<u>\$ 25,066</u>	<u>(\$ 5,156)</u>	<u>\$ -</u>	<u>\$ 19,910</u>

Current depreciation expense of \$5,156 was charged to the programming and production function of the primary government.

Capital asset activity for the year ended August 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Equipment	<u>\$341,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$341,451</u>
Total capital assets being depreciated	<u>341,451</u>	<u>-</u>	<u>-</u>	<u>341,451</u>
Less accumulated depreciation for:				
Equipment	<u>312,372</u>	<u>4,013</u>	<u>-</u>	<u>316,385</u>
Total accumulated depreciation	<u>312,372</u>	<u>4,013</u>	<u>-</u>	<u>316,385</u>
Total capital assets, being depreciated, net	<u>\$ 29,079</u>	<u>(\$4,013)</u>	<u>\$ -</u>	<u>\$ 25,066</u>

Current depreciation expense of \$4,013 was charged to the programming and production function of the primary government.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

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 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 2019 measurement period for fiscal year 2020 reporting, the amount of KPVU-FM contributions recognized by the plan was \$10,068. KPVU-FM's contributions to TRS for the year ended August 31, 2019 were \$10,986. Contributions by employees were 7.7% 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% of annual compensation for 2019 and 2018.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

III. PENSION PLAN OBLIGATIONS-CONTINUED

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, 2019 measurement date for fiscal year 2020.

Summary of Actuarial Methods and Assumptions*-TRS Plan	
Actuarial Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percent of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions	
Discount Rate	7.25%
Investment Rate of Return	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%**
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Mortality	
Active	90% of the RP 2014 Employees Mortality Tables for Males and Females with full generational mortality
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP
Ad Hoc Post-Employment Benefit Changes	None

* The assumptions used to determine the ADC are those in effect for the August 31, 2018 actuarial valuation. Due to the lag between valuation data and the measurement date, they may not be the same assumptions used to measure the net pension liability.

** Source for the rate is Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

KPVU-FM
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Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

III. PENSION PLAN OBLIGATIONS – Continued

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted July 2018. The mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The Post-retirement mortality rates were based on 2018 TRS Healthy Pensioner Mortality Tables.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018 except for a change in the following assumptions:

- the single discount rate as of August 31, 2018 was a blended rate of 6.907%, changed to the long-term rate of return of 7.25% as of August 31, 2019; and,
- the enactment of Senate Bill 3 by the 2019 Legislature impacted future salaries by giving eligible active members a \$2,700 increase in fiscal year 2020 in addition to the salary increase expected

There have been no changes to the benefit provisions of the plan since the prior measurement date.

The discount rate of 7.25% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 and gradually increase to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

KPVU-FM
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Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

III. PENSION PLAN OBLIGATIONS – Continued

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

TRS Asset Class	TRS Target Allocation	TRS Long-term Expected Arithmetic Real Rate of Return
Global Equity		
U.S.	18%	6.40%
Non-U.S. Developed	13%	6.30%
Emerging Markets	9%	7.30%
Private Equity	14%	8.40%
Stable Value		
U.S. Treasury	16%	3.10%
Stable Value Hedge Funds	5%	4.50%
Real Return		
Real Assets	15%	8.50%
Energy, Natural Resources and Infrastructure	6%	7.30%
Risk Parity		
Risk Parity	8%	5.80/6.50%
Asset Allocation Leverage Cash	2%	2.50%
Asset Allocation Leverage	(6%)	2.70%
Total	100%	

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:

Sensitivity of A&M System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$1,054,226,874	\$685,834,250	\$387,365,119

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

III. PENSION PLAN OBLIGATIONS – Continued

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 2020 Comprehensive Annual Financial Report.

At August 31, 2020, the A&M System reported a liability of \$685,834,250 for its proportionate share of the collective net pension liability in the proprietary fund statements. The collective net pension liability was measured as of August 31, 2019, 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, 2020 was 1.3193401398% which was an increase from the 1.2942945800% 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, 2018 through August 31, 2019.

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, 2020 and 2019 is \$49,137 and \$62,528, respectively.

For the year ending August 31, 2020, KPVU-FM recognized pension expense of \$8,462. At August 31, 2020, KPVU-FM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 206	\$ 1,704
Changes in assumptions	15,225	6,291
Net difference between projected and actual investment return	493	-
Change in proportion and contribution difference	5,374	588
Contributions subsequent to the measurement date	10,068	-
Total	\$31,366	\$8,583

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

III. PENSION PLAN OBLIGATIONS – Continued

The \$10,068 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, 2021.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense for the Texas A&M System in the following years.

Portions of Deferred Outflows and Inflows in Pension Expense	
2021	\$21,605,436
2022	\$15,928,877
2023	\$44,204,278
2024	\$40,403,341
2025	\$15,085,926
Thereafter	(\$ 5,776,445)

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

IV. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Funding Policy

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. The A&M System is a single-employer defined benefit Other Post Employment (OPEB) plan.

OPEB is provided to the A&M System’s retirees under the A&M System group insurance program. The authority under which the obligations of the plan members and the A&M System are established, and may be amended, is Chapter 1601, Texas Insurance Code. Retiree eligibility for insurance continuation is determined by the Legislature and is subject to change. This plan does not provide automatic cost of living adjustments.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

IV. OTHER POSTEMPLOYMENT BENEFITS – Continued

Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through the group insurance program, and premiums are based on benefits and administrative costs expected to be incurred. The rates are determined annually by the System in consultation with actuary.

Proportionate Share

Chapter 1551 of the Texas Insurance Code, Sections 310 and 311, require the State contribute to the cost of each participant’s insurance coverage. The funds are appropriated under the General Appropriations Act Higher Education Employees Group Insurance (HEGI) Contributions. The State’s proportion was 46.33% and 45.15% for fiscal year 2020 and 2019, respectively. This percentage was applied to all elements of OPEB including the OPEB related liabilities, deferred outflows and inflows, and expense based on higher education group insurance contributions made during the measurement period.

The A&M System’s proportion was 53.67% and 54.85% as of August 31, 2020 and 2019, respectively. At August 31, 2020, the proportionate share of the OPEB liability related to the System reported by the State was \$2,023,060,661, current portion of \$43,199,713 and long-term portion of \$1,979,860,948. The System’s proportionate share of the OPEB liability at August 31, 2019 was \$1,852,526,441, current portion of \$48,228,913 and long-term portion of \$1,804,297,528. KPVU-FM was allocated a portion of the OPEB liability based on its salaries and wages in proportion to Prairie View A&M University’s total salaries and wages. The OPEB liability recognized by KPVU-FM for the years ended August 31, 2020 and 2019 is \$130,978 and \$153,128, respectively.

Employees Covered by Benefit Terms

At the measurement date below, the following employees of the System were covered by the benefit terms.

	09/01/2019
a. Inactive employees or beneficiaries currently receiving benefit payments	10,659
b. Inactive employees entitled to but not yet receiving benefit payments	8,038
c. Active employees	24,364
Total	43,061

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

IV. OTHER POSTEMPLOYMENT BENEFITS – Continued

The employer and retiree contribution rates are presented below. The rates remained the same from the prior fiscal year.

Required Contribution Rates Retiree Health and Basic Life Premium		
Level of Coverage	Employer	Retiree (Health Premium Only)
Retiree Only	\$ 593.77	\$ 0.00
Retiree/Spouse	\$1,155.88	\$281.05
Retiree/Children	\$ 984.27	\$195.25
Retiree/Family	\$1,384.71	\$395.47

The A&M System and member contribution rates are determined annually by the A&M System based on the recommendations of the A&M System Office of Risk Management and Benefits Administration staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs that are expected to be incurred, the funds appropriated for the plans, and the funding policy established by the Texas Legislature in connection with benefits provided through the plan. The A&M System revises benefits when necessary to match expected benefit and administrative costs with available revenue

Actuarial Assumptions and Other Inputs

The collective OPEB liability for FY20 was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
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IV. OTHER POSTEMPLOYMENT BENEFITS - Continued

Summary of Actuarial Assumptions and Other Inputs	
Actuarial Valuation Date (Biennial Valuation)	September 1, 2019
Inflation	2.30%
Salary Increases	3.05% to 9.05% (includes inflation)
Discount Rate*	2.97%
Healthcare Cost Trend Rates	7.50% for FY2022 decreasing 0.50% per year to 5.00% for FY2027, then decreasing to 4.75% for FY2028 and to an ultimate rate of 4.30% for FY2029 and later years
Mortality	<p>a. <u>Service Retirees, Survivors and Other Inactive Members</u>: Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.</p> <p>b. <u>Disability Retirees</u>: Tables based on TRS experience with Ultimate MP Projection Scale for the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.</p> <p>c. <u>Active Members</u>: Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.</p>

***Discount Rate**

- a. The discount rate used to measure the OPEB liability as of September 1, 2019 was 2.97%.
- b. Municipal Bond Rate: 2.97% as of September 1, 2019; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

KPVU-FM
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Notes to the Basic Financial Statements - Continued
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IV. OTHER POSTEMPLOYMENT BENEFITS - Continued

Other Information

As of the measurement date of September 1, 2019, no changes in benefit terms have occurred. Accordingly, the benefit terms used in this valuation have not been changed since the prior valuation.

Medicare Part D

In fiscal year 2020 the plan received payments from the federal government pursuant to the retiree drug subsidy provisions of Medicare Part D. These on-behalf payments were recorded as revenues and expenses of each plan. In fiscal year 2020 the TAMU System received \$10,100,194 of Medicare Part D payments from the federal government.

Sensitivity of the A&M System’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the A&M System’s proportionate share of the OPEB liability reported as of August 31, 2020 and measured as of September 1, 2019, as well as what the A&M System’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage point higher than the FY20 discount rate.

	1% Decrease (1.97%)	FY2020 Discount Rate (2.97%)	1% Increase (3.97%)
A&M System’s Proportionate Share of OPEB Liability	\$2,457,340,904	\$2,023,060,661	\$1,693,112,157

KPVU-FM
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Notes to the Basic Financial Statements - Continued
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IV. OTHER POSTEMPLOYMENT BENEFITS - Continued

Sensitivity of the A&M System’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the A&M System’s proportionate share of the OPEB liability reported as of August 31, 2020 and measured as of September 1, 2019, as well as what the A&M System’s proportionate share of the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the FY20 healthcare cost trend rate.

	1% Decrease	FY2020 Healthcare Cost Trent Rates*	1% Increase
A&M System’s Proportionate Share of OPEB Liability	\$1,689,397,357	\$2,023,060,661	\$2,465,025,112

*Healthcare Cost Trend Rates used and -1%/+1% sensitivities are shown below:

Fiscal Year	1% Decrease	Healthcare Cost Trend Rates	1% Increase
2022	6.50%	7.50%	8.50%
2023	6.00%	7.00%	8.00%
2024	5.50%	6.50%	7.50%
2025	5.00%	6.00%	7.00%
2026	4.50%	5.50%	6.50%
2027	4.00%	5.00%	6.00%
2028	3.75%	4.75%	5.75%
2029 and beyond	3.30%	4.30%	5.30%

KPVU-FM
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Notes to the Basic Financial Statements - Continued
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IV. OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the A&M System’s Proportionate Share of the OPEB Liability

	Increase (Decrease) in A&M System’s Proportionate Share of OPEB Liability
Beginning Balance of Measurement Year	\$1,852,526,441
Changes for the Year:	
Service Cost	68,219,053
Interest	73,736,653
Changes of benefit terms	-
Differences between expected and actual experience	(59,775,841)
Changes of assumptions or other inputs	165,853,936
Benefit payments (employer)	(37,581,587)
Other Changes	(39,917,994)
Net Changes	170,534,220
Ending Balance of Measurement Year*	\$2,023,060,661

*Information for the fiscal year ending August 31, 2020 was taken as of the measurement date of September 1, 2019 based on an actuarial valuation of the same date as permitted by Paragraph No. 146 of GASB No. 75.

The A&M System recognized its proportionate share of OPEB expense of \$120,671,559 for the fiscal year ended August 31, 2020. KPVU-FM recognized its allocated OPEB expense of \$(9,242) for the fiscal year ended August 31, 2020.

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IV. OTHER POSTEMPLOYMENT BENEFITS - Continued

Deferred Outflows and Inflows of Resources

For the year ending August 31, 2020, KPVU-FM reported deferred outflows and deferred inflows of resources related to OPEB from the sources listed in the table below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,999
Changes of assumptions or other inputs	23,022	59,535
Effect of change in proportion and contribution difference	7,918	2,491
Contributions subsequent to the measurement date	2,416	-
Total	\$33,356	\$67,025

Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense for the Texas A&M System as follows:

	Amount
2021	(\$21,565,924)
2022	(\$21,565,924)
2023	(\$26,738,601)
2024	(\$21,250,017)
2025	(\$ 4,054,109)
Thereafter	\$ 1,656,577

IV. COMPENSATED ABSENCES

	Balance Outstanding <u>September 1, 2019</u>	<u>Earned</u>	Taken/ <u>Paid</u>	Balance Outstanding <u>August 31, 2020</u>
Accrued Vacation Payable	\$ 10,765	\$ 6,506	\$ (569)	\$ 16,702
	<u>\$ 10,765</u>	<u>\$ 6,506</u>	<u>\$ (569)</u>	<u>\$ 16,702</u>

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VI. 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 construction 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 2020 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 in 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 \$259,195 and \$394,732 for 2020 and 2019 respectively.

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Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

VII. 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:

For the year ended August 31, 2020:

Grant Period	Amounts Received	2018 & Prior	Expended		Uncommitted
			2019	2020	Balance at August 31, 2020
2017-2019	127,686	-	102,512	25,174	-
2018-2020	108,469	-	19,799	88,120	550
2019-2021	108,469	-	-	16,781	91,688

For the year ended August 31, 2019:

Grant Period	Amounts Received	2017 & Prior	Expended		Uncommitted
			2018	2019	Balance at August 31, 2019
2016-2018	\$129,111	\$ -	\$113,998	\$ 15,113	\$ -
2017-2019	127,686	-	-	102,512	25,174
2018-2020	108,469	-	-	19,799	88,670

In October 2020, KPVU received a letter from the CPB stating that KPVU did not meet the Audience Service Criteria (ASC) for the Community Service Grant year 2021 based on information provided in KPVU's FY2019 financial report. According to CPB policy, a grantee not meeting the ASC is placed in a three-year transition plan that will lead to its eventual removal from the CSG program should it continue to fail the ASC. KPVU-FM did not meet the ASC for fiscal year 2021 and finds itself in ASC year 3 of the transition plan. Grantees in year three of this transition will receive their full CSG but will be required to set aside 25 percent of this grant as ASC funds to fund special projects designed to help it return to compliance with the ASC. KPVU-FM will need to report the nature and status of these projects to the CPB at the end of the fiscal year 2021 CSG fiscal year (September 30, 2022).

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Notes to the Basic Financial Statements - Continued
August 31, 2020 and 2019

VIII. 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 \$37,631 (\$93,450 in 2019).

IX. 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 2020 and 2019 is as follows:

Contributed support from the University consists of certain administrative and other expenses incurred on behalf of KPVU-FM. These costs for 2020 and 2019, respectively, were \$17,271 and \$20,098.

X. SUBSEQUENT EVENTS

KPVU has evaluated subsequent events through March 15, 2021, 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
August 31, 2020 and 2019

Schedule of Proportionate Share of Net Pension Liability

The information on the schedules of proportionate share of net pension liability was determined as of the August 31, 2015 measurement date of the collective net pension liability. The schedules of proportionate share of the net pension liability for the state's Teacher Retirement System of Texas Plan (TRS Plan) for the A&M System as an employer and as a non-employer contributing entity are presented below.

		Schedule of the A&M System's Proportionate Share of the Net Pension Liability*					
		2020	2019	2018	2017	2016	2015
A&M System's percentage proportionate share of the net pension liability		1.3193401398%	1.294294580%	1.2265395%	1.2107484%	1.1294397%	1.3190594%
A&M System's proportionate share of the net pension liability		\$685,834,250	\$712,411,150	\$392,181,254	\$457,523,817	\$399,241,902	\$352,410,894
A&M System's covered payroll-non General Revenue**		\$728,675,753	\$690,738,796	\$635,888,799	\$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		94.12%	103.14%	61.67%	76.98%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability		75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

**Source of Covered Payroll-non General Revenue varied for Fiscal Year 2017. TRS values were unavailable; these numbers are provided by the A&M System payroll reports.

KPVU-FM
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Required Supplementary Information-Continued
August 31, 2020 and 2019

Schedule of Employer Contributions

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 below.

	Schedule of A&M System's Contributions*						
	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 55,668,520	\$ 47,806,811	\$ 42,838,933	\$ 38,633,263	\$ 38,024,480	\$ 34,182,243	\$ 33,176,668
Contributions in relation to the statutorily required contributions	\$ 55,668,520	\$ 47,806,811	\$ 42,838,933	\$ 38,633,263	\$ 38,024,480	\$ 34,182,243	\$ 33,176,668
Contribution deficiency	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
A&M System's covered payroll-non General Revenue**	\$728,675,753	\$690,738,796	\$635,888,799	\$594,339,736	\$434,248,377	\$483,491,868	\$498,135,206
Contributions as a percentage of covered payroll	7.64%	6.92%	6.74%	6.80%	8.76%	7.07%	6.66%

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

**Source of Covered Payroll-non General Revenue varied for Fiscal Year 2017. TRS values were unavailable; these numbers are provided by the A&M System payroll reports.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Required Supplementary Information-Continued
August 31, 2020 and 2019

Schedule of Proportionate Share of OPEB Liability – Fiscal Years 2018-2020^{1, 2, 3}

The information on the schedule below was determined as of the measurement date of the OPEB liability. The schedule contains the first three years of data and data will be collected for the next 7 years.

	2020	2019	2018
1. OPEB Liability Beginning Balance	\$1,852,526,441	\$2,313,866,921	\$2,768,919,058
Changes for the Year:			
Service Cost	68,219,053	95,228,755	127,342,039
Interest	73,736,653	89,731,375	81,716,351
Changes of benefit terms ⁴	-	(576,118,675)	-
Differences between expected and actual experience	(59,775,841)	-	(48,754,146)
Changes of assumptions or other inputs ⁵	165,853,936	(198,049,045)	(577,506,807)
Benefit payments (employer)	(37,581,587)	(38,973,287)	(37,849,574)
Other changes	(39,917,994)	166,840,397	-
Net Changes	170,534,220	(461,340,480)	(455,052,137)
OPEB Liability Ending Balance	\$2,023,060,661	\$1,852,526,441	\$2,313,866,921
2. Covered Employee Payroll	\$ 950,446,721	\$ 888,380,104	\$ 822,477,489
3. Total OPEB Liability as a Percentage of Covered Employee Payroll	212.85%	208.53%	281.33%

Notes to the Schedule:

- 1 This schedule is presented using the optional format of combining the required schedules in Paragraph Nos. 170.a. and 170.b. of GASB No. 75. Until a full 10-year trend is compiled, governments should present information for those years for which information is available.
- 2 Information is presented using a measurement date which precedes the fiscal year end by twelve months.
- 3 No assets are accumulated in a trust that meets the criteria in Paragraph No. 4 of GASB No. 75 to pay related benefits.
- 4 Changes in benefit terms: Adopted in January 2018 and effective January 1, 2019, prescription drug coverage for all Medicare-primary participants is provided through a self-funded Employer Group Waiver Plan with Commercial Wrap (EGWP plus Wrap).
- 5 Changes in assumptions or other inputs: changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate for 2020 is 2.97%.

In fiscal year 2020, amounts reflect updated assumed rates of retirement, disability, termination and mortality, assumed inflation and salary increases, assumed expenses, assumed pre capital health benefit costs and assumed trend for health benefit costs, retiree contributions and expenses.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended August 31, 2020

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
SUPPORT AND REVENUES			
Support:			
Community service grant from the Corporation for Public Broadcasting	\$ 220,605	\$ 125,377	\$ (95,228)
Membership donations	<u>6,333</u>	<u>6,333</u>	<u>-</u>
Total support	<u>226,938</u>	<u>131,710</u>	<u>(95,228)</u>
Revenues:			
State funds furnished by Prairie View A&M University	173,257	215,231	41,974
Sponsorships	<u>12,935</u>	<u>-</u>	<u>(12,935)</u>
Total revenues	<u>186,192</u>	<u>215,231</u>	<u>29,039</u>
Total support and revenues	<u>413,130</u>	<u>346,941</u>	<u>(66,189)</u>
TOTAL EXPENDITURES	<u>522,650</u>	<u>355,819</u>	<u>166,831</u>
Excess (deficiency) of revenues over (under) expenditures	(109,520)	(8,878)	100,642
Fund balances - beginning	<u>(14,757)</u>	<u>(14,757)</u>	<u>-</u>
Fund balances - ending	<u>\$ (124,277)</u>	<u>\$ (23,635)</u>	<u>\$ 100,642</u>

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended August 31, 2019

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
SUPPORT AND REVENUES			
Support:			
Community service grant from the Corporation for Public Broadcasting	\$ 108,469	\$ 137,424	\$ 28,955
Membership donations	<u>-</u>	<u>6,093</u>	<u>6,093</u>
Total support	<u>108,469</u>	<u>143,517</u>	<u>35,048</u>
Revenues:			
State funds furnished by Prairie View A&M University	254,583	292,339	37,756
Underwriting	350	350	-
Sponsorships	-	2,500	2,500
Concert Ticket Sales	<u>47,030</u>	<u>38,437</u>	<u>(8,593)</u>
Total revenues	<u>301,963</u>	<u>333,626</u>	<u>31,663</u>
Total support and revenues	<u>410,432</u>	<u>477,143</u>	<u>66,711</u>
TOTAL EXPENDITURES	<u>592,616</u>	<u>473,129</u>	<u>119,487</u>
Excess (deficiency) of revenues over (under) expenditures	(182,184)	4,014	186,198
Fund balances - beginning, as restated	<u>(18,771)</u>	<u>(18,771)</u>	<u>-</u>
Fund balances - ending	<u>\$ (200,955)</u>	<u>\$ (14,757)</u>	<u>\$ 186,198</u>

SUPPLEMENTARY INFORMATION

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Schedule of Functional Expenditures
For the Year Ended August 31, 2020

	Programming and Production	Broadcasting	Fund Raising and Membership	Management and General	August 31, 2020 Total
Salaries and wages	\$ 1,267	\$ 103,518	\$ 1,792	\$ 33,123	\$ 139,700
Fringe benefits	236	19,230	375	5,619	25,460
Travel	373	5,676	101	1,654	7,804
Membership fees and dues	13,057	-	1,323	1,135	15,515
Professional services	-	-	-	13,056	13,056
Maintenance and repair of equipment	52	-	-	1,208	1,260
Advertising	-	-	667	-	667
Administrative fees	-	-	-	455	455
Postal services	-	-	-	596	596
Reproduction services	-	-	147	2,416	2,563
Electronic parts and non-capital equipment	-	21,459	-	6,254	27,713
Utilities	-	-	-	23,368	23,368
Connection and programming fees	20,926	-	-	-	20,926
Contracted services	2,897	44,095	781	11,850	59,623
Supplies	53	4,196	74	1,223	5,546
Telephone	-	-	-	5,570	5,570
Depreciation	5,156	-	-	-	5,156
Postemployment benefits	-	-	-	(9,242)	(9,242)
Pension benefits	-	-	-	8,462	8,462
Other	-	-	166	2,889	3,055
Total	<u>\$ 44,017</u>	<u>\$ 198,174</u>	<u>\$ 5,426</u>	<u>\$ 109,636</u>	<u>\$ 357,253</u>

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Schedule of Functional Expenditures
For the Year Ended August 31, 2019

	Programming and Production	Broadcasting	Fund Raising and Membership	Management and General	August 31, 2019 Total
Salaries and wages	\$ 47,133	\$ 48,108	\$ 48,050	\$ 26,096	\$ 169,387
Fringe benefits	11,841	9,388	9,386	4,664	35,279
Travel	2,426	2,651	2,629	1,123	8,829
Membership fees and dues	16,162	-	1,483	1,121	18,766
Professional services	-	-	-	12,250	12,250
Maintenance and repair of equipment	624	917	-	1,106	2,647
Advertising	2,484	-	22,738	-	25,222
Administrative fees	-	-	-	613	613
Postal services	-	-	-	1,078	1,078
Reproduction services	-	-	2,706	1,156	3,862
Electronic parts and non-capital equipment	-	2,977	-	1,141	4,118
Utilities	-	-	-	23,677	23,677
Connection and programming fees	16,500	-	-	-	16,500
Program distribution	-	363	-	-	363
Contracted services	19,734	51,142	44,619	8,962	124,457
Supplies	2,187	1,723	1,351	1,262	6,523
Telephone	-	-	-	7,472	7,472
Depreciation	4,013	-	-	-	4,013
Postemployment benefits	-	-	-	(39,858)	(39,858)
Pension benefits	-	-	-	11,134	11,134
Other	-	-	1,524	2,770	4,294
Total	\$ 123,104	\$ 117,269	\$ 134,486	\$ 65,767	\$ 440,626