

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

**LUBBOCK, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

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LUBBOCK, TEXAS**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

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**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report**

Texas Tech University System Board of Regents  
Lubbock, Texas

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of Texas Tech Public Media, a public telecommunications entity licensed to Texas Tech University, as of and for the years ended August 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Texas Tech Public Media's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Texas Tech Public Media, as of August 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Texas Tech Public Media and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Texas Tech Public Media's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Texas Tech Public Media's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Tech Public Media's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

GAAP requires that the management's discussion and analysis on pages 4-6 and the pension and other post-employment benefit (OPEB) related information on pages 34-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Texas Tech Public Media's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

January 23, 2024

## **TEXAS TECH PUBLIC MEDIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

The following discussion and analysis is an overview of the financial position and activities of Texas Tech Public Media for the years ended August 31, 2023 and 2022. Management of Texas Tech Public Media has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

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

#### **Television**

The University is the licensee of the only public television station in Lubbock – KTTZ-TV. This station primarily broadcasts PBS programming, including at least 50 hours of children's programming each week. The signal reaches over 396,000 potential viewers in 158,360 television households in the South Plains area of Texas and Eastern New Mexico, and out of that number approximately 35,000 households watch each week. Contributing membership consists of approximately 1,300 households.

In September 2019, Texas Tech Public Media completed a merger agreement with El Paso Public Television Foundation, Inc. Texas Tech University is the licensee of the only public television station in El Paso – KCOS-TV. This station primarily broadcasts PBS programming, including at least 12 hours of children's programming each week. The signal reaches over 2,000,000 potential viewers in two states and two countries, Texas and New Mexico and U.S. and Mexico, and out of that number approximately 250,000 households watch each week. Contributing membership consists of approximately 2,000 households.

#### **Radio**

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

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

GASBS No. 35 requires the classification of net position into three categories - investment in capital assets, restricted, and unrestricted.

The Statements of Net Position include assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of Texas Tech Public Media as of August 31, 2023 and 2022. These statements are classified into current and noncurrent assets, deferred outflows of resources, liabilities and deferred inflows of resources, with net position classified in the categories as noted above. The Statements of Revenues, Expenses, and Changes in Net Position depict the operating revenues and expenses resulting in net operating income, which is then combined with nonoperating revenues to provide the total change in net position. The Statements of Cash Flows show the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

## FINANCIAL HIGHLIGHTS

Current assets consist primarily of cash, accounts receivable, and prepaid items. Texas Tech Public Media's capital assets, net of accumulated depreciation, totaled \$1,345,457, \$1,361,592, and \$1,553,362 at August 31, 2023, 2022, and 2021, respectively. Capital assets are presented net of accumulated depreciation of \$4,445,162, \$4,373,024, and \$4,884,829 at August 31, 2023, 2022, and 2021, respectively. Capital asset additions totaled \$265,998, \$84,465 and \$579,857 in fiscal year 2023, 2022 and 2021, respectively. A prior period adjustment was made for all current year capital additions of \$265,998 to capitalize assets that were expensed in prior periods. Current liabilities consist of accounts payable, payroll liabilities, and unearned revenue.

### Condensed Statements of Net Position

	2023	2022	2021
Current Assets	\$ 2,028,202	\$ 2,179,751	\$ 3,169,216
Capital Assets - Net	1,345,457	1,361,592	1,553,362
Total Assets	\$ 3,373,659	\$ 3,541,343	\$ 4,722,578
Deferred Outflows of Resources	\$ 1,228,745	\$ 1,830,625	\$ 2,256,927
Current Liabilities	\$ 775,623	\$ 772,270	\$ 827,351
Noncurrent Liabilities	4,882,357	4,480,648	4,620,530
Total Liabilities	\$ 5,657,980	\$ 5,252,918	\$ 5,447,881
Deferred Inflows for Resources	\$ 1,429,574	\$ 1,399,596	\$ 1,068,146
Investment in Capital Assets	\$ 1,345,457	\$ 1,361,592	\$ 1,553,362
Restricted Expendable	61,935	44,438	246,902
Unrestricted (Deficit)	(3,892,542)	(2,686,576)	(1,336,786)
Total Net Position (Deficit)	\$ (2,485,150)	\$ (1,280,546)	\$ 463,478

Total net position (deficit) is (\$2,485,150), (\$1,280,546), and \$463,478 at August 31, 2023, 2022 and 2021, respectively. Net position increased (decreased) by (\$1,470,602), (\$1,744,024), and (\$273,955) at August 31, 2023, 2022, and 2021, respectively. Operating revenues totaled \$4,910,077 for fiscal year 2023 compared to \$4,138,402 for fiscal year 2022 and \$5,541,886 for fiscal year 2021, an increase (decrease) of \$771,675 and (\$1,403,484) at August 31, 2023 and 2022, respectively. Operating expenses totaled \$6,386,203 for fiscal year 2023 compared to \$5,884,027 for fiscal year 2022 and \$5,827,421 for fiscal year 2021, an increase of \$502,176 and \$56,606 at August 31, 2023 and 2022, respectively. Non-operating revenue includes interest income.



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

	2023	2022	2021
Operating Revenues	\$ 4,910,077	\$ 4,138,402	\$ 5,541,886
Operating Expenses	<u>6,386,203</u>	<u>5,884,027</u>	<u>5,827,421</u>
Operating Income (Loss)	\$ (1,476,126)	\$ (1,745,625)	\$ (285,535)
Nonoperating Revenue	<u>5,524</u>	<u>1,601</u>	<u>11,580</u>
Change in Net Position	\$ (1,470,602)	\$ (1,744,024)	\$ (273,955)
Net Position, Beginning of Year	(1,280,546)	463,478	737,433
Prior Period Adjustment	<u>265,998</u>		
Net Position (Deficit), End of Year	<u><u>\$ (2,485,150)</u></u>	<u><u>\$ (1,280,546)</u></u>	<u><u>\$ 463,478</u></u>

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

### Condensed Statements of Cash Flows

	2023	2022	2021
Net Cash Flows From Operating Activities	\$ (108,670)	\$ (873,159)	\$ 1,167,886
Net Cash Flows From Capital and Related Financing Activities		(84,465)	(579,857)
Net Cash Flows From Financing Activities	<u>5,524</u>	<u>1,601</u>	<u>11,580</u>
Change in Cash and Cash Equivalents	\$ (103,146)	\$ (956,023)	\$ 599,609
Cash and Cash Equivalents, Beginning of Year	<u>1,708,220</u>	<u>2,664,243</u>	<u>2,064,634</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,605,074</u></u>	<u><u>\$ 1,708,220</u></u>	<u><u>\$ 2,664,243</u></u>

### Request for Information

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

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

TEXAS TECH PUBLIC MEDIA

Exhibit A

STATEMENTS OF NET POSITION  
AUGUST 31, 2023 AND 2022

	August 31,	
	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,543,139	\$ 1,663,782
Restricted Cash	61,935	44,438
Accounts Receivable	361,677	365,555
Promises to Give, Net	16,758	61,580
Prepaid Items	44,693	44,396
Total Current Assets	<u>\$ 2,028,202</u>	<u>\$ 2,179,751</u>
Capital Assets, At Cost		
Building	\$ 589,603	\$ 589,603
Transmitter, Antenna, and Tower Equipment	1,359,387	1,195,368
Broadcasting and Production Equipment	3,834,016	3,901,692
Furniture and Fixtures	7,613	47,953
	<u>\$ 5,790,619</u>	<u>\$ 5,734,616</u>
Less: Accumulated Depreciation	<u>(4,445,162)</u>	<u>(4,373,024)</u>
Capital Assets, Net	<u>\$ 1,345,457</u>	<u>\$ 1,361,592</u>
Total Assets	<u>\$ 3,373,659</u>	<u>\$ 3,541,343</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Pension	\$ 634,525	\$ 400,053
Deferred Outflows - OPEB	<u>594,220</u>	<u>1,430,572</u>
Total Deferred Outflows of Resources	<u>\$ 1,228,745</u>	<u>\$ 1,830,625</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 355,240	\$ 309,821
Accrued Payroll	132,747	154,193
Accrued Compensated Absences	138,948	152,055
Licensed Program Liability	115,705	111,320
Unearned Revenue	<u>32,983</u>	<u>44,881</u>
Total Current Liabilities	<u>\$ 775,623</u>	<u>\$ 772,270</u>
Noncurrent Liabilities		
Net Pension Liability	\$ 1,632,297	\$ 684,458
Net OPEB Liability	<u>3,250,060</u>	<u>3,796,190</u>
Total Noncurrent Liabilities	<u>\$ 4,882,357</u>	<u>\$ 4,480,648</u>
Total Liabilities	<u>\$ 5,657,980</u>	<u>\$ 5,252,918</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows - Pension	\$ 148,405	\$ 773,954
Deferred Inflows - OPEB	<u>1,281,169</u>	<u>625,642</u>
Total Deferred Inflows of Resources	<u>\$ 1,429,574</u>	<u>\$ 1,399,596</u>
<b>NET POSITION (DEFICIT)</b>		
Investment in Capital Assets	\$ 1,345,457	\$ 1,361,592
Restricted Expendable	61,935	44,438
Unrestricted (Deficit)	<u>(3,892,542)</u>	<u>(2,686,576)</u>
Total Net Position (Deficit)	<u>\$ (2,485,150)</u>	<u>\$ (1,280,546)</u>

The accompanying notes are an integral part of this statement.

TEXAS TECH PUBLIC MEDIA

Exhibit B

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	August 31,	
	2023	2022
OPERATING REVENUES		
Contributions	\$ 874,172	\$ 512,909
Grants from the Corporation for Public Broadcasting	2,056,223	1,535,347
Donated Support from Texas Tech University		
Direct Administrative Support	521,196	632,273
Indirect Administrative Support	733,683	698,580
Other Grants		42,192
Underwriting	703,946	695,887
Miscellaneous Income	20,857	21,214
	<u>\$ 4,910,077</u>	<u>\$ 4,138,402</u>
Total Operating Revenues		
OPERATING EXPENSES		
Program Services		
Programming and Production	\$ 2,245,498	\$ 2,070,045
Broadcasting	980,367	902,486
Program Information	615,613	499,637
	<u>\$ 3,841,478</u>	<u>\$ 3,472,168</u>
Supporting Services		
Management and General	\$ 1,807,390	\$ 1,797,200
Fundraising and Membership Development	461,436	478,829
Underwriting and Grant Solicitation	275,899	135,830
	<u>\$ 2,544,725</u>	<u>\$ 2,411,859</u>
Total Operating Expenses	<u>\$ 6,386,203</u>	<u>\$ 5,884,027</u>
OPERATING INCOME (LOSS)	<u>\$ (1,476,126)</u>	<u>\$ (1,745,625)</u>
NONOPERATING REVENUE		
Interest Income	\$ 5,524	\$ 1,601
Total Nonoperating Revenue	<u>\$ 5,524</u>	<u>\$ 1,601</u>
CHANGE IN NET POSITION	\$ (1,470,602)	\$ (1,744,024)
NET POSITION (DEFICIT) - BEGINNING OF YEAR	(1,280,546)	463,478
PRIOR PERIOD ADJUSTMENT	265,998	
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (2,485,150)</u>	<u>\$ (1,280,546)</u>

The accompanying notes are an integral part of this statement.

TEXAS TECH PUBLIC MEDIA

Exhibit C

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	August 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Contributors, Grants, and Underwriters	\$ 3,685,210	\$ 2,779,211
Payments to Employees	(1,276,506)	(1,320,974)
Payments to Suppliers	(2,067,854)	(1,868,325)
Payments for Employee Benefits	(449,520)	(463,071)
Net Cash From Operating Activities	\$ (108,670)	\$ (873,159)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisitions of Capital Assets	\$	\$ (84,465)
Net Cash From Capital & Related Financing Activity	\$ 0	\$ (84,465)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	\$ 5,524	\$ 1,601
Net Cash From Investing Activities	\$ 5,524	\$ 1,601
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (103,146)	\$ (956,023)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,708,220	2,664,243
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,605,074	\$ 1,708,220
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating Income (Loss)	\$ (1,476,126)	\$ (1,745,625)
Adjustments to Reconcile Income From Operations to Net Cash From Operating Activities:		
Depreciation	226,612	234,035
Loss on Disposal of Assets	55,521	42,200
Pension Expense	947,839	(821,556)
OPEB Expense	(546,130)	681,674
Net Change in:		
Accounts Receivable	(39,429)	(41,516)
Promises to Give	44,822	33,697
Prepaid Items	(297)	41,261
Deferred Outflows of Resources	601,880	426,302
Accounts Payable and Accrued Liabilities	54,173	(66,291)
Licensed Program Liabilities	4,385	14,817
Unearned Revenue	(11,898)	(3,607)
Deferred Inflows of Resources	29,978	331,450
Total Adjustments	\$ 1,367,456	\$ 872,466
NET CASH FROM OPERATING ACTIVITIES	\$ (108,670)	\$ (873,159)

The accompanying notes are an integral part of this statement.

**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ORGANIZATION**

**Organization**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

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

- Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted Nonexpendable – Net position subject to externally imposed stipulations that Texas Tech Public Media maintains permanently. Texas Tech Public Media does not have any restricted nonexpendable net position.
- Restricted Expendable – Net position whose use by Texas Tech Public Media is subject to externally imposed stipulations that can be fulfilled by actions of Texas Tech Public Media pursuant to those stipulations or that expire by the passage of time. Restricted expendable net position was \$61,935 and \$44,438 as of August 31, 2023 and 2022, respectively.
- Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of Texas Tech Public Media's management or may otherwise be limited by contractual agreements with outside parties.

**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

Texas Tech Public Media uses enterprise fund accounting and financial reporting as a business activity. Activities are reported similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by Texas Tech Public Media are described below.

**Revenue Recognition**

Contributions and grants that are unrestricted are recorded as support when the cash is received. Contributions from local businesses and individuals to finance specific programs are recorded and reported on the statement of net position as unearned revenues until the programs are broadcasted. Pledges for future contributions are recorded in the period that the unconditional pledge is received. Texas Tech Public Media distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from activities performed in connection with Texas Tech Public Media's purpose as stated above. All revenues and expenses not meeting this definition are reported as nonoperating.

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

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

**Accounts Receivable**

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

**Promises to Give**

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

**Capital Assets**

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

**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

**Donated Support from the University**

Donated support from the University is recorded as support and expense in the accompanying financial statements. This support consists of various materials, property, and professional services donated for the benefit of Texas Tech Public Media. These donations are recorded at fair value. The CPB does not consider the personal services of volunteers in their determination of nonfederal financial support; therefore, these services are excluded from the financial statements.

Donated facilities and administrative support have been computed in accordance with guidelines established by the CPB and consist of the following for the years ended August 31, 2023 and 2022:

	August 31,	
	2023	2022
Direct Administrative Support	\$ 521,196	\$ 632,273
Institutional Support	424,386	403,676
Physical Plant Operations	294,913	280,520
Occupancy	14,384	14,384
	<u>\$ 1,254,879</u>	<u>\$ 1,330,853</u>

**Cash and Cash Equivalents**

Texas Tech Public Media's cash is held by the University in a pooled cash account that is managed by the University.

These amounts consist of all cash in local banks and are included on the Statement of Net Position as part of current unrestricted and current restricted cash. The carrying amount of deposits as of August 31, 2023 and 2022 was \$1,605,074 and \$1,708,220, respectively.

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

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

**Licensed Program Rights and Liabilities**

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

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

**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

**Pensions**

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

**Other Post-Employment Benefits (OPEB)**

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by Employees Retirement System (ERS). Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2022 ACFR.

**Use of Estimates**

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

**Prior Period Adjustments**

During the fiscal year 2023, Texas Tech Public Media discovered several capital assets that were expensed in prior periods and were not capitalized. A prior period adjustment of \$265,998 was made to capitalize these capital assets net of calculated accumulated depreciation in the current year. Due to this adjustment, the restated beginning net position (deficit) was (\$1,014,548).

**3. CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS**

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



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TEXAS TECH PUBLIC MEDIA

**NOTES TO FINANCIAL STATEMENTS**

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

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

**4. PROMISES TO GIVE**

Unconditional promises to give as of August 31, 2023 and 2022 are as follows:

	August 31,	
	2023	2022
Promises to Give Expected to be Collected in		
Less than One Year	\$ 18,005	\$ 66,121
Less: Allowance for Uncollectible Promises to Give	<u>(1,247)</u>	<u>(4,541)</u>
	<u>\$ 16,758</u>	<u>\$ 61,580</u>

**5. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2023 is summarized below:

	Balance August 31, 2022		Additions		Retirements		Balance August 31, 2023
Building	\$ 589,603	\$		\$		\$	589,603
Transmitter, Antenna, and Tower Equipment	1,195,368		164,019				1,359,387
Broadcasting and Production Equipment	3,901,692		101,979		(169,655)		3,834,016
Furniture and Fixtures	<u>47,953</u>				<u>(40,340)</u>		<u>7,613</u>
Capital Assets, At Cost	\$ 5,734,616	\$	265,998	\$	(209,995)	\$	5,790,619
Accumulated Depreciation	<u>(4,373,024)</u>		<u>(226,612)</u>		<u>154,474</u>		<u>(4,445,162)</u>
Capital Assets, Net	<u>\$ 1,361,592</u>	\$	<u>39,386</u>	\$	<u>(55,521)</u>	\$	<u>1,345,457</u>

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**TEXAS TECH PUBLIC MEDIA**  
**NOTES TO FINANCIAL STATEMENTS**

Capital asset activity for the year ended August 31, 2022 is summarized below:

	Balance August 31, 2021	Additions	Retirements	Balance August 31, 2022
Building	\$ 589,603	\$	\$	\$ 589,603
Transmitter, Antenna, and Tower Equipment	1,195,368			1,195,368
Broadcasting and Production Equipment	4,589,117	84,465	(771,890)	3,901,692
Furniture and Fixtures	64,103		(16,150)	47,953
Capital Assets, At Cost	\$ 6,438,191	\$ 84,465	\$ (788,040)	\$ 5,734,616
Accumulated Depreciation	(4,884,829)	(234,035)	745,840	(4,373,024)
Capital Assets, Net	<u>\$ 1,553,362</u>	<u>\$ (149,570)</u>	<u>\$ (42,200)</u>	<u>\$ 1,361,592</u>

Depreciation expense and loss were charged to the following expense accounts for the years ended August 31, 2023 and 2022:

	August 31,	
	2023	2022
Programming and Production	\$ 29,530	\$ 29,662
Broadcasting	234,300	229,817
Management and General	18,303	16,756
	<u>\$ 282,133</u>	<u>\$ 276,235</u>

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

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

## 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

As of August 31, 2023 and 2022, the Deferred Outflows on the Statement of Net Position consists of Texas Tech Public Media's proportionate share of TRS pension deferred outflows of \$634,525 and \$400,053, respectively (See Note 7), and Texas Tech Public Media's proportionate share of ERS OPEB outflows of \$594,220 and \$1,430,572, respectively (See Note 8).

As of August 31, 2023 and 2022, the Deferred Inflows on the Statement of Net Position consists of Texas Tech Public Media's proportionate share of TRS pension deferred inflows of \$1,632,297 and \$773,954, respectively (See Note 7), and Texas Tech Public Media's proportionate share of ERS OPEB deferred inflows of \$3,250,060 and \$625,642, respectively (See Note 8).

**7. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The information provided in the Notes to the Financial Statements in the 2022 and 2021 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2022 and 2021:

<u>Net Pension Liability</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability	\$ 243,553,045,455	\$ 227,273,463,630
Less: Plan Fiduciary Net Position	<u>(184,185,617,196)</u>	<u>(201,807,002,496)</u>
Net Pension Liability	<u>\$ 59,367,428,259</u>	<u>\$ 25,466,461,134</u>
Net Position as Percentage of Total Pension Liability	75.62%	88.79%

**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

**Benefits Provided**

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

Texas Government Code, Title 8, Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the State, participating employers, and active employees for the fiscal years 2019 through 2024.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

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**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023, and the contributions by type reported by TRS which were received by TRS during the measurement years (TRS FY 2022 and 2021). These are included in the calculation of Texas Tech Public Media's proportionate share of the net pension liability.

	Contribution Rates	
	2023	2022
Members	8.00%	8.00%
Employers	8.00%	7.75%

  

	Contributions	
	TRS FY 2022	TRS FY 2021
Employer Contributions	\$ 130,540	\$ 115,785
Member Contributions	126,460	113,183

The actual contributions made by Texas Tech Public Media during their 2023 and 2022 fiscal year were \$126,999 and \$130,540, respectively, for Texas Tech Public Media and \$126,999 and \$126,460, respectively, made by the plan members employed by Texas Tech Public Media.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-education and general, or local funds.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2023 is 1.8%.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

**Actuarial Assumptions**

Roll Forward – The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has the sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP. The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following table discloses the assumptions that were applied to the measurement period:

Valuation Date	2023	2022
	August 31, 2021 rolled forward to August 31, 2022	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Asset Valuation Method	Fair Value	Fair Value
Single Discount Rate	7.00%	7.25%
Long-Term Expected Rate	7.00%	7.25%
Municipal Bond Rate*	3.91%	1.95%
Last Year Ending August 31 in the Projection Period (100 Years)	2121	2120
Inflation	2.30%	2.30%
Salary Increases, Including Inflation	2.95% to 8.95%	3.05% to 9.05%
Ad Hoc Post-Employment Benefit Changes	None	None

\* - Source for the rate is the 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".

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the TRS actuarial valuation report dated November 12, 2021.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

**Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020, gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	FY 2022 Target Allocation % (b)	Long-Term Expected Geometric Real Rate of Return (c)	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity (a)	14.00%	7.70%	1.55%
<b>Stable Value</b>			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return (a)		3.70%	
Stable Value Hedge Funds	5.00%	3.40%	0.18%
<b>Real Return</b>			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources, and Infrastructure	6.00%	5.10%	0.37%
Commodities		3.60%	
<b>Risk Parity</b>	8.00%	4.60%	0.43%
<b>Asset Allocation Leverage Cash</b>			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag (d)			-0.91%
<b>Expected Return</b>	<u>100.00%</u>		<u>8.19%</u>

(a) - Absolute Return includes Credit Sensitive Investments

(b) - Target allocations are based on the FY 2022 policy model

(c) - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)

(d) - The volatility drag results from the conversion between arithmetic and geometric mean returns

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TEXAS TECH PUBLIC MEDIA

**NOTES TO FINANCIAL STATEMENTS**

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class (a)	FY 2021 Target Allocation % (b)	Long-Term Expected Geometric Real Rate of Return (c)	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
<b>Stable Value</b>			
Government Bonds	16.00%	0.02%	0.01%
Absolute Return		1.10%	
Stable Value Hedge Funds	5.00%	2.20%	0.12%
<b>Real Return</b>			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities		1.70%	
<b>Risk Parity</b>	8.00%	2.80%	0.28%
<b>Asset Allocation Leverage Cash</b>			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag (d)			-0.95%
<b>Expected Return</b>	<u>100.00%</u>		<u>6.90%</u>

(a) - Absolute Return includes Credit Sensitive Investments

(b) - Target allocations are based on the FY 2021 policy model

(c) - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021)

(d) - The volatility drag results from the conversion between arithmetic and geometric mean returns

**Discount Rate Sensitivity Analysis**

The following table presents the 2023 Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Texas Tech Public Media's Proportionate Share of the Net Pension Liability	\$ <u>2,539,235</u>	\$ <u>1,632,297</u>	\$ <u>897,181</u>



TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

The following table presents the 2022 Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Texas Tech Public Media's Proportionate Share of the Net Pension Liability	\$ 1,495,649	\$ 684,458	\$ 26,336

**Pension Liabilities and Pension Expense**

At August 31, 2023 and 2022, Texas Tech Public Media reported a liability of \$1,632,297 and \$684,458, respectively, for its proportionate share of the TRS's net pension liability.

The 2023 net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

The 2022 net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

As of August 31, 2022 and 2021, the employer's proportion of the collective net pension liability was 0.002749% and 00.002688%, respectively, which is an increase of 0.000061%.

For the years ended August 31, 2023 and 2022, Texas Tech Public Media recognized pension expense of \$193,792 and \$23,080, respectively.

**Changes since the Prior Actuarial Valuation**

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

There were no changes in benefit terms since the prior measurement date.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2023, Texas Tech Public Media reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 23,668	\$ 35,587
Changes in Actuarial Assumptions	304,150	75,803
Difference Between Projected and Actual Investment Earnings	161,266	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	18,442	37,015
Contributions Paid to TRS Subsequent to the Measurement Date	126,999	
Total	<u>\$ 634,525</u>	<u>\$ 148,405</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Pension (Benefit) Expense
2024	\$ 100,712
2025	49,674
2026	5,990
2027	179,303
2028	23,442
Thereafter	-
	<u>\$ 359,121</u>

At August 31, 2022, Texas Tech Public Media reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 1,145	\$ 48,187
Changes in Actuarial Assumptions	241,943	105,466
Difference Between Projected and Actual Investment Earnings		573,909
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	30,505	46,392
Contributions Paid to TRS Subsequent to the Measurement Date	126,460	
Total	<u>\$ 400,053</u>	<u>\$ 773,954</u>

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

**Plan Description**

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

**OPEB Plan Fiduciary Net Position**

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

Components of the net OPEB liability of the ERS plan as of August 31, 2022 and 2021 are as follows:

<u>Net OPEB Liability</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability	\$ 28,649,540,234	\$ 36,011,160,299
Less: Plan Fiduciary Net Position	(162,574,529)	(135,652,891)
Net OPEB Liability	<u>\$ 28,486,965,705</u>	<u>\$ 35,875,507,408</u>
Net Position as Percentage of Total OPEB Liability	0.57%	0.38%

**Benefits Provided**

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

**Contributions**

During the measurement period of 2022 for fiscal 2023 reporting and the measurement period of 2021 for fiscal 2022 reporting, the amount of Texas Tech Public Media's contributions recognized by the plan were \$44,051 and \$37,559, respectively. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution.

The actual contributions made by Texas Tech Public Media during their 2023 and 2022 fiscal years were \$48,705 and \$44,051, respectively.

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**TEXAS TECH PUBLIC MEDIA**  
**NOTES TO FINANCIAL STATEMENTS**

The contribution requirements for the state and the members in the measurement period are presented in the table below:

Retiree Health and Basic Life Premium	2023	2022
Retiree Only	\$ 624.82	\$ 624.82
Retiree and Spouse	1,339.90	1,339.90
Retiree and Children	1,103.58	1,103.58
Retiree and Family	1,818.66	1,818.66

**Actuarial Assumptions**

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2022 measurement date.

	2023
Actuarial Valuation Date	August 31, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate*	3.59%
Inflation	2.30%
Salary Increase, Including Inflation	2.30% to 8.95%
Healthcare Cost and Trend Rate	
HealthSelect	5.60% for FY 2024, 5.30% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per yer to an ultimate rate of 4.30% for FY 2031 and later years
HealthSelect Medicare Advantage	66.67% for FY 2024, 24.00% for FY 2025, 24.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per yer to an ultimate rate of 4.30% for FY 2031 and later years
Pharmacy	10.00% for FY 2024 and FY 2025, decreasing 100 basis points per year to 5.00% for FY 2030, and 4.30% for FY 2031 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experienced-based tables of rates that are specific to the class of employee

\* - The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

Mortality:	2023
State Agency Members: Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1-year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table with 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, and Ultimate MP Projection Scale projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members, and Ultimate MP-2019 Projection Scale projected from the year 2020
Higher Education Members: Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with experience with Ultimate MP Projection Scale from the year 2021
Disabled Retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with 2-year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010
Ad Hoc Post-Employment Benefit Changes	None

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2021 measurement date.

	2022
Actuarial Valuation Date	August 31, 2021
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate*	2.14%
Inflation	2.30%
Salary Increase, Including Inflation	2.30% to 9.05%
Healthcare Cost and Trend Rate	
HealthSelect	5.25% for FY 2023, 5.15% for FY 2024, 5.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per yer to an ultimate rate of 4.30% for FY 2030 and later years
HealthSelect Medicare Advantage	0.00% for FY 2023, 66.67% for FY 2024, 24.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per yer to an ultimate rate of 4.30% for FY 2030 and later years
Pharmacy	10.00% for FY 2023 and FY 2024, decreasing 100 basis points per year to 5.00% for FY 2029, and 4.30% for FY 2030 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experienced-based tables of rates that are specific to the class of employee

\* - The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

Mortality:	2022
State Agency Members: Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1-year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table with 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, and Ultimate MP Projection Scale projected from the year 2020
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members, and Ultimate MP Projection Scale projected from the year 2020
Higher Education Members: Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2014 to August 31, 2019 for state agency members and for the period September 1, 2010 to August 31, 2017 for higher education members. The mortality rates were based on the tables identified in the tables above.

### Discount Rate

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.59% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.14%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.14%.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.59%) in measuring the 2023 Net OPEB Liability.

	1% Decrease in Discount Rate (2.59%)	Discount Rate (3.59%)	1% Increase in Discount Rate (4.59%)
Texas Tech Public Media's Proportionate Share of the Net OPEB Liability	\$ <u>3,790,553</u>	\$ <u>3,250,060</u>	\$ <u>2,817,797</u>

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.20%) in measuring the 2022 Net OPEB Liability.

	1% Decrease in Discount Rate (1.14%)	Discount Rate (2.14%)	1% Increase in Discount Rate (3.14%)
Texas Tech Public Media's Proportionate Share of the Net OPEB Liability	\$ <u>4,156,003</u>	\$ <u>3,796,190</u>	\$ <u>2,978,972</u>

**Healthcare Cost Trend Rates Sensitivity Analysis**

The following presents the 2023 Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Texas Tech Public Media's Proportionate Share of the Net OPEB Liability	\$ <u>2,783,230</u>	\$ <u>3,250,060</u>	\$ <u>3,846,077</u>

The following presents the 2022 Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Texas Tech Public Media's Proportionate Share of the Net OPEB Liability	\$ <u>2,926,457</u>	\$ <u>3,796,190</u>	\$ <u>4,244,089</u>



**TEXAS TECH PUBLIC MEDIA**

**NOTES TO FINANCIAL STATEMENTS**

**OPEB Liabilities and OPEB Expense**

Texas Tech Public Media reported a liability of \$3,250,060 and \$3,796,190 for its proportionate share of the TRS's net OPEB liability measured at August 31, 2022 and August 31, 2021, respectively.

The net OPEB Liability was measured as of August 31, 2022 for fiscal year 2023 reporting and as of August 31, 2021 for fiscal year 2022 reporting. The total OPEB liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of that date for each year. The employer's proportion of the net OPEB liability at the August 31, 2022 and August 31, 2021 measurement dates was 0.011409% and 0.010582%, respectively. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers and non-employers contributing to the plan for the period September 1, 2021 through August 31, 2022 for fiscal year 2023 and for the period September 1, 2020 through August 31, 2021 for fiscal year 2022 reporting.

For the years ending August 31, 2023 and 2022, Texas Tech Public Media recognized OPEB expense of \$424,089 and \$468,354, respectively.

**Changes Since the Prior Actuarial Valuation**

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- The percentage of future retirees assumed to cover dependent children;
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations. The Patient-Centered Outcomes Research Institute Fee payable under the Affordable Care Act has been updated to reflect the most recent information; and,
- The discount rate was changed from 2.14% as of August 31, 2021 to 3.59% as of August 31, 2022 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At August 31, 2023, Texas Tech Public Media reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$	\$ 102,543
Changes in Actuarial Assumptions	190,954	1,004,624
Difference Between Projected and Actual Investment Earnings	561	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	358,654	174,002
Contributions Paid to ERS Subsequent to the Measurement Date	44,051	
Total	\$ 594,220	\$ 1,281,169

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEBs will be recognized in OPEB expense as follows:

Year Ended August 31	OPEB (Benefit) Expense
2024	\$ 51,142
2025	(244,179)
2026	(228,382)
2027	(200,069)
2028	(109,512)
	\$ (731,000)

At August 31, 2022, Texas Tech Public Media reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$	\$ 93,116
Changes in Actuarial Assumptions	259,902	422,811
Difference Between Projected and Actual Investment Earnings	672	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	874,329	109,715
Contributions Paid to ERS Subsequent to the Measurement Date	295,669	
Total	\$ 1,430,572	\$ 625,642

TEXAS TECH PUBLIC MEDIA

NOTES TO FINANCIAL STATEMENTS

9. RELATED PARTIES

Texas Tech Public Media is a public telecommunications entity licensed to Texas Tech University. As such, Texas Tech University is considered a related party. The radio station pays rent to the University for their facilities in the Plaza building. The University also pays for salaries and benefits, utilities, maintenance, education and general expenses and rent. The total of these expenses was \$944,201 and \$1,064,098 for the television station and \$310,678 and \$266,755 for the radio station for the years ended August 31, 2023 and 2022, respectively.

	TELEVISION		RADIO	
	2023	2022	2023	2022
Salaries and Benefits	\$ 337,251	\$ 312,250	\$ 132,394	\$ 111,415
Education and General	360,545	503,254	115,392	109,030
Maintenance	232,021	234,210	62,892	46,310
Utilities	14,384	14,384		
	<u>\$ 944,201</u>	<u>\$ 1,064,098</u>	<u>\$ 310,678</u>	<u>\$ 266,755</u>

10. LITIGATION

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

11. SUBSEQUENT EVENTS

Texas Tech Public Media's management has evaluated subsequent events through January 23, 2024, the date which the financial statements were available for issue.

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**TEXAS TECH PUBLIC MEDIA**  
**NOTES TO FINANCIAL STATEMENTS**

**12. RECONCILIATION OF FINANCIAL STATEMENTS TO CPB REPORT**

**TELEVISION**

	2023	2022
Revenue and Interest Income per Audited Financial Statements	\$ 3,948,396	\$ 3,484,279
Indirect Administrative Support from Texas Tech University	<u>(580,288)</u>	<u>(585,628)</u>
Revenue per CPB Report, Schedule A, Line 22	<u>\$ 3,368,108</u>	<u>\$ 2,898,651</u>
Expenses per Audited Financial Statements	\$ 5,066,371	\$ 4,932,275
Cost of Capital Assets		84,465
Expenditures per CPB Report, Schedule E, Line 10	<u>\$ 5,066,371</u>	<u>\$ 5,016,740</u>

**RADIO**

	2023	2022
Revenue and Interest Income per Audited Financial Statements	\$ 967,205	\$ 655,724
Indirect Administrative Support from Texas Tech University	<u>(153,395)</u>	<u>(112,952)</u>
Revenue per CPB Report, Schedule A, Line 22	<u>\$ 813,810</u>	<u>\$ 542,772</u>
Expenses per Audited Financial Statements	\$ 1,319,832	\$ 951,752
Expenditures per CPB Report, Schedule E, Line 10	<u>\$ 1,319,832</u>	<u>\$ 951,752</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

TEXAS TECH PUBLIC MEDIA

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

	2023 <u>Plan Year 2022</u>	2022 <u>Plan Year 2021</u>	2021 <u>Plan Year 2020</u>	2020 <u>Plan Year 2019</u>	2019 <u>Plan Year 2018</u>	2018 <u>Plan Year 2017</u>	2017 <u>Plan Year 2016</u>	2016 <u>Plan Year 2015</u>	2015 <u>Plan Year 2014</u>
Texas Tech Public Media's Proportion of the Net Pension Liability	0.002749%	0.002688%	0.002812%	0.002223%	0.002335%	0.002198%	0.002273%	0.001914%	0.002322%
Texas Tech Public Media's Proportionate Share of Net Pension Liability	<u>\$ 1,632,297</u>	<u>\$ 684,458</u>	<u>\$ 1,506,014</u>	<u>\$ 1,155,678</u>	<u>\$ 1,285,494</u>	<u>\$ 702,902</u>	<u>\$ 858,733</u>	<u>\$ 676,620</u>	<u>\$ 620,157</u>
Texas Tech Public Media's Covered Payroll	\$ 1,631,747	\$ 1,503,703	\$ 1,499,929	\$ 1,128,040	\$ 1,136,906	\$ 1,099,240	\$ 873,901	\$ 871,896	\$ 803,799
Texas Tech Public Media's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	100.03%	45.52%	100.41%	102.45%	113.07%	63.94%	98.26%	77.60%	77.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2023 are for the measurement date of August 31, 2022.

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

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TEXAS TECH PUBLIC MEDIA

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 126,999	\$ 126,460	\$ 113,183	\$ 112,900	\$ 77,799	\$ 78,676	\$ 72,048	\$ 73,360	\$ 41,805
Contribution in Relation to the Contractually Required Contribution	<u>(126,999)</u>	<u>(126,460)</u>	<u>(113,183)</u>	<u>(112,900)</u>	<u>(77,799)</u>	<u>(78,676)</u>	<u>(72,048)</u>	<u>(73,360)</u>	<u>(41,805)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Texas Tech Public Media's Covered Payroll	\$ 1,587,489	\$ 1,631,747	\$ 1,503,703	\$ 1,499,929	\$ 1,128,040	\$ 1,136,906	\$ 1,099,240	\$ 873,901	\$ 871,896
Contributions as a Percentage of Covered Payroll	8.00%	7.75%	7.53%	7.53%	6.90%	6.92%	6.55%	8.39%	4.79%

Note: The information on this schedule is presented as of Texas Tech Public Media's respective fiscal years.

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

TEXAS TECH PUBLIC MEDIA

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

	2023 <u>Plan Year 2022</u>	2022 <u>Plan Year 2021</u>	2021 <u>Plan Year 2020</u>	2020 <u>Plan Year 2019</u>	2019 <u>Plan Year 2018</u>	2018 <u>Plan Year 2017</u>
Texas Tech Public Media's Proportion of the Net OPEB Liability	0.011409%	0.010582%	0.009425%	0.008081%	0.008749%	0.002549%
Texas Tech Public Media's Proportionate Share of Net OPEB Liability	\$ <u>3,250,060</u>	\$ <u>3,796,190</u>	\$ <u>3,114,516</u>	\$ <u>2,792,856</u>	\$ <u>2,593,074</u>	\$ <u>868,483</u>
Texas Tech Public Media's Covered Payroll	\$ 1,631,747	\$ 1,503,703	\$ 1,499,929	\$ 1,128,040	\$ 1,136,906	\$ 1,099,240
Texas Tech Public Media's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	199.18%	252.46%	207.64%	247.58%	228.08%	79.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2023 are for the measurement date of August 31, 2022.

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



TEXAS TECH PUBLIC MEDIA

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 240,846	\$ 273,030	\$ 244,134	\$ 217,141	\$ 204,088	\$ 69,201
Contribution in Relation to the Contractually Required Contribution	<u>(84,055)</u>	<u>(85,274)</u>	<u>(74,092)</u>	<u>(34,057)</u>	<u>(28,314)</u>	<u>(23,889)</u>
Contribution Deficiency (Excess)	<u>\$ 156,791</u>	<u>\$ 187,756</u>	<u>\$ 170,042</u>	<u>\$ 183,084</u>	<u>\$ 175,774</u>	<u>\$ 45,312</u>
Texas Tech Public Media's Covered Payroll	\$ 1,587,489	\$ 1,631,747	\$ 1,503,703	\$ 1,499,929	\$ 1,128,040	\$ 1,136,906
Contributions as a Percentage of Covered Payroll	15.17%	16.73%	16.24%	14.48%	18.09%	6.09%

Note: The information on this schedule is presented as of Texas Tech Public Media's respective fiscal years.

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**A. NOTES TO SCHEDULES FOR THE TRS PENSION**

*Changes of Benefit Terms*

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

*Changes of Assumptions*

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

**B. NOTES TO SCHEDULES FOR THE ERS OPEB PLAN**

*Changes of Benefit Terms*

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

*Changes of Assumptions*

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- The percentage of future retirees assumed to cover dependent children;
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations. The Patient-Centered Outcomes Research Institute Fee payable under the Affordable Care Act has been updated to reflect the most recent information; and,
- The discount rate was changed from 2.14% as of August 31, 2021 to 3.59% as of August 31, 2022 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

## **SUPPLEMENTARY INFORMATION**

TEXAS TECH PUBLIC MEDIA

COMBINING STATEMENTS OF NET POSITION  
AUGUST 31, 2023 AND 2022

	Television		Radio		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 1,543,139	\$ 1,565,233	\$	\$ 98,549	\$ 1,543,139	\$ 1,663,782
Restricted Cash	41,599	29,547	20,336	14,891	61,935	44,438
Accounts Receivable	350,778	352,830	10,899	12,725	361,677	365,555
Promises to Give, net	15,445	53,287	1,313	8,293	16,758	61,580
Due from Radio	43,307				43,307	0
Prepaid Items	30,114	36,978	14,579	7,418	44,693	44,396
Total Current Assets	\$ 2,024,382	\$ 2,037,875	\$ 47,127	\$ 141,876	\$ 2,071,509	\$ 2,179,751
<b>Capital Assets, at cost</b>						
Building	\$ 589,603	\$ 589,603	\$	\$	\$ 589,603	\$ 589,603
Transmitter, Antenna and Tower Equipment	647,318	555,826	712,069	639,542	1,359,387	1,195,368
Broadcasting and Production Equipment	3,708,462	3,766,976	125,554	134,716	3,834,016	3,901,692
Furniture and Fixtures	7,613	47,953			7,613	47,953
	\$ 4,952,996	\$ 4,960,358	\$ 837,623	\$ 774,258	\$ 5,790,619	\$ 5,734,616
Less: Accumulated Depreciation	(3,807,228)	(3,747,096)	(637,934)	(625,928)	(4,445,162)	(4,373,024)
Capital Assets, net	\$ 1,145,768	\$ 1,213,262	\$ 199,689	\$ 148,330	\$ 1,345,457	\$ 1,361,592
Total Assets	\$ 3,170,150	\$ 3,251,137	\$ 246,816	\$ 290,206	\$ 3,416,966	\$ 3,541,343
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows - Pension	\$ 367,914	\$ 206,109	\$ 266,611	\$ 193,944	\$ 634,525	\$ 400,053
Deferred Outflows - OPEB	452,857	1,069,656	141,363	360,916	594,220	1,430,572
Total Deferred Outflows of Resources	\$ 820,771	\$ 1,275,765	\$ 407,974	\$ 554,860	\$ 1,228,745	\$ 1,830,625
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 342,617	\$ 288,918	\$ 12,623	\$ 20,903	\$ 355,240	\$ 309,821
Accrued Payroll	102,916	122,899	29,831	31,294	132,747	154,193
Accrued Compensated Absences	96,138	118,709	42,810	33,346	138,948	152,055
Due to Television			43,307		43,307	0
Licensed Program Liability	100,005	96,503	15,700	14,817	115,705	111,320
Unearned Revenue	21,227	24,765	11,756	20,116	32,983	44,881
Total Current Liabilities	\$ 662,903	\$ 651,794	\$ 156,027	\$ 120,476	\$ 818,930	\$ 772,270
<b>Noncurrent Liabilities</b>						
Net Pension Liability	\$ 997,368	\$ 343,279	\$ 634,929	\$ 341,179	\$ 1,632,297	\$ 684,458
Net OPEB Liability	2,476,871	2,831,578	773,189	964,612	3,250,060	3,796,190
Total Noncurrent Liabilities	\$ 3,474,239	\$ 3,174,857	\$ 1,408,118	\$ 1,305,791	\$ 4,882,357	\$ 4,480,648
Total Liabilities	\$ 4,137,142	\$ 3,826,651	\$ 1,564,145	\$ 1,426,267	\$ 5,701,287	\$ 5,252,918
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - Pension	\$ 138,650	\$ 570,331	\$ 9,755	\$ 203,623	\$ 148,405	\$ 773,954
Deferred Inflows - OPEB	976,379	466,666	304,790	158,976	1,281,169	625,642
Total Deferred Inflows of Resources	\$ 1,115,029	\$ 1,036,997	\$ 314,545	\$ 362,599	\$ 1,429,574	\$ 1,399,596
<b>NET POSITION (DEFICIT)</b>						
Investment in Capital Assets	\$ 1,145,768	\$ 1,213,262	\$ 199,689	\$ 148,330	\$ 1,345,457	\$ 1,361,592
Restricted Expendable	41,599	29,547	20,336	14,891	61,935	44,438
Unrestricted (Deficit)	(2,448,617)	(1,579,555)	(1,443,925)	(1,107,021)	(3,892,542)	(2,686,576)
Total Net Position (Deficit)	\$ (1,261,250)	\$ (336,746)	\$ (1,223,900)	\$ (943,800)	\$ (2,485,150)	\$ (1,280,546)

TEXAS TECH PUBLIC MEDIA

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Television		Radio		Total	
	2023	2022	2023	2022	2023	2022
OPERATING REVENUES						
Contributions	\$ 491,868	\$ 400,112	\$ 382,304	\$ 112,797	\$ 874,172	\$ 512,909
Grants from CPB	1,900,941	1,398,430	155,282	136,917	2,056,223	1,535,347
Donated Support from the University						
Direct Administrative Support	363,913	478,470	157,283	153,803	521,196	632,273
Indirect Administrative Support	580,288	585,628	153,395	112,952	733,683	698,580
Other Grants		42,192			0	42,192
Underwriting	585,791	557,995	118,155	137,892	703,946	695,887
Miscellaneous Income	20,312	20,117	545	1,097	20,857	21,214
Total Operating Revenues	\$ 3,943,113	\$ 3,482,944	\$ 966,964	\$ 655,458	\$ 4,910,077	\$ 4,138,402
OPERATING EXPENSES						
Program Services						
Programming and Production	\$ 1,593,669	\$ 1,539,964	\$ 651,829	\$ 530,081	\$ 2,245,498	\$ 2,070,045
Broadcasting	873,831	815,012	106,536	87,474	980,367	902,486
Program Information	454,986	456,181	160,627	43,456	615,613	499,637
	\$ 2,922,486	\$ 2,811,157	\$ 918,992	\$ 661,011	\$ 3,841,478	\$ 3,472,168
Supporting Services						
Management and General	\$ 1,538,233	\$ 1,586,673	\$ 269,157	\$ 210,527	\$ 1,807,390	\$ 1,797,200
Fundraising & Membership Development	407,942	427,509	53,494	51,320	461,436	478,829
Underwriting and Grant Solicitation	197,710	106,936	78,189	28,894	275,899	135,830
	\$ 2,143,885	\$ 2,121,118	\$ 400,840	\$ 290,741	\$ 2,544,725	\$ 2,411,859
Total Operating Expenses	\$ 5,066,371	\$ 4,932,275	\$ 1,319,832	\$ 951,752	\$ 6,386,203	\$ 5,884,027
OPERATING INCOME (LOSS)	\$ (1,123,258)	\$ (1,449,331)	\$ (352,868)	\$ (296,294)	\$ (1,476,126)	\$ (1,745,625)
NONOPERATING REVENUE						
Interest Income	\$ 5,283	\$ 1,335	\$ 241	\$ 266	\$ 5,524	\$ 1,601
Total Nonoperating Revenue	\$ 5,283	\$ 1,335	\$ 241	\$ 266	\$ 5,524	\$ 1,601
CHANGE IN NET POSITION	\$ (1,117,975)	\$ (1,447,996)	\$ (352,627)	\$ (296,028)	\$ (1,470,602)	\$ (1,744,024)
NET POSITION (DEFICIT), BEGINNING OF YEAR	(336,746)	1,111,250	(943,800)	(647,772)	(1,280,546)	463,478
PRIOR PERIOD ADJUSTMENT	193,471		72,527		265,998	0
NET POSITION (DEFICIT), END OF YEAR	\$ (1,261,250)	\$ (336,746)	\$ (1,223,900)	\$ (943,800)	\$ (2,485,150)	\$ (1,280,546)

TEXAS TECH PUBLIC MEDIA

COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Television		Radio		Total	
	2023	2022	2023	2022	2023	2022
<b>CASH FLOWS - OPERATING ACTIVITIES</b>						
Receipts From Contributors, Grants & Underwriters	\$ 2,985,490	\$ 2,383,607	\$ 699,720	\$ 395,604	\$ 3,685,210	\$ 2,779,211
Payments to Employees	(875,749)	(1,004,809)	(400,757)	(316,165)	(1,276,506)	(1,320,974)
Payments to Suppliers	(1,817,685)	(1,616,519)	(250,169)	(251,806)	(2,067,854)	(1,868,325)
Payments for Employee Benefits	(307,381)	(351,926)	(142,139)	(111,145)	(449,520)	(463,071)
Net Cash From Operating Activities	\$ (15,325)	\$ (589,647)	\$ (93,345)	\$ (283,512)	\$ (108,670)	\$ (873,159)
<b>CASH FLOWS - CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>						
Acquisition of Capital Assets	\$	\$ (84,465)	\$	\$	\$ 0	\$ (84,465)
Net Cash From Capital and Related Financing Activities	\$ 0	\$ (84,465)	\$ 0	\$ 0	\$ 0	\$ (84,465)
<b>CASH FLOWS - INVESTING ACTIVITIES</b>						
Interest Received	\$ 5,283	\$ 1,335	\$ 241	\$ 266	\$ 5,524	\$ 1,601
Net Cash From Investing Activities	\$ 5,283	\$ 1,335	\$ 241	\$ 266	\$ 5,524	\$ 1,601
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	\$ (10,042)	\$ (672,777)	\$ (93,104)	\$ (283,246)	\$ (103,146)	\$ (956,023)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,594,780</u>	<u>2,267,557</u>	<u>113,440</u>	<u>396,686</u>	<u>1,708,220</u>	<u>2,664,243</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,584,738</u>	<u>\$ 1,594,780</u>	<u>\$ 20,336</u>	<u>\$ 113,440</u>	<u>\$ 1,605,074</u>	<u>\$ 1,708,220</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ (1,123,258)	\$ (1,449,331)	\$ (352,868)	\$ (296,294)	\$ (1,476,126)	\$ (1,745,625)
Adjustments to Reconcile Income from Operations to Net Cash From Operating Activities						
Depreciation	205,444	212,652	21,168	21,383	226,612	234,035
Loss on Disposal of Assets	55,521	42,200			55,521	42,200
Pension Expense	654,089	(623,577)	293,750	(197,979)	947,839	(821,556)
OPEB Expense	(354,707)	668,235	(191,423)	13,439	(546,130)	681,674
Net Change in:						
Account Receivable	(41,255)	(41,304)	1,826	(212)	(39,429)	(41,516)
Promises to Give	37,842	27,901	6,980	5,796	44,822	33,697
Prepaid Items	6,864	25,591	(7,161)	15,670	(297)	41,261
Deferred Outflows of Resources	454,994	244,044	146,886	182,258	601,880	426,302
Accounts Payable & Accrued Liabilities	11,145	10,986	43,028	(77,277)	54,173	(66,291)
Licensed Program Liabilities	3,502		883	14,817	4,385	14,817
Unearned Revenue	(3,538)	(4,936)	(8,360)	1,329	(11,898)	(3,607)
Deferred Inflows of Resources	78,032	297,892	(48,054)	33,558	29,978	331,450
Total Adjustments	\$ 1,107,933	\$ 859,684	\$ 259,523	\$ 12,782	\$ 1,367,456	\$ 872,466
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ (15,325)</u>	<u>\$ (589,647)</u>	<u>\$ (93,345)</u>	<u>\$ (283,512)</u>	<u>\$ (108,670)</u>	<u>\$ (873,159)</u>

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

January 23, 2024

To the Texas Tech University System Board of Regents  
Texas Tech Public Media  
Lubbock, Texas

We have audited the financial statements of Texas Tech Public Media for the year ended August 31, 2023, and have issued our report thereon dated January 23, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 28, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Texas Tech Public Media are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

We noted no transactions entered into by Texas Tech Public Media during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the rates used to calculate depreciation and the estimate of its proportionate share of the net pension liability and net OPEB liability. Management's estimate of the depreciation rate is a composite rate based on industry accepted guidelines and the rates are within those guidelines. We evaluated the key factors and assumptions used to develop the depreciation rate in determining that it is reasonable in relation to the financial statements taken as a whole. Management's estimate of their proportionate share for the pension and OPEB liabilities were based on various reports from Teacher Retirement System of Texas (TRS) and Employees Retirement System of Texas (ERS). The reports are based on the audited financial statements of the plans. We evaluated the key factors and assumptions used to develop the pension and OPEB liabilities and related amounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are disclosed in notes to the financial statements, which are related to Texas Tech Public Media's related party transactions and defined benefit pension plan and OPEB plan.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 23, 2024.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Texas Tech Public Media's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Texas Tech Public Media's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



### Other Matters

We applied certain limited procedures to the Management Discussion and Analysis and information related to pension and other postemployment benefit (OPEB) liabilities, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the use of the Board of Regents and management of Texas Tech Public Media and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Balinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants