

**KTXK-FM  
TEXARKANA, TEXAS**

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

**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

**DRAFT**

**KTXK-FM**  
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**INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Texarkana College,  
as the governing body of KTXK-FM  
Texarkana, Texas

### Opinion

We have audited the accompanying financial statements of KTXK-FM as of and for the years ended August 31, 2023 and 2022, and the related notes to the 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 financial position of KTXK-FM as of August 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 KTXK-FM 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.

### Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position and activities of KTXK-FM and do not purport to, and do not, present fairly the financial position of Texarkana College as of August 31, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 KTXK-FM'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.

To the Board of Trustees of Texarkana College,  
as the governing body of KTXK-FM

### **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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 KTXK-FM'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 KTXK-FM'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***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, the schedule of KTXK-FM's proportionate share of net pension liability on page 30, and the schedule of KTXK-FM's contributions on page 31 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees of Texarkana College,  
as the governing body of KTXK-FM

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, on our consideration of KTXK-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KTXK-FM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KTXK-FM's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
March 8, 2024

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**KTXK-FM**  
**(A DEPARTMENT OF TEXARKANA COLLEGE)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2023 AND 2022**

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

KTXK-FM is a department of Texarkana College (a political subdivision of the State of Texas) and is governed by the Board of Trustees of Texarkana College, whose members are elected by the citizens of Bowie County, Texas.

KTXK-FM's primary function is to present national public radio news and to provide transmission of fine arts programming throughout the Southwest part of Arkansas and the Northeast Texas region.

Texarkana College is both the licensee and operator of KTXK-FM.

### **Overview of the Financial Statements**

KTXK-FM's financial statements present the radio station in its entirety.

The financial statements of KTXK-FM consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities* and as amended by GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The Statements of Net Position includes Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position of KTXK-FM as of August 31, 2023 and 2022. These statements are classified into Current and Non-Current Assets and Liabilities, with Net Position classified in the categories as noted above. The Statements of Revenues, Expenses and Changes in Net Position depict the operating revenues and expenses resulting in a Net Operating Loss, which is then combined with Non-Operating Revenues (Expenses) 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, and cash flows from capital and related financing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Financial Highlights**

KTXK-FM had a decrease in net position of \$3,899 and an increase in net position of \$15,845 during the years ended August 31, 2023 and 2022, respectively. This change included an operating transfer in from Texarkana College of \$83,561 and \$64,049 during the years ended August 31, 2023 and 2022, respectively. For the years ended August 31, 2023 and 2022, operating losses of \$87,460 and \$48,204 occurred before transfers in from Texarkana College.

Operating revenues were \$312,485 and \$308,550 at August 31, 2023 and 2022, respectively. The largest portion of that revenue included \$150,796 from outside donations and \$94,057 from Corporation for Public Broadcasting (CPB) grants for the year ended August 31, 2023.



**KTXK-FM**  
**(A DEPARTMENT OF TEXARKANA COLLEGE)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2023 AND 2022**

**Financial Highlights (Continued)**

Operating expenses were \$399,945 and \$356,754 at August 31, 2023 and 2022, respectively. The largest portion of expenses included \$255,320 for management and general and \$121,572 for programming and production for the year ended August 31, 2023.

Operating transfers from Texarkana College were \$83,561 and \$64,049 for the years ended August 31, 2023 and 2022, respectively.

KTXK-FM's capital assets, net of accumulated depreciation, totaled \$246,879 and \$275,597 at August 31, 2023 and 2022, respectively.

**Financial Analysis of the Statements**

KTXK-FM condensed financial statements are represented below for the fiscal years 2023 and 2022:

**Condensed Statements of Financial Position**

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current Assets	\$ 372,234	\$ 328,160	\$ 44,074	13.4%
Non-Current Assets	246,879	275,597	(28,718)	-10.4%
Total Assets	<u>619,113</u>	<u>603,757</u>	<u>15,356</u>	<u>2.5%</u>
<b>Deferred outflows related to pensions:</b>	<u>21,246</u>	<u>7,063</u>	<u>14,183</u>	<u>200.8%</u>
<b>Liabilities:</b>				
Current Liabilities	305,121	283,127	21,994	7.8%
Noncurrent Liabilities	35,070	10,815	24,255	224.3%
Total Liabilities	<u>340,191</u>	<u>293,942</u>	<u>46,249</u>	<u>15.7%</u>
<b>Deferred inflows related to pensions:</b>	<u>19,551</u>	<u>32,362</u>	<u>(12,811)</u>	<u>-39.6%</u>
<b>Net Position:</b>				
Invested in Capital Assets	246,879	275,597	(28,718)	-10.4%
Unrestricted net position	33,738	8,919	24,819	278.3%
Total Net Position	<u>\$ 280,617</u>	<u>\$ 284,516</u>	<u>\$ (3,899)</u>	<u>-1.4%</u>

**KTXK-FM**  
**(A DEPARTMENT OF TEXARKANA COLLEGE)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2023 AND 2022**

**Financial Analysis of the Statements (Continued)**

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

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues</b>				
Other Operating Revenues	\$ 312,485	\$ 308,550	\$ 3,935	1.3%
Operating Expenses	399,945	356,754	43,191	12.1%
Operating Loss	(87,460)	(48,204)	(39,256)	81.4%
<b>Non-operating Revenues</b>				
Operating Transfers from Texarkana College	83,561	64,049	19,512	30.5%
<b>Increase (Decrease) in Net Position</b>	(3,899)	15,845	(19,744)	-124.6%
Net Position, Beginning of Year	284,516	268,671	15,845	5.9%
Net Position, End of Year	<u>\$ 280,617</u>	<u>\$ 284,516</u>	<u>\$ (3,899)</u>	<u>-1.4%</u>

**Condensed Statements of Cash Flows**

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Net Cash Flows Used by Operating Activity	\$ 44,924	\$ 73,748	\$ (28,824)	-39.1%
Net Increase in Cash and Cash Equivalents	44,924	73,748	(28,824)	-39.1%
Cash and Cash Equivalents, Beginning of Year	308,823	235,075	73,748	31.4%
Cash and Cash Equivalents, End of Year	<u>\$ 353,747</u>	<u>\$ 308,823</u>	<u>\$ 44,924</u>	<u>14.5%</u>

Current assets consist primarily of cash and cash equivalents and underwriting pledges receivable. Non-current assets consist primarily of capital assets. Capital assets are presented net of accumulated depreciation. Current liabilities consist of accounts payable, accrued expenses, and deferred revenues. Operating revenues consists primarily of grant revenues, program underwriting and contributed support. Operating expenses consists primarily of broadcasting, programming and production, management and general, fundraising and membership development expenses. Texarkana College provided financial support in the form of direct and indirect expenses totaling \$83,561 and \$64,049 for the years ended August 31, 2023 and 2022, respectively.

**KTXK-FM**  
**(A DEPARTMENT OF TEXARKANA COLLEGE)**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2023 AND 2022**

**Capital assets**

At August 31, 2023 and 2022, KTXK-FM had \$545,874 invested in capital assets, which included buildings, towers and transmitters, and furniture and equipment as follows:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings	269,521	269,521	-	0.0%
Towers and Transmitters	46,280	46,280	-	0.0%
Furniture & Equipment	230,073	230,073	-	0.0%
Total Buildings and Other Capital Assets	<u>545,874</u>	<u>545,874</u>	<u>-</u>	<u>0.0%</u>
<u>Accumulated Depreciation:</u>				
Buildings	112,212	99,385	12,827	12.9%
Towers and Transmitters	46,280	46,280	-	0.0%
Furniture & Equipment	140,503	124,612	15,891	12.8%
Total Accumulated Depreciation	<u>298,995</u>	<u>270,277</u>	<u>28,718</u>	<u>10.6%</u>
Net Capital Assets	<u>\$ 246,879</u>	<u>\$ 275,597</u>	<u>\$ (28,718)</u>	<u>-10.4%</u>

**Discussion of currently known facts, decisions, or conditions**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. On March 13, 2020, the Governor of Texas declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect.

The full extent of the ongoing impact of COVID-19 on the KTXK-FM’s longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. KTXK-FM continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon KTXK-FM. While the potential impact of the Pandemic on KTXK-FM cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on KTXK-FM’s operations and financial condition.

**KTXK-FM**  
**(A DEPARTMENT OF TEXARKANA COLLEGE)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2023 AND 2022**

**Request for information**

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of the KTXK-FM's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

KTXK-FM  
c/o Texarkana College  
2500 N. Robison Rd.  
Texarkana, Texas 75599

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**FINANCIAL STATEMENTS**

**KTXK-FM**  
**STATEMENTS OF NET POSITION**  
**AS OF AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 353,747	\$ 308,823
Underwriting pledges receivable, net	18,487	19,337
<b>Total Current Assets</b>	<u>372,234</u>	<u>328,160</u>
<b>Noncurrent Assets</b>		
Capital assets, net of accumulated depreciation	246,879	275,597
<b>Total Noncurrent Assets</b>	<u>246,879</u>	<u>275,597</u>
<b>Total Assets</b>	<u>619,113</u>	<u>603,757</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	21,246	7,063
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	4,062	1,947
Accrued payroll items	2,306	2,782
Accrued compensated absences	10,126	9,560
Deferred revenues	288,627	268,838
<b>Total Current Liabilities</b>	<u>305,121</u>	<u>283,127</u>
<b>Noncurrent Liabilities</b>		
Net pension liability	35,070	10,815
<b>Total Noncurrent Liabilities</b>	<u>35,070</u>	<u>10,815</u>
<b>Total Liabilities</b>	<u>340,191</u>	<u>293,942</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	19,551	32,362
<b>NET POSITION</b>		
Invested in capital assets	246,879	275,597
Unrestricted net position	33,738	8,919
<b>Total Net Position</b>	<u>\$ 280,617</u>	<u>\$ 284,516</u>

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

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

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Program underwriting	\$ 62,365	\$ 67,784
Contributed support	150,796	160,268
The Corporation for Public Broadcasting grants	94,057	80,498
CARES Act grants	5,267	-
<b>Total operating revenues</b>	<b>312,485</b>	<b>308,550</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Programing and production	121,572	103,115
Broadcasting	18,744	10,888
Management and general	255,320	240,867
Fund-raising and membership development	4,309	1,884
<b>Total operating expenses</b>	<b>399,945</b>	<b>356,754</b>
<b>Operating Loss</b>	<b>(87,460)</b>	<b>(48,204)</b>
<b>NON-OPERATING REVENUES</b>		
Appropriations from Texarkana College	83,561	64,049
<b>Total Non-Operating Revenues</b>	<b>83,561</b>	<b>64,049</b>
<b>Increase (Decrease) in Net Position</b>	<b>(3,899)</b>	<b>15,845</b>
<b>NET POSITION</b>		
<b>Net Position - Beginning of Year</b>	<b>284,516</b>	<b>268,671</b>
<b>Net Position - End of Year</b>	<b>\$ 280,617</b>	<b>\$ 284,516</b>

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

**KTXK-FM**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Program underwriting	\$ 63,215	\$ 67,784
Contributed support	150,796	160,268
Community service grants	113,846	116,712
CARES Act Grants	5,267	-
Payments to or on behalf of employees	(135,509)	(132,276)
Payments to suppliers for goods or services	(152,691)	(138,740)
Net cash provided by operating activities	<u>44,924</u>	<u>73,748</u>
<b>Increase in cash and cash equivalents</b>	44,924	73,748
<b>Cash and cash equivalents - August 31, 2022</b>	<u>308,823</u>	<u>235,075</u>
<b>Cash and cash equivalents - August 31, 2023</b>	<u><u>\$ 353,747</u></u>	<u><u>\$ 308,823</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (87,460)	\$ (48,204)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Indirect administrative support paid by Texarkana College	83,561	64,049
Depreciation expense	28,718	28,717
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Underwriting pledges receivable, net	850	-
Deferred outflows of resources related to pensions	(14,183)	1,510
Accounts payable	2,115	453
Accrued expenses and compensated absences	90	(85)
Deferred revenues	19,789	36,214
Deferred inflows of resources related to pensions	(12,811)	4,218
Net pension liability	<u>24,255</u>	<u>(13,124)</u>
Net cash provided by operating activities	<u><u>\$ 44,924</u></u>	<u><u>\$ 73,748</u></u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

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**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

KTXK-FM, a department of Texarkana College (the College), is a licensed public telecommunications radio station. The College is both the licensee and operator of the radio station. KTXK-FM presents national public radio news and is dedicated to bringing fine arts programming to listeners throughout the southwest part of Arkansas and the northeast part of Texas.

In accordance with the College's policies, cash accounts of KTXK-FM are held and administered by the College. The College administers and invests gifts and other amounts received directly or indirectly as a result of the fund-raising activities of KTXK-FM. Accounts held by the College for the benefit of KTXK-FM are included in these financial statements.

**Principles of Operations**

KTXK-FM has adopted Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although a significant amount of KTXK-FM's resources are derived from the College, general contributions, and support from the Corporation for Public Broadcasting Radio Community (CPB), its accounting policy is to prepare its financial statements as a business-type activity, rather than as a governmental fund type, since the CPB prefers the recipients of its funds to utilize this basis for financial statement presentation. Accordingly, KTXK-FM utilizes the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which they were earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Operating revenues and expenses are distinguished from other revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses but remain a major component of the overall revenues and expenses of KTXK-FM.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, KTXK-FM considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of August 31, 2023 or 2022.

Cash balances available for current use but with donor-imposed restrictions are included with cash available for current use and without donor restrictions. As of August 31, 2023 or 2022, cash balances with donor-imposed restrictions available for current use were comprised of unspent CARES Act funds totaling \$201,632 and \$206,077, respectively. Congress directed that the funds be used to maintain programming and services and to preserve the ability of small and rural public media stations to respond to the pandemic's impact by providing essential information, educational content, and services to the American people.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

KTXK-FM utilizes the allowance method for accounting for uncollectable accounts receivable. Amounts are written off at the point when collection attempts have been exhausted, which is based on individual credit evaluation and specific circumstances of the donor. Management uses significant judgement in estimating uncollectable amounts. In estimating uncollectable amounts, management considers factors such as current overall economic conditions, industry-specific economic conditions, historical donor performance, and anticipated donor performance. While management believes KTXK-FM’s processes effectively address its exposure to doubtful accounts, changes in economic, industry, or specific donor conditions may require adjustment to the allowance recorded by KTXK-FM. At August 31, 2023 and 2022, management determined that an allowance for doubtful accounts was not required based on the favorable collectability of the recorded receivables.

**Capital Assets**

KTXK-FM records capital assets at cost or, in the case of donated property, at its estimated fair value at date of receipt, net of accumulated depreciation. The straight-line method was used to calculate depreciation over the following estimated useful lives:

Buildings	50 years
Towers & Transmitters	20 years
Furniture & Equipment	10-20 years

KTXK-FM follows the College’s policies in relation to capitalizing items. For equipment, the College’s capitalization policy requires capitalization of items with a unit cost of \$5,000 or more and an estimated life greater than one year. Renovations of \$100,000 or more to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are charged to operating expense in the year in which the expense is incurred.

**Deferred Outflows of Resources**

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows related to pensions, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. KTXK-FM’s sole deferred outflow of resources is related to pensions.

**Deferred Inflows of Resources**

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows related to pensions, represents an acquisition of net position that applies to future periods and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB. KTXK-FM’s sole deferred inflow of resources is related to pensions.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

In the statements of net position, net position includes the following:

*Invested in capital assets* - This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets. At August 31, 2023 and 2022, there is no related debt.

*Restricted net position* - The component of net position that reports the constraints placed on the use of net position by either external parties or enabling legislation. There was no restricted net position as of August 31, 2023 and 2022.

*Unrestricted net position* - The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not reported in Invested in Capital Assets and Restricted Net Position.

KTXK-FM's policy is to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

**Revenue Recognition**

Revenue related to program underwriting for subsequent fiscal years is reflected as deferred revenues in the accompanying statements of net position. Revenue is recognized when the related program is aired. At August 31, 2023 and 2022, there was no such deferred revenue.

Contributed support represents amounts paid to KTXK-FM by others outside the reporting entity, and includes contributed professional services and donated materials or facilities.

Program production grants are reported as deferred revenues for programs not yet broadcast until the specific program is broadcast. At such time, amounts are included as revenues and the expenses are recorded. As of August 31, 2023 and 2022, there were deferred revenues related to program production grants of \$87,817 and \$62,761, respectively.

Appropriations from the College are recorded as non-operating revenues in the statements of revenues, expenses, and changes in net position when an expense is recorded. These appropriations may include expenses paid directly by the College, reimbursements of expenses paid by KTXK-FM, and indirect administrative support.

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

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program Underwriting**

Revenue for program underwriting is recorded on a pro-rata basis for the period covered and is reflected as program underwriting in the accompanying financial statements.

**Pledges and Contributions**

KTXK-FM engages in periodic fundraising campaigns by offering special programs and fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to KTXK-FM for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. When necessary, an allowance for uncollectable contributions receivable is provided based upon KTXK-FM's judgment including such factors as prior collection history and type of contribution. All underwriting pledges receivable are promises to give within one year of August 31, 2023 and 2022. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities. This usage is consistent with appeals for contributions and pledges.

**Corporation for Public Broadcasting Community Service Grants**

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

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

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, recordkeeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as operating revenues received from the Corporation for Public Broadcasting.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating Activities**

KTXK-FM's operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting and instructional technology services, and from the production of program material for distribution in those activities. Revenues associated with, or restricted by donors to use for, capital improvements, and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues.

**Functional Allocation of Expenses**

The costs of providing the various program services and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among programming and production, broadcasting, management and general, and fund-raising and membership development on the basis of benefits received.

**Use of Estimates**

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

**Tax Status**

KTXK-FM is a department of the College, which is considered part of the political subdivision of the State of Texas, and, therefore, is exempt from income taxes.

**Subsequent Events**

KTXK-FM has evaluated subsequent events through March 8, 2024, the date on which the financial statements were available to be issued and has determined that no disclosures are necessary.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions**

KTXK-FM has implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. KTXK-FM participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of the Teacher Retirement System of Texas 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 benefit terms.

**NOTE 2 – DEPOSITS**

Custodial credit risk is the risk that, in the event of bank failure, the radio station's deposits may not be available to the radio station. KTXK-FM's funds are held by the College.

At August 31, 2023, the carrying amount of the College's bank deposits was \$32,357,045 and total bank balances equaled \$33,893,560. Bank balances totaling \$250,000 at one financial institution were secured by the Federal Deposit Insurance Corporation (FDIC), \$36,700,000 were secured by collateral pledged in the College's name, and approximately \$987,000 were secured through Insured Cash Sweep (ICS) accounts. The collateral was held in the safekeeping departments of banks which act as agents for the College.

At August 31, 2022, the carrying amount of the College's bank deposits was \$30,165,045 and total bank balances equaled \$30,950,945. Bank balances totaling \$250,000 at one financial institution were secured by the Federal Deposit Insurance Corporation (FDIC), \$33,200,000 were secured by collateral pledged in the College's name, and approximately \$2,470,000 were secured through Insured Cash Sweep (ICS) accounts. The collateral was held in the safekeeping departments of banks which act as agents for the College.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2023, was as follows:

	<u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>2023</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings	\$ 269,521	\$ -	\$ -	\$ 269,521
Towers and Transmitters	46,280	-	-	46,280
Furniture & Equipment	230,073	-	-	230,073
Total Buildings and Other Capital Assets	<u>545,874</u>	<u>-</u>	<u>-</u>	<u>545,874</u>
<u>Accumulated Depreciation:</u>				
Buildings	99,385	12,827	-	112,212
Towers and Transmitters	46,280	-	-	46,280
Furniture & Equipment	124,612	15,891	-	140,503
Total Accumulated Depreciation	<u>270,277</u>	<u>28,718</u>	<u>-</u>	<u>298,995</u>
Net Capital Assets	<u>\$ 275,597</u>	<u>\$ (28,718)</u>	<u>\$ -</u>	<u>\$ 246,879</u>

Capital assets activity for the year ended August 31, 2022, was as follows:

	<u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>2022</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings	\$ 269,521	\$ -	\$ -	\$ 269,521
Towers and Transmitters	46,280	-	-	46,280
Furniture & Equipment	230,073	-	-	230,073
Total Buildings and Other Capital Assets	<u>545,874</u>	<u>-</u>	<u>-</u>	<u>545,874</u>
<u>Accumulated Depreciation:</u>				
Buildings	86,558	12,827	-	99,385
Towers and Transmitters	46,280	-	-	46,280
Furniture & Equipment	108,722	15,890	-	124,612
Total Accumulated Depreciation	<u>241,560</u>	<u>28,717</u>	<u>-</u>	<u>270,277</u>
Net Capital Assets	<u>\$ 304,314</u>	<u>\$ (28,717)</u>	<u>\$ -</u>	<u>\$ 275,597</u>



**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 4 – COMPENSABLE ABSENCES**

Sick leave is accumulated by employees of the institution at the rate of one day per thirty calendar days worked up to a maximum of ninety days. Effective September 1, 2000, upon retirement or termination, employees with ten years or more service with KTXK-FM may be paid for any accumulated sick leave in excess of thirty days at a rate of one-half of the employee's current salary. Full-time non-contractual personnel or employees with twelve-month contracts accrue vacation benefits from the date of employment at the rate of one day for each full calendar month worked up to ten vacation days per year. Employees may carry a maximum of 40 hours of accrued vacation forward from one fiscal year through September 30 of the next fiscal year. All vacation accrued in the prior fiscal year is forfeited on December 1 unless administrative approval is granted on a case-by-case basis. All accrued unused vacation time computed at the employee's daily rate of compensation is paid to the employee or his beneficiary in the event of termination, retirement, or death.

Sick leave and vacation benefits of \$10,126 and \$9,560 have been accrued and reported in the accompanying Statement of Net Position as "accrued compensated absences" at both August 31, 2023 and 2022.

**NOTE 5 – DEFERRED REVENUES**

Deferred revenue consists of Community Service Grant funds as well as stabilization funds, both of which are provided by the Corporation for Public Broadcasting (CPB). The stabilization funds were provided to community service grant recipients as a result of the CARES Act. CARES Act funds were provided by Congress to help public television and radio stations maintain local programming and services threatened by declines in non-federal revenue sources during the economic decline triggered by COVID-19. CPB awarded these stabilization funds to eligible Community Service Grant (CSG) recipients in April of 2020. As of August 31, 2023 and 2022, KTXK-FM had not spent a portion of both CSG and CARES stabilization funding; therefore, in accordance with GAAP, the unspent amounts have been deferred. Once the amounts have been spent in accordance with guidelines, the revenues will be recognized in the appropriate period.

**NOTE 6 – EMPLOYEES' RETIREMENT PLAN**

The State of Texas has joint contributory retirement plans for almost all its employees.

**Teacher Retirement System of Texas – Defined Benefit Plan**

*Plan Description* - KTXK-FM, as a department of the College, 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

***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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about/publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Components of the net pension liability of the TRS plan as of August 31, 2022, are as follows:

**Net Pension Liability**

Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	<u>(184,185,617,196)</u>
Net Pension Liability	\$ 59,367,428,259

Net Position as a percentage of Total Pension Liability 75.62%

***Benefits Provided*** - TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five-highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

***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.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

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 thru 2025.

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2022</u>
Member	8.0%	8.0%
Non-Employer Contribution Entity (State)	8.0%	7.75%
Employers	8.0%	7.75%
FY 2023 KTXK-FM Contributions	\$ 3,710	
FY 2023 Member Contributions	\$ 3,710	

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). KTXK-FM’s contributions to the TRS pension plan for the year ended August 31, 2023, were \$3,710 as reported in the Schedule of KTXK-FM Contributions in the Required Supplementary Information section of these financial statements.

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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical 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 or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

*Actuarial Assumptions* – The total pension liability as of the measurement date of August 31, 2022, was determined using the following actuarial assumptions:

<ul style="list-style-type: none"> <li>• Valuation Date</li> <li>• Actuarial Cost Method</li> <li>• Asset Valuation Method</li> <li>• Actuarial Assumptions <ul style="list-style-type: none"> <li>○ Single Discount Rate</li> <li>○ Long-term expected Investment Rate of Return</li> <li>○ Municipal Bond Rate</li> <li>○ Last year ending August 31 in Projection period (100 years)</li> <li>○ Inflation</li> <li>○ Salary Increases including inflation</li> <li>○ Ad hoc post-employment benefit changes</li> </ul> </li> </ul>	<p>August 31, 2021, rolled forward to August 31, 2022</p> <p>Individual Entry Age Normal Fair Value</p> <p>7.00%</p> <p>7.00%</p> <p>3.91%</p> <p>2121</p> <p>2.30%</p> <p>2.95% to 8.95%</p> <p>None</p>
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The actuarial methods and assumptions are 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 actuarial valuation report dated November 12, 2021.

*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 plan investments of 7.00%. The projection of cash flows used to determine this single 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.

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-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system’s target asset allocation as of August 31, 2022, are summarized on the following page.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>Long-Term Expected Geometric Real Rate of Return***</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
<b>Global Equity</b>			
U.S.	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*	14.00%	7.70%	1.55%
<b>Stable Value</b>			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	-	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</b>			
<b>Cash</b>	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
<b>Total</b>	100.00%		8.19%

\* Absolute Return includes Credit Sensitive Investments.

\*\* Target allocations are based on the FY2022 policy model.

\*\*\* Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)

\*\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

*Discount Rate Sensitivity Analysis* - The following table presents the 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.

	<b>1% Decrease in Discount Rate (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase in Discount Rate (8.00%)</b>
KTXK-FM's proportionate share of the net pension liability	\$ 54,555	\$ 35,070	\$ 19,276

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At August 31, 2023, KTXK-FM reported a liability of \$35,070 for its proportionate share of the TRS’s net pension liability.

The 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.

At the measurement date of August 31, 2022, the employer’s proportion of the collective net pension liability was 0.000059073%, which was a increase of 0.000016603% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2023, KTXK-FM recognized a net increase in pension expense of \$1,766.

*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 percent to 7.00 percent.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

At August 31, 2023, KTXK-FM reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual economic experience	\$ 509	\$ 765
Changes in actuarial assumptions	6,535	1,629
Net difference between projected and actual investment earnings	3,465	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	7,027	17,157
Contributions paid to TRS subsequent to the measurement date	3,710	-
Total	<u>\$ 21,246</u>	<u>\$ 19,551</u>

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b><u>Pension Expense Amount</u></b>
<b>Year ended August 31:</b>	
2024 (measurement date of August 31, 2023)	\$ (1,359)
2025 (measurement date of August 31, 2024)	(2,532)
2026 (measurement date of August 31, 2025)	(3,144)
2027 (measurement date of August 31, 2026)	3,695
2028 (measurement date of August 31, 2027)	1,325

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 – EMPLOYEES’ RETIREMENT PLAN (CONTINUED)**

**Optional Retirement Plan**

**Plan Description** - Participation in the Optional Retirement Program is in lieu of participation in the TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

**Funding Policy** - Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. KTXK-FM contributes no amounts for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% of eligible employees in the reporting district.

The total payroll for all of KTXK-FM employees was \$134,424 and \$128,158 for fiscal years 2023 and 2022, respectively. The total payroll of employees covered by the Teacher Retirement System was \$46,374 and \$35,219, and the total payroll of employees covered by the Optional Retirement Program was \$72,796 and \$73,796 for fiscal years 2023 and 2022, respectively.

**NOTE 7 – NON-FEDERAL FINANCIAL SUPPORT**

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

A contribution is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity or an organization that receives the revenue on its behalf.

A payment is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state or local government agency thereof, or an education institution; (2) the form of the payment must be an appropriation or contract payment; (3) the purpose must be for services or materials with respect to the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity or an organization that receives the revenue on its behalf.



**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 7 – NON-FEDERAL FINANCIAL SUPPORT (CONTINUED)**

The assets, liabilities, and net position of KTXK-FM are accounted for using the following fund for CPB purposes:

Radio Funds – These funds include the resources that are available for support of the KTXK-FM Public Radio Network.

NFFS for KTXK-FM was \$296,722 and \$292,101 for the radio fund for the years ended August 31, 2023 and 2022, respectively.

**NOTE 8 – COMMUNITY SERVICE GRANTS**

KTXK-FM receives a CSG from the CPB annually for radio. The CSG was awarded to KTXK-FM in the amount of \$119,113 for the period from October 1, 2022, through September 30, 2024, including \$87,817 in deferred funds remaining to be spent. In addition, the CSG was previously awarded to KTXK-FM in the amount of \$116,712 for the period from October 1, 2021, through September 30, 2023; all remaining funds under this grant period were spent during the year ended August 31, 2023.

**NOTE 9 - STAFF BENEFITS**

KTXK-FM provides staff benefits for its employees in the form of hospital/medical insurance, salary continuance insurance, and life insurance equal to twice the employee's annual contractual salary up to a maximum of \$45,000.

**NOTE 10 – PERSONNEL EXPENSES**

All personnel working at KTXK-FM are employees of the College and are eligible for retirement or other benefits provided by the College. KTXK-FM reimburses the College for all wages and benefits related to the operations of KTXK-FM to the extent possible.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 11 – AGREEMENT TO PROVIDE OPERATIONS**

The College entered into an agreement to provide for licensing and operations of KTXK-FM. Under this agreement, the College is to provide general appropriations support and other direct and indirect financial support. Indirect support from the College consists of allocated institutional support and physical plant costs incurred by KTXK-FM for which KTXK-FM receives benefits. The fair value of this support is recognized in the statements of revenues, expenses, and changes in net position as indirect administrative support and also as expense in the programming and production, broadcasting, management and general, and fund-raising and membership development functional expense categories. Indirect support was calculated using the “Standard Method” provided by the CPB. The value of this support included in the statement of revenues, expenses, and changes in net position was \$83,561 and \$64,049 for the years ended August 31, 2023 and 2022, respectively. A summary of such support and other direct and indirect support paid by Texarkana College is as follows for the years ended August 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Indirect Administrative Support:		
Programming and production costs	\$ 27,365	\$ 20,133
Plant support costs	4,219	2,126
Institutional costs	51,007	41,422
Fund-raising costs	970	368
Total Indirect Administrative Support	83,561	64,049
 Total direct and indirect support	 \$ 83,561	 \$ 64,049

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

KTXK-FM is included within the scope of an agreement entered into by the College with the Texas Community College Employee Benefits Consortium to self-fund their workers’ compensation plan. The agreement was effective September 1, 1991, and is administered by Hibbs - Hallmark & Company.

The College agreed to pay into the fund a fixed cost amount of \$35,802 and a maximum loss fund amount of \$74,222 for the year ended August 31, 2023. The loss fund amount was for Texarkana College’s claims and for claims of other group members in excess of their loss fund maximum.

The College agreed to pay into the fund a fixed cost amount of \$36,571 and a maximum loss fund amount of \$75,816 for the year ended August 31, 2022. The loss fund amount was for Texarkana College’s claims and for claims of other group members in excess of their loss fund maximum.

**KTXK-FM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

The College incurred expenses under the plan as follows:

	<u>2023</u>	<u>2022</u>
Fixed cost	\$ 35,802	\$ 36,571
Actual claims	8,300	8,113
Decrease in accrued liabilities	<u>(5,680)</u>	<u>8,239</u>
 Total Expense	 <u>\$ 38,422</u>	 <u>\$ 52,923</u>

The College’s maximum liability for the three years ended August 31, 2023, under this agreement is \$228,435, computed as follows:

2020-2021 Maximum loss fund	\$ 78,397
2021-2022 Maximum loss fund	75,816
2022-2023 Maximum loss fund	<u>74,222</u>
 Total	 <u>\$ 228,435</u>

The administration of the Plan has estimated the liability for claims that have been reported but not paid and claims incurred but not reported to be \$91,640 and \$97,320 as of August 31, 2023 and 2022, respectively. Of these amounts, \$1,163 was allocated to KTXK-FM as of August 31, 2023 and 2022, based on total salaries of KTXK-FM employees as a percentage of the College’s total salaries. This liability has been accrued in the financial statements as of August 31, 2023 and 2022.

**REQUIRED SUPPLEMENTAL INFORMATION**

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**KTXK-FM**  
**SCHEDULE OF KTXK-FM'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST NINE FISCAL YEARS\*\***

<b>Fiscal year ending August 31*,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
KTXK-FM's proportionate share of the collective net pension liability (%)	0.0000591%	0.0000425%	0.0000447%	0.0001083%	0.0001152%
KTXK-FM's proportionate share of the collective net pension liability (\$)	\$ 35,070	\$ 10,815	\$ 23,939	\$ 56,293	\$ 63,401
State's proportionate share of the net pension liability associated with KTXK-FM	-	-	-	-	-
Total	\$ 35,070	\$ 10,815	\$ 23,939	\$ 56,293	\$ 63,401
KTXK-FM's covered payroll amount	\$ 35,219	\$ 24,006	\$ 24,346	\$ 55,965	\$ 57,012
KTXK-FM's share of the net pension liability as a percentage of covered payroll	99.58%	45.05%	98.33%	100.59%	111.21%
Plan fiduciary net position as a percentage of total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
KTXK-FM's proportionate share of the collective net pension liability (%)	0.0001084%	0.0001185%	0.0001278%	0.0001489%	
KTXK-FM's proportionate share of the collective net pension liability (\$)	\$ 34,645	\$ 44,771	\$ 45,193	\$ 39,762	
State's proportionate share of the net pension liability associated with KTXK-FM	-	-	-	-	
Total	\$ 34,645	\$ 44,771	\$ 45,193	\$ 39,762	
KTXK-FM's covered payroll amount	\$ 52,324	\$ 54,246	\$ 55,609	\$ 40,916	
KTXK-FM's share of the net pension liability as a percentage of covered payroll	66.21%	82.53%	81.27%	97.18%	
Plan fiduciary net position as a percentage of total pension liability	82.17%	78.00%	78.43%	83.25%	

\* The amounts presented above are as of the measurement date of the collective net pension liability for the respective fiscal year.

\*\* Only nine years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**KTXK-FM**  
**SCHEDULE OF KTXK-FM'S CONTRIBUTIONS**  
**LAST NINE FISCAL YEARS\*\***

<b>Fiscal year ending August 31*,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Legally required contributions	\$ 3,710	\$ 2,730	\$ 1,800	\$ 1,826	\$ 3,806	\$ 3,877
Actual contributions	3,710	2,730	1,800	1,826	3,806	3,877
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KTXK-FM's covered payroll amount	\$ 46,374	\$ 35,219	\$ 24,006	\$ 24,346	\$ 55,965	\$ 57,012
KTXK-FM's actual contributions as a percentage of covered payroll	8.00%	7.75%	7.50%	7.50%	6.80%	6.80%
	<b>2017</b>	<b>2016</b>	<b>2015</b>			
Legally required contributions	\$ 3,549	\$ 3,764	\$ 3,782			
Actual contributions	3,549	3,764	3,782			
Contributions deficiency (excess)	\$ -	\$ -	\$ -			
KTXK-FM's covered payroll amount	\$ 52,324	\$ 54,246	\$ 55,609			
KTXK-FM's actual contributions as a percentage of covered payroll	6.78%	6.94%	6.80%			

\* The amounts presented above are as of KTXK-FM's respective fiscal year-end.

\*\* Only nine years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**KTXK-FM**  
**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

**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 percent to 7.00 percent.

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**REPORTING IN ACCORDANCE WITH**  
***GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of Texarkana College,  
as the governing body of KTXK-FM  
Texarkana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KTXK-FM as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise KTXK-FM’s basic financial statements, and have issued our report thereon dated March 8, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered KTXK-FM’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KTXK-FM’s internal control. Accordingly, we do not express an opinion on the effectiveness of KTXK-FM’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether KTXK-FM’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Trustees of Texarkana College,  
as the governing body of KTXK-FM

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
March 8, 2024

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**KTXK-FM  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED AUGUST 31, 2023**

**Summary of Auditor's Results**

**Financial Statements**

Type of auditor's opinion issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	None Reported
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	None Reported

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**KTXK-FM**  
**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS**  
**YEAR ENDED AUGUST 31, 2023**

**Prior year findings related to the financial statements which were required to be reported in accordance with *Government Auditing Standards*:**

During the year ended August 31, 2022, there were no findings or questioned costs reported related to the financial statements.

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