



March 14, 2018

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

We have audited the financial statements of Texas Tech Public Media for the year ended August 31, 2017, and have issued our report thereon dated March 14, 2018. 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 letter to you dated October 13, 2017. 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. The significant accounting policies used by Texas Tech Public Media are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017. 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. All significant transactions have been recognized in the financial statements in the proper period.

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 estimate affecting the financial statements was:

Management's estimate of its proportionate share of the net pension liability is based on reports received from the Teacher Retirement System of Texas (TRS). The net pension liability reported by TRS is based on actuarial valuations that utilize various assumptions including the remaining amortization period, discount rate, expected rates of investment return, salary increases, payroll growth rates and mortality rates. The financial statements of the TRS plan were audited by the State Auditor's Office of Texas. These financial statements received an unmodified opinion. We evaluated the financial statements to determine that the estimate 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 were:

The disclosure of the defined benefit pension plan in Note 6 to the financial statements is a sensitive disclosure. The disclosure is based on various reports provided by TRS. The reports are based on the audited financial statements of the pension plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

What inspires you, inspires us. | eidebailly.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Refer to Appendix A for a summary of adjusting entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 March 14, 2018.

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 the organization'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's Discussion and Analysis, Schedule of Texas Tech Public Media's Proportionate Share of the Net Pension Liability – Teachers Retirement System and the Schedule of Texas Tech Public Media's Contributions (collectively referred to as 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 financial statements, 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 Texas Tech 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,

Eide Bailly LLP

Texas Tech Public Media
(A Public Telecommunications Entity Licensed to Texas Tech University)
2017 Required Communications
Appendix A - Summary of Audit Adjustments

| Account | Description | Debit | Credit |
|---|---|----------------------|----------------------|
| Adjusting Journal Entry JE # 1 | | | |
| The contributions made during the fiscal year under audit made after measurement date must be de-expended & recorded as deferred outflow of resources related to TRS. | | | |
| 10.1900 | Pension Contributions | \$ 48,070 | \$ |
| 20.1900 | Pension Contributions | 25,290 | |
| 10.5000 | Programming and Production | | 11,056 |
| 10.5100 | Broadcasting | | 10,575 |
| 10.5200 | Program Information | | 9,614 |
| 10.5300 | Management and General | | 12,499 |
| 10.5400 | Fund Raising and Membership Development | | 4,326 |
| 20.5000 | Programming and Production | | 6,575 |
| 20.5100 | Broadcasting | | 4,299 |
| 20.5200 | Program Information | | 1,770 |
| 20.5300 | Management and General | | 7,588 |
| 20.5400 | Fund Raising and Membership Development | | 5,058 |
| Total | | <u>73,360</u> | <u>73,360</u> |

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| Account | Description | Debit | Credit |
|---|---|------------|------------|
| Adjusting Journal Entry JE # 2 | | | |
| Record the adjustments made by TRS for Texas Tech Public Media plus the difference between Public Media's recorded contributions and those reported by TRS. | | | |
| 10.2800 | Net Pension Liability | \$ 94 | \$ |
| 20.2800 | Net Pension Liability | 50 | |
| 10.5000 | Programming and Production | | 22 |
| 10.5100 | Broadcasting | | 21 |
| 10.5200 | Program Information | | 19 |
| 10.5300 | Management and General | | 24 |
| 10.5400 | Fund Raising and Membership Development | | 8 |
| 20.5000 | Programming and Production | | 13 |
| 20.5100 | Broadcasting | | 8 |
| 20.5200 | Program Information | | 3 |
| 20.5300 | Management and General | | 16 |
| 20.5400 | Fund Raising and Membership Development | | 10 |
| Total | | 144 | 144 |

Adjusting Journal Entry JE # 3

Record proportionate share of the current measurement period pension expense not related to deferred resource flows to calculate ending net pension liability.

| | | | |
|--------------|---|----------------|----------------|
| 10.5000 | Programming and Production | 14,673 | |
| 10.5100 | Broadcasting | 14,035 | |
| 10.5200 | Program Information | 12,759 | |
| 10.5300 | Management and General | 16,587 | |
| 10.5400 | Fund Raising and Membership Development | 5,742 | |
| 20.5000 | Programming and Production | 30,710 | |
| 20.5100 | Broadcasting | 20,079 | |
| 20.5200 | Program Information | 8,268 | |
| 20.5300 | Management and General | 35,434 | |
| 20.5400 | Fund Raising and Membership Development | 23,623 | |
| 10.2800 | Net Pension Liability | | 63,796 |
| 20.2800 | Net Pension Liability | | 118,114 |
| Total | | 181,910 | 181,910 |

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|--|---|-----------------------|-----------------------|
| Adjusting Journal Entry JE # 4 | | | |
| Remaining items including recognized deferred resource flow used in calculating the ending net pension liability in the schedule of pension expense details. | | | |
| 10.5000 | Programming and Production | \$ 2,489 | \$ |
| 10.5100 | Broadcasting | 2,380 | |
| 10.5200 | Program Information | 2,164 | |
| 10.5300 | Management and General | 2,813 | |
| 10.5400 | Fund Raising and Membership Development | 974 | |
| 20.5000 | Programming and Production | 1,480 | |
| 20.5100 | Broadcasting | 968 | |
| 20.5200 | Program Information | 398 | |
| 20.5300 | Management and General | 1,708 | |
| 20.5400 | Fund Raising and Membership Development | 1,139 | |
| 10.2800 | Net Pension Liability | | 10,820 |
| 20.2800 | Net Pension Liability | | 5,693 |
| Total | | <u>16,513</u> | <u>16,513</u> |
| Adjusting Journal Entry JE # 5 | | | |
| To adjust pension liability based on TRS reports. | | | |
| 10.2800 | Net Pension Liability | 15,047 | |
| 20.2800 | Net Pension Liability | 88,859 | |
| 10.5000 | Programming and Production | | 3,461 |
| 10.5100 | Broadcasting | | 3,310 |
| 10.5200 | Program Information | | 3,009 |
| 10.5300 | Management and General | | 3,913 |
| 10.5400 | Fund Raising and Membership Development | | 1,354 |
| 20.5000 | Programming and Production | | 23,103 |
| 20.5100 | Broadcasting | | 15,106 |
| 20.5200 | Program Information | | 6,220 |
| 20.5300 | Management and General | | 26,658 |
| 20.5400 | Fund Raising and Membership Development | | 17,772 |
| Total | | <u>103,906</u> | <u>103,906</u> |
| Adjusting Journal Entry JE # 6 | | | |
| Record the new amount of unrecognized deferred outflow resources and the ending net pension liability in the schedule of pension expense. | | | |
| 10.1900 | Pension Contributions | 57,493 | |
| 20.1900 | Pension Contributions | 30,247 | |
| 10.2800 | Net Pension Liability | | 57,493 |
| 20.2800 | Net Pension Liability | | 30,247 |
| Total | | <u>87,740</u> | <u>87,740</u> |

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|---|---|----------------|----------------|
| Adjusting Journal Entry JE # 7 | | | |
| Adjustment to correct the difference in deferred resource outflows due to the change in calculation of accumulated deferrals. Correction is expensed. | | | |
| 10.5000 | Programming and Production | \$ 20,371 | \$ |
| 10.5100 | Broadcasting | 19,485 | |
| 10.5200 | Program Information | 17,714 | |
| 10.5300 | Management and General | 23,027 | |
| 10.5400 | Fund Raising and Membership Development | 7,971 | |
| 20.5000 | Programming and Production | 11,827 | |
| 20.5100 | Broadcasting | 7,733 | |
| 20.5200 | Program Information | 3,184 | |
| 20.5300 | Management and General | 13,646 | |
| 20.5400 | Fund Raising and Membership Development | 9,098 | |
| 10.1900 | Pension Contributions | | 88,568 |
| 20.1900 | Pension Contributions | | 45,488 |
| Total | | 134,056 | 134,056 |

Adjusting Journal Entry JE # 8

Adjustment to correct difference in deferred inflows of resources due to change in calculation of accumulated deferrals. The correction is expensed.

| | | | |
|--------------|--|----------------|----------------|
| 10.2900 | Pension differences in investment earnings | 97,707 | |
| 20.2900 | Pension Differences in Investment Earnings | 50,034 | |
| 10.5000 | Programming and Production | | 22,473 |
| 10.5100 | Broadcasting | | 21,496 |
| 10.5200 | Program Information | | 19,541 |
| 10.5300 | Management and General | | 25,403 |
| 10.5400 | Fund Raising and Membership Development | | 8,794 |
| 20.5000 | Programming and Production | | 13,009 |
| 20.5100 | Broadcasting | | 8,506 |
| 20.5200 | Program Information | | 3,502 |
| 20.5300 | Management and General | | 15,010 |
| 20.5400 | Fund Raising and Membership Development | | 10,007 |
| Total | | 147,741 | 147,741 |

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|---|--|-----------------------|-----------------------|
| Adjusting Journal Entry JE # 9 | | | |
| To record all PY GASB entries to net assets. | | | |
| 10.1900 | Pension Contributions | \$ 136,701 | \$ |
| 10.3000 | Net Assets | 478,164 | |
| 20.1900 | Pension Contributions | 70,811 | |
| 20.3000 | Net Assets | 247,696 | |
| 10.2800 | Net Pension Liability | | 445,727 |
| 10.2900 | Pension differences in investment earnings | | 169,138 |
| 20.2800 | Net Pension Liability | | 230,893 |
| 20.2900 | Pension Differences in Investment Earnings | | 87,614 |
| Total | | <u>933,372</u> | <u>933,372</u> |
| Adjusting Journal Entry JE # 10 | | | |
| To adjust underwriting revenue and receivables. | | | |
| 10.4300 | Underwriting Revenue | 20,421 | |
| 10.1200 | Accounts Receivable | | 20,421 |
| Total | | <u>20,421</u> | <u>20,421</u> |
| Adjusting Journal Entries JE # 11 | | | |
| To adjust underwriting revenue and receivables. | | | |
| 20.4300 | Business Contributions and Underwriting | 12,972 | |
| 20.1200 | Accounts Receivable | | 12,972 |
| Total | | <u>12,972</u> | <u>12,972</u> |