



KNME-TV

(A Department of the University of New Mexico)

FINANCIAL STATEMENTS

June 30, 2025 and 2024

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FINANCIAL SECTION





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INDEPENDENT AUDITOR'S REPORT

The Board of Regents
University of New Mexico
Albuquerque, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of KNME-TV ("the Station"), a department of the University of New Mexico ("UNM"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Station'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 financial position of the Station, as of June 30, 2025 and 2024, and the changes in financial position, and its 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. 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 the Station 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 opinion.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only the Station. They do not purport to, and do not, present fairly the financial position of UNM, as of June 30, 2025, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As described in Note 1 and Note 8 to the financial statements, in 2025 the Station adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. 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 the Station'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 auditors' report that includes our opinion. 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 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, 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 the Station'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 the Station'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 9 through 14, the GASB required pension schedules on pages 60 through 63 and OPEB schedules on pages 64 through 67, and the notes to the required supplementary information on page 68 and 69 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.
Albuquerque, New Mexico
March 23, 2026

KNME-TV
(A Department of the University of New Mexico)
Management's Discussion and Analysis

The following discussion and analysis provide an overview of the financial position and activities of KNME-TV (the Station) for the fiscal years ended June 30, 2025, 2024, and 2023. This discussion should be read in conjunction with the accompanying financial statements and notes. Additional information can be found in the Station's annual report to the Corporation for Public Broadcasting (CPB).

OVERVIEW OF THE OPERATIONS

The Station is an unincorporated entity operating under a co-license issued by the Federal Communications Commission (FCC) to The University of New Mexico (UNM) and Albuquerque Public Schools (APS). The Station was established through a joint powers' agreement between UNM and APS. Historically, the Station received significant grant funding from the Corporation for Public Broadcasting (CPB), a private, nonprofit corporation created by Congress in 1967. CPB's mission is to facilitate the development of, and ensure universal access to, noncommercial, high-quality programming and educational telecommunications services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position include the assets, liabilities, deferred inflows and outflows, and net position of the Station as of the end of the fiscal year. It is a point-in-time statement and provides both long-term and short-term fiscal information about the Station's investments in resources (assets and deferred outflows), obligations (liabilities and deferred inflows), and net position (assets and deferred outflows minus liabilities and deferred inflows). It also provides the basis for evaluating the capital structure of the Station and assessing its liquidity and financial flexibility.

The statement of revenues, expenses, and changes in net position present the results of operations of the Station. It includes both the operating and nonoperating revenues and expenses. This statement measures the activity of the Station's telecommunications, education, and outreach services and can be used to determine whether the Station has recovered all its costs through member donations, business underwriting support, grants, production services, and other revenue generating activities.

The statement of cash flows provides information about the sources and uses of cash by the Station. The statement reports cash receipts, cash payments, and net changes in cash resulting from operational, fund raising, and business activities, and the change in cash during the reporting period. It is summarized in categories consisting of operating, capital financing, noncapital financing, and investing activities.

The notes to the financial statements provide required disclosures and other information essential to a full understanding of material data provided in the financial statements.

The notes present information about the Station's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

KNME-TV
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Management's Discussion and Analysis

Condensed Financial Information

June 30,	2025	2024	2023
Statement of Net Position			
Assets and deferred outflows of resources			
Current Assets	\$ 16,269,309	\$ 14,920,341	\$ 12,159,200
Restricted investments	851,295	798,676	751,557
Capital assets, net	2,229,329	2,316,666	2,445,482
Other noncurrent assets	1,321,731	421,591	372,984
Deferred outflows of resources	1,266,897	1,111,642	1,964,948
Total assets and deferred outflows of resources	\$ 21,938,561	\$ 19,568,916	\$ 17,694,171
Liabilities and deferred inflows of resources			
Current liabilities	\$ 5,071,319	\$ 3,365,171	\$ 1,569,008
Noncurrent liabilities	6,998,883	7,141,672	6,767,684
Deferred inflows of resources	631,033	1,358,795	4,159,327
Total liabilities and deferred inflows of resources	12,701,235	11,865,638	12,496,019
Net position (deficit)			
Net investment in capital assets	2,227,652	2,316,665	2,445,482
Restricted	902,715	897,187	764,367
Unrestricted (deficit)	6,106,959	4,489,426	1,988,303
Total net position (deficit)	9,237,326	7,703,278	5,198,152
Total liabilities, deferred inflows of resources, and net position (deficit)	\$ 21,938,561	\$ 19,568,916	\$ 17,694,171

For the years ended June 30,	2025	2024	2023
Statement of revenues, expenses and changes in net position (deficit)			
Total operating revenues	\$ 8,729,669	\$ 8,897,951	\$ 9,223,593
Total operating expenses	8,826,967	7,839,713	9,014,275
Total nonoperating revenues (expenses), net	1,631,346	1,446,888	1,306,432
Change in net position (deficit)	\$ 1,534,048	\$ 2,505,126	\$ 1,515,750

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Management's Discussion and Analysis

CURRENT ASSETS AND LIABILITIES

Current assets include cash and other assets expected to be consumed or converted to cash within one year. Cash, investments, and prepaid broadcast rights represent the most significant current assets of the Station, totaling \$15,338,320, \$14,548,440, and \$11,919,814 as of June 30, 2025, 2024, and 2023, respectively. Total current assets were \$16,269,309, \$14,920,341, and \$12,159,200 as of June 30, 2025, 2024, and 2023, respectively. The increase in current assets to \$16,269,309 as of June 30, 2025 was primarily driven by the early payment of annual PBS dues, along with continued growth in net position. Similarly, the increase to \$14,920,341 as of June 30, 2024 reflects a positive change in net position during the fiscal year.

Current liabilities include amounts and obligations due by the Station within one year and are primarily made up of accounts payable, accrued payroll and related liabilities, due to related parties and unearned revenue. Unearned revenue was \$3,005,436, \$2,873,668, and \$1,259,769 at June 30, 2025, 2024, and 2023, respectively. In fiscal year 2025, unearned revenue increased by \$131,768 due to a slight increase of grant funding awarded to the Station. In fiscal year 2024, unearned revenue increased by \$1,649,899, due to earlier than usual payment of our Community Service Grant from the Corporation for Public Broadcasting.

At June 30, 2025, 2024, and 2023, the Station's current assets of \$16,269,309, \$14,920,341, and \$12,159,200 were more than sufficient to cover current liabilities of \$5,071,319 (current ratio of 3.21), \$3,365,171 (current ratio of 4.43), and \$1,569,008 (current ratio of 7.75), respectively. The decrease in the FY 2025 current ratio is primarily attributable to a \$1,539,772 increase in accounts payable related to amounts owed to PBS for annual membership dues, as well as a sustained elevated balance in unearned revenue resulting from the early receipt of Community Service Grant funds from the Corporation for Public Broadcasting.

Restricted Assets

For the fiscal years ended June 30, 2025, 2024, and 2023, nonexpendable restricted asset balances were \$851,295, \$798,676, and \$751,557, respectively. The increases of \$52,619 from June 30, 2024 to June 30, 2025, and \$47,119 from June 30, 2023 to June 30, 2024, were primarily attributable to investment gains.

Noncurrent Assets

Capital assets, right to use assets, SBITA assets are the largest component of noncurrent assets. At June 30, 2025 capital assets, right to use assets, SBITA assets, net of accumulated depreciation and amortization, decreased from \$2,391,507 to \$2,272,170, chiefly as a result of limited additions of new equipment and existing assets reaching the end of their useful lives. Depreciation and amortization expense of \$502,960 more than offset additions of \$385,623 (Note 5).

CURRENT ASSETS AND LIABILITIES (CONTINUED)

Noncurrent Assets (Continued)

At June 30, 2024 capital assets, right to use assets, SBITA assets, net of accumulated depreciation and amortization, decreased from \$2,521,536 to \$2,391,507, chiefly as a result of limited additions of new equipment and existing assets reaching the end of their useful lives. Depreciation and amortization expense of \$493,770 more than offset additions of \$367,174 (Note 5). Additionally, equipment with a net book value of \$2,000, \$3,433, and \$17,218, respectively, was disposed of in the fiscal years ended June 30, 2025, 2024, and 2023.

Deferred Outflows of Resources

Deferred outflows of resources related to pensions increased by \$266,182 in FY 2025 and decreased by \$938,453 and \$2,646,312 in FY 2024 and FY 2023, respectively. Deferred outflows related to other postemployment benefits (OPEB) decreased by \$110,927 in FY 2025, increased by \$85,147 in FY 2024, and decreased by \$2,811 in FY 2023.

The recognition of deferred outflows related to pensions and OPEB resulted from the Station's adoption of GASB Statement No. 68 in fiscal year 2015 and GASB Statement No. 75 in fiscal year 2018, respectively.

Deferred outflows related to pensions represent the most significant component of this category and have been materially impacted by changes in actuarial assumptions. Notably, from FY 2023 through FY 2025, the discount rate assumption remained unchanged at 7.00%.

Noncurrent Liabilities

Noncurrent liabilities decreased by \$142,789 in FY 2025 and increased by \$373,988 and \$846,587 in FY 2024 and FY 2023, respectively, primarily due to the recognition of the Station's proportionate share of the net pension liability—\$6,549,225, \$6,588,017, and \$6,280,713—and net OPEB liability—\$436,592, \$509,135, and \$444,708—for FY 2025, 2024, and 2023, respectively, in accordance with GASB Statements No. 68 and No. 75.

The total pension liability was measured using a consistent discount rate of 7.00% for both June 30, 2024 and June 30, 2023.

Deferred Inflows of Resources

As a result of adopting GASB Statement No. 68 in fiscal year 2015, deferred inflows of resources related to pensions decreased by \$758,176 to \$454,035 in FY 2025, \$2,764,200 to \$1,212,211 in FY 2024, and \$3,658,882 to \$3,976,411 in FY 2023. Additional details are provided in Notes 11 and 12 and in the Required Supplemental Information – Pension.

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Management's Discussion and Analysis

CURRENT ASSETS AND LIABILITIES (CONTINUED)

Deferred Inflows of Resources (Continued)

Following the adoption of GASB Statement No. 75 in fiscal year 2018, deferred inflows related to OPEB decreased by \$9,246 to \$110,709 in FY 2025, increased by \$23,648 to \$119,955 in FY 2024, and decreased by \$46,755 to \$96,307 in FY 2023.

Net Position

Total net position is classified as restricted or unrestricted based on uses stipulated in contract or grant agreements as well as donor instructions. Restricted nonexpendable assets, which include endowments, and the related restricted expendable spending distributions totaled \$851,295, \$798,676, and \$751,557 at June 30, 2025, 2024, and 2023, respectively.

Unrestricted net position represents resources available to meet the Station's ongoing operational needs. Unrestricted net position increased by \$1,617,533 to \$6,106,959 in FY 2025, primarily driven by non-operating revenues of \$1,631,346.

In FY 2024, unrestricted net position increased by \$2,501,123 to \$4,489,426, largely due to a reduction in pension liability. This increase was further supported by a \$1,174,562 decrease in operating expenses, a \$320,000 datacasting collaboration with KRWG, and growth in membership revenue of \$659,989.

In FY 2023, unrestricted net position increased by \$1,515,750 to \$1,988,303, primarily attributable to higher bequest revenue received during the year.

RESULTS OF OPERATIONS

Operating revenues of \$8,729,669 in FY 2025 decreased modestly by 1.89% from FY 2024, reflecting relatively stable year-over-year performance. FY 2024 operating revenues of \$8,897,951 declined by 3.53% from FY 2023, primarily due to unusually high bequests in FY 2023 (\$1,092,475) compared to \$120,889 in FY 2024, partially offset by a \$659,989 increase in membership income.

Total operating expenses were \$8,826,967 in FY 2025, an increase of \$987,254 from \$7,839,713 in FY 2024, primarily due to higher pension expense (\$495,673) and non-payroll costs (\$466,633). In FY 2024, expenses of \$7,839,713 decreased by \$1,174,562 from \$9,014,275 in FY 2023, mainly driven by a \$1,330,543 reduction in pension expense.

FACTORS AFFECTING FUTURE PERIODS

The Station operating budget is heavily dependent on support from its members and from the business community.

KNME-TV
(A Department of the University of New Mexico)
Management's Discussion and Analysis

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, you may contact the Director of Finance and Administration at:

KNME-TV
1130 University Blvd. NE
Albuquerque, New Mexico 87102
(505) 277-2121



BASIC FINANCIAL STATEMENTS



KNME-TV
(A Department of the University of New Mexico)
Statements of Net Position

June 30,	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 11,563,566	\$ 11,021,621
Investments	3,073,485	2,908,839
Accounts receivable, net	279,298	293,779
Miscellaneous receivable	265,623	11,500
Lease receivable	25,198	26,629
Interest receivable	202	-
Grants receivable	17,644	30,603
Prepaid broadcast rights	701,269	617,980
Prepaid lease	7,894	7,894
Prepaid other	333,861	-
Other assets	1,269	1,496
Total current assets	16,269,309	14,920,341
Noncurrent assets		
Restricted investments	851,295	798,676
Lease receivable, net of current portion	41,091	-
Prepaid broadcast rights, net of current portion	1,237,799	346,750
Capital assets, net	2,229,329	2,316,666
Right to use assets, net	26,347	42,263
SBITA assets, net	16,494	32,578
Total noncurrent assets	4,402,355	3,536,933
Deferred outflows of resources		
Deferred outflows - pension	1,136,642	870,460
Deferred outflows - OPEB	130,255	241,182
Total deferred outflows of resources	1,266,897	1,111,642
Total assets and deferred outflows of resources	\$ 21,938,561	\$ 19,568,916

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

KNME-TV
(A Department of the University of New Mexico)
Statements of Net Position (Continued)

June 30,	2025	2024
Liabilities		
Current liabilities		
Accounts payable	\$ 1,748,417	\$ 208,645
Accrued expenses	286,014	252,536
Unearned revenue	3,005,436	2,873,668
Current portion of lease liability	14,962	14,234
Current portion of subscription liabilities	16,490	16,088
Total current liabilities	5,071,319	3,365,171
Noncurrent liabilities		
Net pension liability	6,549,225	6,588,017
Net other post-retirement benefits liability	436,592	509,135
Lease liabilities, less current maturities	13,066	28,030
Subscription liabilities, less current maturities	-	16,490
Total noncurrent liabilities	6,998,883	7,141,672
Total liabilities	12,070,202	10,506,843
Deferred inflows of resources		
Deferred inflows - pension	454,035	1,212,211
Deferred inflows - OPEB	110,709	119,955
Deferred inflows - leases	66,289	26,629
Total deferred inflows of resources	631,033	1,358,795
Net position		
Net investment in capital assets	2,227,652	2,316,665
Restricted		
Expendable	51,420	98,511
Nonexpendable	851,295	798,676
Unrestricted	6,106,959	4,489,426
Total net position	9,237,326	7,703,278
Total liabilities, deferred inflows of resources and net position	\$ 21,938,561	\$ 19,568,916

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

KNME-TV
(A Department of the University of New Mexico)
Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30,	2025	2024
Operating revenues		
Membership income	\$ 5,500,649	\$ 5,204,253
Business and industry contributions	356,347	438,315
Albuquerque Public Schools support	20,000	20,000
Corporation for Public Broadcasting grants	1,658,867	1,619,961
University of New Mexico administrative support	408,167	361,664
Other grants	125,741	509,887
Production services	277,920	334,300
Spectrum royalties and translator leases	249,645	244,134
Bequests	126,182	120,889
Video/DVD sales	683	1,151
Other	5,468	43,397
Total operating revenues	8,729,669	8,897,951
Operating expenses		
Program services		
Programming and production	2,587,632	2,662,415
Broadcasting and engineering	1,916,532	1,878,727
Promotions and public information	1,265,697	822,264
Total program services	5,769,861	5,363,406
Support services		
Management and general	947,649	627,113
Fundraising and membership	1,537,481	1,287,049
Underwriting and grant solicitation	69,016	67,843
Total support services	2,554,146	1,982,005
Depreciation and amortization	502,960	494,302
Total operating expenses	8,826,967	7,839,713
Operating (loss) income	(97,298)	1,058,238

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

KNME-TV

(A Department of the University of New Mexico)

Statements of Revenues, Expenses and Changes in Net Position (Continued)

For the years ended June 30,	2025	2024
Non-operating revenues (expenses)		
State of New Mexico appropriation	1,325,000	1,087,900
Interest income	24,747	30,962
Gain on investments	315,479	358,763
Transfers	(33,880)	(30,737)
Total non-operating revenues (expenses)	1,631,346	1,446,888
Change in net position	1,534,048	2,505,126
Net position, beginning of year	7,703,278	5,198,152
Net position, end of year	\$ 9,237,326	\$ 7,703,278

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

KNME-TV
(A Department of the University of New Mexico)
Statements of Cash Flows

<i>For the years ended June 30,</i>	2025	2024
Cash flows from operating activities		
Receipts from subscriptions	\$ 5,500,649	\$ 5,204,253
Receipts from other operating revenue	2,850,838	4,793,396
Receipts from business and industry contributions	356,347	438,315
Payments to suppliers for goods and services	(3,345,083)	(3,035,917)
Payments to employees	(4,690,910)	(4,653,468)
Net cash provided by operating activities	671,841	2,746,579
Cash flows from noncapital financing activities		
Cash received from State of New Mexico appropriation	1,325,000	1,087,900
Payments on prepaid broadcast rights	(1,128,030)	(1,190,025)
Transfers	(33,880)	(30,737)
Net cash provided by (used in) noncapital financing activities	163,090	(132,862)
Cash flows from capital financing activities		
Payments on lease liabilities	(14,236)	(17,971)
Payments on subscription liabilities	(16,088)	(16,493)
Purchase of capital assets	(385,623)	(334,454)
Net cash (used in) capital financing activities	(415,947)	(368,918)
Cash flows from investing activities		
Purchase of investments	(346,419)	(518,274)
Proceeds from sale of investments	129,154	314,938
Investment income, net	340,226	389,725
Net cash provided by investing activities	122,961	186,389
Net change in cash and cash equivalents	541,945	2,431,188
Cash and cash equivalents, beginning of year	11,021,621	8,590,433
Cash and cash equivalents, end of year	\$ 11,563,566	\$ 11,021,621

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

KNME-TV
(A Department of the University of New Mexico)
Statements of Cash Flows (Continued)

<i>For the years ended June 30,</i>	2025	2024
Operating (loss) income	\$ (97,298)	\$ 1,058,238
Reconciliation of operating (loss) income to net cash provided by operating activities		
Depreciation expense	470,960	459,837
Loss on disposal of capital assets	2,000	3,433
Amortization of broadcast rights	153,692	1,072,355
Amortization of leases and SBITA	32,000	34,465
Changes in assets and liabilities		
Accounts receivable, net	14,481	(123,807)
Miscellaneous receivable	(254,123)	(11,500)
Interest receivable	(202)	190
Grants receivable	12,959	(30,603)
Lease receivable	(39,660)	59,980
Prepaid other	(333,861)	-
Other assets	227	(146)
Accounts payable	1,539,772	140,631
Accrued expenses	33,478	15,102
Unearned revenue	131,768	1,643,899
Deferred inflows - leases	39,660	(59,980)
Net pension liability	(38,792)	307,304
Net other post-retirement benefits liability	(72,543)	64,427
Deferred inflows and outflows - pension	(1,024,358)	(1,825,747)
Deferred inflows and outflows - OPEB	101,681	(61,499)
Net cash provided by operating activities	\$ 671,841	\$ 2,746,579

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

KNME-TV
(A Department of the University of New Mexico)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KNME-TV (the Station) is an unincorporated entity operating under a co-license issued in 1958 by the Federal Communications Commission (FCC) to the University of New Mexico (UNM) and Albuquerque Public Schools (APS) and is administered under a 1968 (and amended in 1978) Joint Powers agreement between UNM and APS. The Station is a department of UNM and receives significant grants from the Corporation for Public Broadcasting (CPB) on an annual basis, which was used during the years ended June 30, 2025 and 2024, in large part, to pay Public Broadcasting Service (PBS) dues. The CPB is a private, nonprofit corporation created by Congress in 1967. Its mission is to facilitate the development of, and ensure universal access to, noncommercial high-quality programming and educational telecommunications services. The Station also receives funding from the State of New Mexico.

The Station is a department of UNM and reported upon as a part of the basic financial statements of UNM. Additional information regarding the University of New Mexico may be obtained directly from their administrative office as follows: 1 University of New Mexico, MSC01 1300, Albuquerque, NM 87131. These financial statements include those activities and functions related to the Station which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of UNM, taken as a whole in accordance with generally accepted accounting principles (GAAP).

Reporting Entity

In evaluating how to define the Station, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the nomination and voting on income board members, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

KNME-TV
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Station has no component units required to be included in these financial statements.

Basis of Accounting and Financial Statement Presentation

As a department of UNM, the Station presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). The Station applies the business-type activity accounting and the Station's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The significant accounting policies utilized by the Station in the preparation of the financial statements are described below.

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position

Cash and Cash Equivalents and Investments

The Station's cash and investment balances are on deposit with its fiscal agent. UNM serves as the fiscal agent for the Station through which the Station participates in a pooled account maintained by UNM. As fiscal agent, UNM requires the financial institution holding these pooled funds to maintain minimum collateral amounts. Interest is allocated monthly to the Station's account based on its balance in the pooled bank account at the end of the preceding month. Custodial risk classifications are not available at the departmental level. For purposes of the statements of cash flows, the Station considers all restricted and unrestricted cash accounts and all highly liquid securities and investments with an original maturity of three months or less to be cash equivalents.

KNME-TV
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position (Continued)

Certain revenue and expense accounts include noncash activity, which has been excluded from operating revenues and expenses in the statements of cash flows. At June 30, 2025 and 2024, the Station's cash and cash equivalents balance was \$11,563,566 and \$11,021,621, respectively.

In accordance with UNM and the Foundation's Memorandum of Agreement, the endowment assets of the Station are commingled for investment purposes whenever possible in the Consolidated Investment Fund (CIF). At June 30, 2025 and 2024, the Station's portion of CIF and related spending accounts were \$3,924,780 and \$3,707,515 (\$851,295 and \$798,676, restricted), respectively. UNM has established a CIF Endowment and Management Investment Policy for authorizing and spending investment income.

The deposits and investments of the Station are exposed to certain inherent risks, such as credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The deposits and investments with the CIF endowment fund are exposed to risks that have the potential to result in losses. Those risks and their definitions are:

- Credit risk – the risk an insurer or counterparty to an investment will not fulfill its obligation.
- Custodial risk – the risk that, in the case of default by the counterparty, a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party.
- Concentration risk – the risk of loss attributable to the size of a government's investment in a single issuer.
- Interest rate risk – the risk that changes in interest rates will adversely affect the fair value of investments.
- Foreign currency risk – the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment.

As UNM serves as the fiscal agent for the Station through which the Station participates in a pooled CIF maintained by UNM, the amounts reported represent UNM's best estimate of fair value of investments. UNM has established methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at amortized cost. Details of the CIF can be found in the audited financial statements of UNM located at www.unm.edu.

Accounts Receivable

Accounts receivable represent the amount earned based on existing terms under license agreements but uncollected on accrued royalties earned from customers. Accounts receivable are carried at original amount billed less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis.

KNME-TV
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position (Continued)

Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. There was an allowance for doubtful accounts of \$51,666 and \$43,006 as of June 30, 2025 and 2024, respectively.

Grants Receivable and Revenue

Grants receivable represents the unfunded portion of awards earned by the Station. Management believes these amounts to be fully collectible and, therefore, has provided no allowance for doubtful grant accounts as of June 30, 2025 and 2024.

The 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. 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, protection of donor list, and licensee status with the FCC.

According to the Communications Act, CSG 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.

Lease Receivables and Payables and Deferred Inflows of Resources

The Station is a lessee and lessor for numerous noncancelable leases. For leases with a maximum possible term of 12 months or less at commencement (short term), the Station recognizes expense based on the provisions of the lease contract. For the years ended June 30, 2025 and 2024, the Station had equipment rent expense of \$49,878 and \$39,437, respectively, for these short-term leases.

Initial measurement of the lease receivable amount is calculated at the present value of payments expected to be received during the lease term, discounted using the Station's incremental borrowing rate. Leases for which the Station is the lessor are discounted by the incremental borrowing rate, with anticipated payments being recorded as a deferred inflow of resources, amortized on a straight-line basis over the term of the lease.

KNME-TV
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position (Continued)

Broadcast Rights

The Station acquires broadcast rights for programs or a series of programs produced for public television. The cost of these rights is amortized using the straight line method based on the number of future broadcasts estimated by management over their remaining contractual lives.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, software and furniture, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Information technology equipment including software is being capitalized for assets with a useful life of greater than one year in accordance with 2.20.1.9(C)(5) NMAC (9-30-99, recompiled 10/01/01).

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction. There was no interest expense capitalized by the Station during the current fiscal year. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the Station are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Equipment	3-15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position (Continued)

The Station has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows - pension* and the *deferred outflows - OPEB*, both reported in the statement of net position. The deferred outflows related to pensions and OPEBs are an aggregate of items related to pensions and OPEB, respectively, as calculated in accordance with GASB Codification Section P20: *Pension Activities - Reporting for Benefits Provided through Trusts That Meet Specified Criteria* and GASB Section P50: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts That Meet Specific Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense, respectively, or a reduction in the net pension liability or net OPEB liability, respectively, in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Station has three (3) items that qualify for reporting as deferred inflows of resources. The *deferred inflows - pension* and the *deferred inflows - OPEB* are an aggregate of items related to pensions and OPEBs, respectively, as calculated in accordance with GASB Codification Section P20: *Pension Activities - Reporting for Benefits Provided through Trusts That Meet Specified Criteria* and GASB Section P50: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts That Meet Specific Criteria*. The deferred inflows related to pensions and OPEBs will be recognized as a reduction to pension and OPEB expense, respectively, in future reporting years. The amounts are further detailed in Notes 11 and 12. For additional discussion about the deferred inflow of resources due to leases, see *Lease Receivables and Payables and Deferred Inflows of Resources* section above.

Compensated Absences

Station policy grants eligible employees' various forms of compensated absences. In accordance with GASB Statement No. 101, the Station elected to use the First-In, First-Out (FIFO) method to estimate the liability for compensated absences which the Station adopted in fiscal year 2025 without material impact to the basic financial statements. The Station accrued a liability for compensated absences when the leave is earned by the employee, and it is more likely than not that the leave will be used or paid out to the employee. The liability is measured at the employee's pay rate in effect at the financial statement date and includes the Station's share of associated costs such as Social Security, Medicare, and applicable retirement contributions. The Station does not accrue for compensated absences related to sporadic events affecting only a small portion of employees in a particular reporting period (parental leave, holidays, military leave, bereavement leave, catastrophic leave, jury duty and family and medical leave (FMLA)). Additional details regarding the Station's compensated absences policies and liability are provided in Note 8.

KNME-TV
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, 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 Station participates in the University of New Mexico Retiree Welfare Benefit Trust ("VEBA Trust") which is a voluntary employees' beneficiary association ("VEBA"). The VEBA Trust was established to provide a funding vehicle to which participants and the Station contribute to prefund, in part, the cost of other postemployment benefits ("OPEB") for eligible retirees of UNM including the Station retirees.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the VEBA Trust and additions to/deductions from the VEBA Trust's fiduciary net position have been determined on the same basis as they are reported by the VEBA Trust. For this purpose, the VEBA Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Subscription-Based Information Technology Arrangements (SBITAs)

The Station recognizes SBITAs that have a term exceeding one year and the cumulative future payments on the contract exceed \$5,000 that meet the definition of an other than short-term SBITA. The Station uses a discount rate comparable to that available to the Station through banking institutions. Short-term subscription payments are expensed when incurred.

Unearned Revenue

Unearned revenue represents cash advances received from third parties, which have eligibility requirements. The unearned revenue will be recognized as revenue once the eligibility requirement has been met.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position (Continued)

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Station does not have any debt.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted *expendable* net position is resources that the Station is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted *nonexpendable* net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to the principal.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Station’s policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Revenues and Expenses

Operating and nonoperating revenues and expenses - The Station distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Station's principal ongoing operations. The principal operating revenues of the Station are memberships and underwriting fees. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Membership and underwriting revenue – The Station receives membership contributions and support which are recognized when cash, other assets, an unconditional promise to give or notification of a beneficial interest is received. The Station also negotiates the amount and placement of underwriting spots in the broadcast day for revenue generation with various local businesses, nonprofits, and governmental entities.

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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (Continued)

Indirect administrative support - The Station uses the Standard Method, which is a method developed and approved by CPB to compute indirect administrative support. The Station receives indirect administrative, custodial, and utility expense support from UNM. The amount of support, recorded as both revenue and expenses. Which is determined by calculating an indirect cost rate, and multiplying it by the Station's total direct costs (expenses) for the given fiscal year. The indirect cost rate is calculated by taking UNM and APS' total operating expenses (for the most recent fiscal year), dividing them by their total operating expenses less institutional and physical plant support. Additional detailed information may be found in Note 10.

Grant revenue - The 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. According to the Communications Act, CSG funds may be used at the discretion of recipients for purposes relating primarily to programming, educational content and outreach activities, broadcast, transmission, distribution, and the associated administrative expenses. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. The station is also awarded various other grants from year to year relating to its' business purpose.

Spectrum royalties and translator leases – The Station has entered into long-term royalty contracts and annually renewable lease agreements. Revenue is recognized in accordance with the contract terms.

Certain general provisions must be satisfied in connection with the 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 list, and licensee status with the FCC.

Income Taxes

In the exercise of its essential governmental functions, the income generated by UNM and the Station, as a department of UNM, is excluded from federal income tax under Internal Revenue Code (IRC) Section 115. However, income generated from activities unrelated to the exempt purpose of the Station would be subject to tax under IRC Section 511(a)(2)(B).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Station is management's estimate of depreciation on assets over their estimated useful lives, amortization of leases and subscription-based information technology arrangements, allowance for doubtful accounts and the calculation of compensated absences.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 23, 2026. See Note 14 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

During the fiscal year ended June 30, 2025, the Station adopted GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. The implementation of these statements did not have a significant impact on the Station because the activities of the Station were not affected by the statements in a material manner.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2022, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

In October 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

KNME-TV
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Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement No. 105, *Subsequent Events*. The primary objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026.

The Station is evaluating the requirements of the above statements and the impact on reporting.

Note 2: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<u>As of June 30,</u>	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 217,464	\$ 268,448
Interdepartmental receivable	113,500	68,337
Less allowance for uncollectible accounts	<u>(51,666)</u>	<u>(43,006)</u>
Total accounts receivable, net	\$ 279,298	\$ 293,779

Note 3: PREPAID BROADCASTING RIGHTS

As a normal course of business, the Station pays for rights to broadcast programming in advance. At June 30, 2025 and 2024, the current and noncurrent portion of the prepaid broadcast rights was as follows:

<u>As of June 30,</u>	<u>Current</u>	<u>Noncurrent</u>
2025	\$ 701,269	\$ 1,237,799
2024	617,980	346,750

Note 4: PREPAID LEASE

During 2002, the Station entered into a 20-year lease for digital tower facilities, which has been accounted for as an operating lease. The terms of the lease provide an option for the Station to continue the tower leases for an additional two consecutive 10-year periods. At inception, the Station prepaid the entire lease in the amount of \$787,500. At June 30, 2025 and 2024, the prepaid lease was \$7,894 and \$7,894, respectively.

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Notes to Financial Statements

Note 5: CAPITAL ASSETS

The following is a summary of changes in capital assets during the years ended June 30, 2025 and 2024:

	June 30, 2024	Additions	Deletions	June 30, 2025
Assets being depreciated and amortized				
Buildings	\$ 890,513	\$ -	\$ -	\$ 890,513
Equipment	5,767,367	385,623	(320,489)	5,832,501
Right to use assets	88,741	-	-	88,741
Subscription based assets	78,582	-	-	78,582
Total assets being depreciated and amortized	6,825,203	385,623	(320,489)	6,890,337
Less accumulated depreciation and amortization				
Buildings	(890,513)	-	-	(890,513)
Equipment	(3,450,701)	(470,960)	318,489	(3,603,172)
Right to use assets	(46,478)	(15,916)	-	(62,394)
Subscription based assets	(46,004)	(16,084)	-	(62,088)
Total accumulated depreciation and amortization	(4,433,696)	(502,960)	318,489	(4,618,167)
Total assets being depreciated and amortized, net	2,391,507	(117,337)	(2,000)	2,272,170
Net capital assets	\$ 2,391,507	\$ (117,337)	\$ (2,000)	\$ 2,272,170

KNME-TV
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Notes to Financial Statements

Note 5: CAPITAL ASSETS (Continued)

	June 30, 2023	Additions	Deletions	Transfers	June 30, 2024
Assets not being depreciated					
Construction in progress	\$ 583,002	\$ 166,998	\$ -	\$ (750,000)	\$ -
Total assets not being depreciated	583,002	166,998	-	(750,000)	-
Assets being depreciated and amortized					
Buildings	890,513	-	-	-	890,513
Equipment	4,860,751	167,456	(10,840)	750,000	5,767,367
Right to use assets	88,741	-	-	-	88,741
Subscription based assets	45,862	32,720	-	-	78,582
Total assets being depreciated and amortized	5,885,867	200,176	(10,840)	750,000	6,825,203
Less accumulated depreciation and amortization					
Buildings	(890,513)	-	-	-	(890,513)
Equipment	(2,998,271)	(459,837)	7,407	-	(3,450,701)
Right to use assets	(29,038)	(17,440)	-	-	(46,478)
Subscription based assets	(29,511)	(16,493)	-	-	(46,004)
Total accumulated depreciation and amortization	(3,947,333)	(493,770)	7,407	-	(4,433,696)
Total assets being depreciated and amortized, net	1,938,534	(293,594)	(3,433)	750,000	2,391,507
Net capital assets	\$ 2,521,536	\$ (126,596)	\$ (3,433)	\$ -	\$ 2,391,507

Depreciation expense was \$470,960 and \$459,837, respectively, for the years ended June 30, 2025 and 2024. Amortization expense for right-to-use lease assets was \$15,916 and \$17,440 for the years ended June 30, 2025 and 2024, respectively. Amortization expense for subscription based assets was \$16,084 and \$16,493, for the years ended June 30, 2025 and 2024, respectively.

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Notes to Financial Statements

Note 6: LEASES

The Station as Lessor. The Station is the lessor of two properties under operating lease agreements. The first lease had a discount rate of 3.78% and started in fiscal year 2025 with a lease term of 36 months, monthly payment amounts of \$2,239, and total annual rent payments for the fiscal year ended June 30, 2025 were \$14,434. The second lease was paid off during the year and had a discount rate of 3.78% and started in fiscal year 2022 with a lease term of 36 months, monthly payment amounts of \$4,477, and total annual rent payments for the fiscal year ended June 30, 2025 were \$26,862.

A summary of changes in the deferred inflow of resources related to leases during the years ended June 30, 2025 and 2024 is as follows:

	June 30, 2024	Additions	Deletions	June 30, 2025	Current
Deferred inflows - leases	\$ 26,629	\$ 78,584	\$ (38,924)	\$ 66,289	\$ 25,198

	June 30, 2023	Additions	Deletions	June 30, 2024	Current
Deferred inflows - leases	\$ 86,609	\$ -	\$ (59,980)	\$ 26,629	\$ 26,629

A summary of changes in the lease receivable during the years ended June 30, 2025 and 2024 is as follows:

	June 30, 2024	Additions	Deletions	June 30, 2025	Current
Lease receivable	\$ 26,629	\$ 78,584	\$ (38,924)	\$ 66,289	\$ 25,198

	June 30, 2023	Additions	Deletions	June 30, 2024	Current
Lease receivable	\$ 86,609	\$ -	\$ (59,980)	\$ 26,629	\$ 26,629

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2025:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2026	\$ 25,198	\$ 2,072	\$ 27,270
2027	26,997	1,089	28,086
2028	14,094	156	14,250
Total	\$ 66,289	\$ 3,317	\$ 69,606

KNME-TV
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Notes to Financial Statements

Note 6: LEASES (Continued)

The Station as Lessee. The Station is a lessee for three non-cancelable leases. The first lease had a discount rate of 2.00% and started in fiscal year 2020 with a lease term of 282 months, monthly payment amounts of \$24, and total annual rent payments for the fiscal year ended June 30, 2025 were \$288. The second lease had a discount rate of 1.45% and started in fiscal year 2020 with a lease term of 114 months, monthly payment amounts of \$132, and total annual rent payments for the fiscal year ended June 30, 2025 were \$1,587. The third lease had a discount rate of 4.20% and started in fiscal year 2022 with a lease term of 51 months, monthly payment amounts of \$1,129, and total annual rent payments for the fiscal year ended June 30, 2025 were \$13,547.

For leases with a maximum possible term of 12 months or less at commencement (short term), the Station recognizes expense based on the provisions of the lease contract. For leases that are not short-term, the Station recognizes a lease liability and an intangible right-to-use (RTU) lease asset.

A summary of changes in the related lease liability during the years ended June 30, 2025 and 2024 is as follows:

	June 30, 2024	Additions	Deletions	June 30, 2025	Current
Lease liabilities	\$ 42,264	\$ -	\$ (14,236)	\$ 28,028	\$ 14,962

	June 30, 2023	Additions	Deletions	June 30, 2024	Current
Lease liabilities	\$ 71,040	\$ -	\$ (28,776)	\$ 42,264	\$ 14,234

Initial measurement of the lease receivable/payable amount is calculated at the present value of payments expected to be received/paid during the lease term, and discounted using the Station's incremental borrowing rate. Leases for the Station as a lessee that are accounted for under this standard are capitalized as a right to use asset and lease payable discounted by the incremental borrowing rate.

For lease agreements where the Station is the lessee, there have been no outflows of resources recognized in the reporting periods for variable payments not previously included in the measurement of the lease liability.

The Station is not party to any lease agreements where the Station is the lessor with terms which would affect deferred inflow of resources, such as variable payments, early termination payments, or residual value guarantees.

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Note 6: LEASES (Continued)

Minimum Lease Payment

The following is a schedule of future minimum lease payments for the Station as a lessee as of June 30, 2025.

<i>For the years ending June 30,</i>	Principal		Interest		Total
2026	\$	14,962	\$	623	\$ 15,585
2027		5,127		175	5,302
2028		1,750		125	1,875
2029		1,776		99	1,875
2030		1,008		73	1,081
Thereafter		3,405		483	3,888
Total	\$	28,028	\$	1,578	\$ 29,606

Note 7: SUBSCRIPTION LIABILITIES

The Station has one software arrangement that requires recognition under GASBS No. 96. The Station recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use subscription asset for this software. The Station used a 3.37% discount rate for this arrangement based on the long term average for 3-year treasury rates. There are no residual value guarantees in the agreements.

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	June 30, 2024		Additions		Deletions		June 30, 2025	
Subscription liabilities	\$	32,578	\$	-	\$	(16,088)	\$	16,490

	June 30, 2023		Additions		Deletions		June 30, 2024	
Subscription liabilities	\$	16,351	\$	33,129	\$	(16,902)	\$	32,578

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Note 7: SUBSCRIPTION LIABILITIES (Continued)

The following is a schedule of minimum future payments from subscription agreements as of June 30, 2025.

<i>For the years ending June 30,</i>	Principal	Interest	Total
2026	\$ 16,490	\$ 412	\$ 16,902
Total	\$ 16,490	\$ 412	\$ 16,902

Note 8: COMPENSATED ABSENCES

The Station had a liability for compensated absences as of June 30, 2025 as follows:

Compensated absences – beginning of year	\$ 252,420
Net change	33,522
Compensated absences – end of year	\$ 285,942

Compensated absences are included in accrued expenses on the statement of net position as of June 30, 2025 and 2024. Compensated absences are 100% current as of June 30, 2025 and 2024.

Note 9: ROYALTIES

On October 17, 2006, the Station entered into a long-term de facto agreement with People’s Choice TV of Albuquerque, Inc., a wholly owned subsidiary of Sprint Nextel Corporation (Sprint). The agreement allows Sprint to use the Station’s excess capacity of the spectrum, as permitted pursuant to FCC Rules, for use in wireless telecommunications services, and takes advantage of the increased flexibility afforded under rules and policies adopted by the FCC. The objective of the agreement is to promote a substantial reconfiguration of the transmission system to permit a more efficient use of the EBS and BRS spectrums.

The agreement specifies an initial term of 10 years, with annual payments from Sprint totaling \$136,000 per year, and options for two additional terms of 10 years each. A “One Time Royalty Fee” of \$3,500,000 was received in fiscal year 2007 with additional \$1,000,000 payment on the 5th anniversary and a \$500,000 payment on the 9th anniversary. All payments are being amortized on a straight-line basis by the Station over the life of the initial lease. “Monthly Royalty Fees” totaling \$138,000, were received during fiscal years 2025 and 2024 pursuant to the agreement. The agreement was renewed for its first additional 10-year term May 1, 2017, with the next renewal date being April 23, 2027.

Note 10: RELATED PARTY TRANSACTIONS

UNM administrative support - UNM administrative support is based on allocation of actual indirect costs from UNM; the related expenses are recorded as support services. This method of reporting indirect costs conforms to current CPB guidelines. During the years ended June 30, 2025 and 2024, UNM contributed \$408,167 and \$361,664, respectively.

Albuquerque Public Schools support – During each of the years ended June 30, 2025 and 2024, Albuquerque Public Schools contributed funding of \$20,000 toward the Station’s operating budget.

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD

General Information about the Pension Plan

Plan description - The New Mexico Educational Retirement Act (“ERA”) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB’s annual comprehensive financial report. The report can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html. The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-55, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a nine-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

General Information about the Pension Plan (Continued)

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives, the New Mexico Activities Association, and certain employees at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Benefits provided - A member's retirement benefit is determined by a formula, which includes three component parts: (1) the member's final average salary (FAS), (2) the number of years of service credit, and (3) a multiplier, which for those who began employment prior to July 1, 2019, is 0.0235. The multiplier is variable for those who began work after July 1, 2019. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows: www.nmrhca.org.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and allowable service credit add up to the sum of 75 or more and those who retire under the age of 60, and who have fewer than 25 years of earned service credit will receive reduced retirement benefits; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010, and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010, and before July 1, 2013, or at any time prior to that date was refunded all member contributions and then became, or becomes, reemployed after July 1, 2010 is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013, but terminated employment and subsequently withdrew all contributions and returned to work for an NMERB employer on or after July 1, 2013. These members must meet one of the following requirements: the member's minimum age is 55 and has earned 30 or more years of service credit and those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55; the member's age and earned service credit add up to the sum of 80 or more and those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits; or the member's age is 67 and has earned five or more years of service credit.

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

General Information about the Pension Plan (Continued)

Section 22-11-23.3, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2019, or who were employed before July 1, 2019, but terminated employment and subsequently withdrew all contributions and returned to work for an NMERB employer on or after July 1, 2019. These members must meet one of the following requirements: the member is any age and has thirty or more years of earned service credit; or the member is at least 67 years of age and has 5 or more years of earned service credit; or the sum of the member's age and years of earned service credit equals at least eighty.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

While the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year.

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of the Final Average Salary (FAS) times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied.

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

General Information about the Pension Plan (Continued)

Contributions - The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Colleges and universities contributed 10.90% of participating employees' gross salary and 7.25% of the employees' gross salary to NMERB, for a total of 18.15%. For the fiscal year ended June 30, 2024 plan members are required to contribute 10.70% of their gross salary. NMERB is required to contribute 18.15% of the gross covered salary. Plan members whose annual salary is \$24,000 or less are required to contribute 7.90% of their gross salary. Plan members whose annual salary exceeded \$24,000 are required to contribute 10.70% of their gross salary. Employers contribute 18.15% of the gross covered salary for employees whose annual salary was \$24,000 or less, and 18.15% of the gross covered salary for employees whose salary exceeded \$24,000. Contributions to the pension plan from the Station was \$571,906 and \$579,087, respectively, for the years ended June 30, 2025 and 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Station reported net pension liability of \$6,549,225 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2024 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2024.

At June 30, 2024, the Station reported net pension liability of \$6,588,017 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023 using generally accepted actuarial principles.

The Station's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2024. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2024, the Station's proportion was 0.07586 percent, which was an increase of 0.0013 percent from its proportion measured as of June 30, 2023. At June 30, 2023, the Station's proportion was 0.07458 percent, which was a decrease of 0.002622 percent from its proportion measured as of June 30, 2022.

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Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the years ended June 30, 2025 and 2024, the Station recognized a pension (benefit) of (\$1,063,150) and (\$1,534,131), respectively.

At June 30, 2025 and 2024, the Station reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 534,053	\$ 14,520
Investment experience	-	198,388
Changes in assumptions	-	171,638
Changes in proportion	30,683	69,489
Contributions subsequent to the measurement date	571,906	-
Total	\$ 1,136,642	\$ 454,035

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,733	\$ 59,568
Investment experience	-	41,271
Changes in assumptions	-	977,645
Changes in proportion	104,640	133,727
Contributions subsequent to the measurement date	579,087	-
Total	\$ 870,460	\$ 1,212,211

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Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$571,906 reported as deferred outflows of resources related to pensions resulting from the Station's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

\$579,087 reported as deferred outflows of resources related to pensions resulting from the Station's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows as of June 30, 2025:

<i>For years ending June 30,</i>	
2026	\$ (143,080)
2027	310,760
2028	(3,263)
2029	(53,716)
Total	\$ 110,701

The total pension liability, net pension liability, and certain sensitivity information were based on an actuarial valuation performed as of June 30, 2023. The total pension liability was rolled forward from the valuation date to June 30, 2024 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2024. For purposes of projecting future benefits, it is assumed that the full COLA will be paid in all future years.

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Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized over a closed 30-year period from June 30, 2019, ending June 30, 2049
Asset Valuation Method	5-year smoothed market
Inflation	2.30%
Salary Increase	Composed of 2.30% inflation, plus 0.70% productivity increase rate, plus step-rate promotional increases for less than 15 years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates based on age and service. Adopted by the Board on April 17, 2020, in conjunction with the six-year experience study for the period ending June 30, 2019.
Mortality	Healthy males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. Healthy females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
Other information: Notes	A new set of assumptions was adopted for the June 30, 2024 actuarial valuation and will be first reflected with the ADEC determined for the fiscal year ending 2025.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.); 2) application of key economic projections (inflation, real growth, dividends, etc.); and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

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Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the asset allocation policy adopted in December 2022 as well as the prior allocation policy targets.

Asset Class	Allocation	Policy Target
Equities		
<i>Domestic Equities</i>		
Large cap equities	13.6%	15.0%
Small-mid cap equities	3.2%	4.0%
Total domestic	16.8%	19.0%
<i>International Equities</i>		
Developed markets	4.4%	5.0%
Emerging markets	4.5%	4.0%
Total international equities	8.9%	9.0%
Total equities	25.7%	28.0%
Fixed Income		
Core fixed income	4.8%	6.0%
Opportunistic credit	16.9%	18.0%
Emerging markets debt	0.0%	0.0%
Total fixed income	21.7%	24.0%
Alternatives		
Global asset allocation	1.7%	2.0%
Other diversifying assets	6.3%	8.0%
REITs	0.9%	0.0%
Private real estate	8.3%	8.0%
Private equity	22.4%	17.0%
Inflation-linked assets	11.3%	12.0%
Total alternatives	50.9%	47.0%
Cash	1.7%	1.0%
Total	100.0%	100.0%

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Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate - A single discount rate of 7% was used to measure the total pension liability as of June 30, 2024. This single discount rate was based on the expected rate of return on pension plan investments of 7%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, 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.

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, 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.

Sensitivity of the Station's proportionate share of the net pension liability to changes in the discount rate - The following tables shows the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2025 and 2024. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the single discount rate.

	June 30, 2025		
	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Proportionate share of the net pension liability	\$ 9,005,551	\$ 6,549,225	\$ 4,516,317

	June 30, 2024		
	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Proportionate share of the net pension liability	\$ 8,932,693	\$ 6,588,017	\$ 4,243,341

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for the year ended June 30, 2024, which is publicly available at www.nmerb.org.

Payables to the pension plan - The Station remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld.

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the Other Post-Employment Benefits Plan

Plan Description - Substantially all of the Station's full-time employees are provided with other post-employment benefits (OPEB) through the University of New Mexico Retiree Welfare Benefit Plan (VEBA Plan) – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the Station. The Plan is administered by The University of New Mexico Retiree Welfare Benefit Trust (VEBA Trust). The University is the fiduciary of the VEBA Trust, and the VEBA Trust's financial statements and required supplementary information are included in the University's financial report.

Management of the VEBA Plan is vested in the VEBA Trust's VEBA Committee, which consists of nine members:

- UNM Controller or Designee
- UNM Vice President of Human Resources or Designee
- Two Faculty Appointees (appointed by the UNM President)
- Two Staff Appointees (appointed by the UNM President)
- Member of the Debt Investment Advisory Committee (ex-officio, appointed by the UNM President)
- Two UNM Presidential Appointees

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

General Information about the Other Post-Employment Benefits Plan (Continued)

Plan membership: In order for a retiree of the Station to be eligible for OPEB other than basic life insurance, the employee must have been hired prior to July 1, 2015 and contribute to the VEBA Trust for at least five continuous years immediately prior to retirement. If hired prior to July 1, 2013 and retired prior to July 1, 2018, employees must have continually contributed to the VEBA Trust. Employees were automatically enrolled into the VEBA Trust upon its establishment unless they requested to opt out. Opportunities to opt out will occur annually during the benefits open enrollment period. Employees hired on or after July 1, 2015 are not eligible for OPEB other than basic life insurance. Contributions to the VEBA Trust are not required for the basic life insurance benefit since these benefits are not funded through the VEBA Trust.

At January 1, 2025, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	3,670
Active plan members	7,906
<hr/>	
Total plan members	11,576
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Of the 7,906 active employees, 2,325 were contributing to the VEBA Trust. The remaining 5,671 would only be eligible for the retiree life insurance benefit.

Benefits provided: The VEBA Plan provides health, dental, and life insurance coverage to eligible retirees and their covered dependents. Eligible retirees of the Station receive healthcare coverage through a self-insured medical plan, including prescription drugs, administered through UNM LoboHealth (administered by UNM Team Health and BCBS of NM) and Presbyterian Health Plan. Prescription drug benefits are administered by Express Scripts, Inc. Eligible Medicare retirees receive healthcare coverage through one of seven fully insured medical and prescription drug plans: Humana PPO, Aetna PPO ESA, Blue Cross Blue Shield HMO I (Enhanced), Blue Cross Blue Shield HMO II (Standard), Presbyterian Select HMO-POS, Presbyterian Premier HMO-POS, and UHC AARP supplement. Eligible retirees are also offered one of two dental insurance benefit options: Premier High Option and PPO Low Option. Basic life insurance benefits are available to retirees of the Station without the requirement to opt in to the VEBA Trust. The authority to establish and amend the benefit provisions rests with the Board of Regents.

Retiree Contributions: The contribution requirements of VEBA Plan members and the Station are established and may be amended by the Board of Regents. Retiree contributions for medical and dental insurance are required for both retiree and dependent coverage. Retirees are required to pay the full premiums less a subsidy provided by the University. The contribution percentage to premiums for retirees 65 years of age and over is determined by service credits paid into the VEBA as of January 1, 2025 and 2024, as follows:

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Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

General Information about the Other Post-Employment Benefits Plan (Continued)

65+ Retirees			
Number of VEBA Service Credit Years Contributed		UNM	Retiree
5-9		10%	90%
10-14		15%	85%
15-19		20%	80%
20-24		25%	75%
Grandfathered with 25+ Service Credits		30%	70%

The contribution percentage to premiums for retirees under the age of 65 is determined by service credits paid into the VEBA and their preretirement annual salary as of January 1, 2025 and 2024, as follows:

Number of VEBA Service Credit Years Contributed	Pre-65 Retirees						
	Less than \$25,000		\$25,000 - \$34,999		\$35,000 and above		
	UNM	Retiree	UNM	Retiree	UNM	Retiree	
5-9	25%	75%	20%	80%	15%	85%	
10-14	30%	70%	25%	75%	20%	80%	
15-19	35%	65%	30%	70%	25%	75%	
20-24	40%	60%	35%	65%	30%	70%	
Grandfathered with 25+ Service Credits		60%	40%	50%	50%	40%	60%

Retiree contributions for basic life insurance coverage are 60% of the premium prior to age 65 and 70% of the premium after the age of 65.

Benefits-eligible employees, who do not opt-out of the VEBA Trust, contribute 0.75% of their salary to the VEBA Trust in order to ensure that the health benefits continue into retirement. The Station matches the 0.75% contribution made by the employee. Employees who opt out have a one-time opportunity to opt-in 5 years after they opted out.

The Station's contributions to the plan totaled and \$36,148 and \$29,106 for the years ended June 30, 2025 and 2024, respectively.

Investments

Investment policy: The VEBA Trust's policy in regard to the allocation of invested assets was established and may be amended by the VEBA Committee. The long-term objective of the VEBA Trust is to earn a return sufficient to preserve the purchasing power of the VEBA Trust to fund retirement benefits for contributing employees.

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Investments (Continued)

Rate of return: For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on investments, net of investment expense, were 14.60 percent and 11.32 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Station

The Net OPEB Liability was measured as of June 30, 2025 and 2024, respectively. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations as of June 30, 2025 and 2023, respectively. At June 30, 2025 and 2024 the Station reported a liability of \$436,592 and \$509,135, respectively, for its proportionate share of the net OPEB liability. The Station's proportionate share is calculated using the Station's eligible payroll as percentage of all eligible payroll subject to the VEBA plan.

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of January 1, 2025 using a measurement date of June 30, 2025. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.00%
Investment rate of return	6.00%
Discount Rate	5.78%
Healthcare cost trend rates	Non-Medicare Medical: 8.50% graded down to 4.50% over 16 years; Medicare Supplement: 6.25% graded down to 4.50% over 7 years; MAPD: 6.00% for 5 years, then 5.75% graded down to 4.50% over 5 years; Dental: 4.00%

The mortality, retirement, disability, turnover, and salary increase assumptions are based on the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2024.

Determination of Discount Rate and Investment Rates of Return: The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin.

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Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability of the Station (Continued)

Prior to fiscal year 25, the discount rate was determined by blending the University’s long-term rate of return assumption on VEBA Trust assets and the interest rate reported under the 20-Year Municipal Bond Index. GASB 75 requires the use of a long-term rate of return on assets to be used for discounting payments in periods where the plan’s fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in those periods, and the use of the 20-Year Municipal Bond Index for discounting payments in other periods. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was used for the 20-Year Municipal Bond Index, based on this index rate that is reported on the last Friday prior to the measurement date. A blended discount rate was calculated based on separating the projected future payments between retiree medical and retiree life insurance benefits. The VEBA Trust assets were projected using the expected employer and employee payroll contributions and the expected long-term rate of return. Retiree medical payments from the VEBA Trust were assumed to begin when the future projected benefit payments are projected to be fully-funded by the trust, before which the payments were assumed to be paid from general assets on a pay-as-you-go basis.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting the 2.50% inflation assumption, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	44.69%	6.00%	44.69%	6.00%
International equity	29.74%	6.10%	29.74%	6.10%
Fixed income	24.99%	1.80%	24.99%	1.80%
Cash	0.58%	1.00%	0.58%	1.00%
	100%		100%	

Based on the plan’s target allocation, the assumed long-term rate of return for the VEBA Trust is 6.00%.

Municipal bond rate: 5.20% and 3.93% based on the 20-year municipal bond rate for the Bond Buyer GO Index as of June 30, 2025 and June 30, 2024, respectively.

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Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability of the Station (Continued)

Discount rate: The discount rates used to measure the Total OPEB Liability (TOL) were 5.78% and 5.85% as of June 30, 2025 and June 30, 2024, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the contractually determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future health benefit payments for current VEBA plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments for future medical and dental benefits. However, because retiree life insurance benefits will not be financed by the VEBA Trust, those benefits were discounted using prevailing market rates for high quality municipal bonds. The blended discount rate of 5.78% developed for the overall plan reflects a 6.00% discount rate for future medical and dental benefits and a 5.20% discount rate for future life insurance benefits.

Sensitivity of the Station's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the Station's net OPEB liability at June 30, 2025, which was measured using the discount rate of 5.78%, as well as what the net OPEB liability would have been if it were calculated using a discount rate that was one percentage point lower (4.78%) or one percentage point higher (6.78%) than the current discount rate:

	June 30, 2025		
	1.00% Decrease (4.78%)	Current Discount Rate (5.78%)	1.00% Increase (6.78%)
Proportionate share of the net pension liability	\$ 524,922	\$ 436,592	\$ 362,080

The following presents the Station's net OPEB liability at June 30, 2024, which was measured using the discount rate of 5.85%, as well as what the net OPEB liability would have been if it were calculated using a discount rate that was one percentage point lower (4.85%) or one percentage point higher (6.85%) than the current discount rate.

KNME-TV
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Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability of the Station (Continued)

	June 30, 2024		
	1.00% Decrease (4.85%)	Current Discount Rate (5.85%)	1.00% Increase (6.85%)
Proportionate share of the net pension liability	\$ 591,666	\$ 509,135	\$ 426,604

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the Station's net OPEB liability at June 30, 2025 and 2024, which was measured using the current healthcare cost trend rates, as well as what the net OPEB liability would have been if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	June 30, 2025		
	Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1.00% Increase in Health Care Cost Trend Rates
Proportionate share of the net pension liability	\$ 357,390	\$ 436,592	\$ 531,056

	June 30, 2024		
	Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1.00% Increase in Health Care Cost Trend Rates
Proportionate share of the net pension liability	\$ 372,888	\$ 509,135	\$ 531,604

OPEB plan fiduciary net position: The University is the fiduciary of the VEBA Trust, and detailed information about the VEBA Trust's fiduciary net position is included in this financial report.

KNME-TV
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Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2025 and 2024, the Station recognized OPEB expense of \$29,138 and \$2,928, respectively. At June 30, 2025 and 2024 the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 119,166	\$ 4,538
Net difference between projected and actual earnings on OPEB plan investments	-	13,756
Difference between expected and actual experience in the total OPEB liability	11,089	92,415
Total	\$ 130,255	\$ 110,709

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 130,952	\$ 18,256
Net difference between projected and actual earnings on OPEB plan investments	22,593	-
Difference between expected and actual experience in the total OPEB liability	43,848	101,699
Changes in proportion	14,683	-
Contributions subsequent to the measurement date	29,106	-
Total	\$ 241,182	\$ 119,955

KNME-TV
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Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

There was no subsequent contribution in the current year. \$29,106 reported as deferred outflows of resources related to OPEB resulting from the Station’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>For years ending June 30,</i>		
2026	\$	23,094
2027		(972)
2028		(252)
2029		(3,639)
2030		1,315
Total	\$	19,546

Note 13: RISK MANAGEMENT

The Station is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. The Station is insured under private carriers for liability and casualty insurance, and through a private carrier for director and officer liability insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements in any of the past years.

Note 14: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2025 through March 23, 2026, the date the Station’s financial statements were available to be issued. The following items occurred:

On July 18, 2025, subsequent to fiscal year end, the federal government rescinded funding for the Corporation for Public Broadcasting (CPB). As a result, KNME-TV will no longer receive Community Service Grant and related funding historically provided through CPB.

Historically, CPB funding has ranged from approximately \$1.3 million to \$1.7 million annually, representing an estimated 15% to 20% of the Station’s total annual revenues. The loss of this funding is expected to have a material impact on future operating revenues.

KNME-TV
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Notes to Financial Statements

Note 14: SUBSEQUENT EVENTS (Continued)

In response, the State of New Mexico has provided \$1.7 million to the Station for fiscal year 2026 to offset the loss of CPB funding and is expected to provide approximately \$870,000 in fiscal year 2027. While this support partially mitigates the immediate impact, funding beyond fiscal year 2027 remains uncertain.

Management is actively evaluating the financial and operational implications of this change and is developing strategies to address potential funding gaps, including identifying alternative revenue sources and implementing cost-containment measures.

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REQUIRED SUPPLEMENTARY INFORMATION



KNME-TV
(A Department of the University of New Mexico)
Schedule of the Employer's Proportionate
Share of the Net Pension Liability
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years

	June 30,			
Fiscal year	2025	2024	2023	2022
Measurement date	2024	2023	2022	2021
Proportion of the net pension liability	0.07586%	0.07458%	0.07720%	0.07809%
Proportionate share of the net pension liability	\$ 6,549,225	\$ 6,588,017	\$ 6,280,713	\$ 5,471,731
Covered payroll	3,256,565	3,014,840	2,545,055	2,561,601
Proportionate share of the net pension liability as a percentage of covered payroll	201.11%	218.52%	246.78%	213.61%
Plan fiduciary net position as a percentage of the total pension liability	66.57%	65.19%	64.87%	69.77%

KNME-TV
(A Department of the University of New Mexico)
Schedule of the Employer's Proportionate
Share of the Net Pension Liability
Educational Retirement Board (ERB) Plan (Continued)
Last 10 Fiscal Years

June 30,					
2021	2020	2019	2018	2017	2016
2020	2019	2018	2017	2016	2015
0.07593%	0.07727%	0.08171%	0.08159%	0.08159%	0.08792%
\$ 15,826,330	\$ 5,753,750	\$ 9,188,802	\$ 9,080,573	\$ 5,871,359	\$ 5,694,728
2,538,039	2,245,675	2,143,688	2,333,225	2,486,430	2,409,854
623.57%	256.21%	428.64%	389.19%	236.14%	236.31%
39.11%	64.13%	52.17%	52.95%	61.58%	63.97%

KNME-TV
(A Department of the University of New Mexico)
Schedule of Employer's Contributions
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years

<i>As of and for the years ended June 30,</i>	2025	2024	2023	2022
Contractually required contribution	\$ 571,906	\$ 579,087	\$ 517,045	\$ 388,083
Contributions in relation to the contractually required contribution	571,906	579,087	506,932	383,025
Contribution deficiency (excess)	\$ -	\$ -	\$ 10,113	\$ 5,058
Covered payroll	\$ 3,201,037	\$ 3,256,565	\$ 3,014,840	\$ 2,545,055
Contributions as a percentage of covered payroll	17.87%	17.78%	16.81%	15.05%

KNME-TV
(A Department of the University of New Mexico)
Schedule of Employer's Contributions
Educational Retirement Board (ERB) Plan (Continued)
Last 10 Fiscal Years

2021	2020	2019	2018	2017	2016
\$ 362,467	\$ 352,787	\$ 312,149	\$ 297,973	\$ 324,318	\$ 321,515
353,569	359,608	308,539	294,449	323,363	321,754
\$ 8,898	\$ (6,821)	\$ 3,610	\$ 3,524	\$ 955	\$ (239)
\$ 2,561,601	\$ 2,538,039	\$ 2,245,675	\$ 2,143,688	\$ 2,333,225	\$ 2,486,430
13.80%	14.17%	13.74%	13.74%	13.86%	12.94%

KNME-TV
(A Department of the University of New Mexico)
Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post Employment Benefits Plan
Last 10 Fiscal Years*

	June 30,		
Fiscal year	2025	2024	2023
Measurement date	2024	2023	2022
Proportion of the net OPEB liability	0.36821%	0.39690%	0.39704%
Proportionate share of the net OPEB liability	\$ 436,592	\$ 509,135	\$ 444,708
Covered payroll	3,201,037	3,256,565	3,014,840
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.64%	15.63%	14.75%
Plan fiduciary net position as a percentage of the total OPEB liability	42.38%	32.39%	30.56%

* The amounts presented were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Station will present information for those years for which information is available.

KNME-TV
(A Department of the University of New Mexico)
Schedule of Employer Proportionate Share of the Net OPEB Liability of
Other Post Employment Benefits Plan (Continued)
Last 10 Fiscal Years*

June 30,					
2022	2021	2020	2019	2018	2017
2021	2020	2019	2018	2017	2016
0.37483%	0.38770%	0.39435%	0.36922%	0.35433%	0.37680%
\$ 414,386	\$ 414,386	\$ 353,003	\$ 357,077	\$ 444,623	\$ 493,184
2,596,952	2,561,601	2,538,039	2,248,475	2,143,878	2,143,878
15.96%	16.18%	13.91%	15.88%	20.74%	23.00%
35.57%	32.71%	27.86%	19.71%	15.45%	11.13%

KNME-TV
(A Department of the University of New Mexico)
Schedule of Employer's Contributions
Other Post Employment Benefits Plan
Last 10 Fiscal Years*

<i>As of and for the years ended June 30,</i>	2025	2024	2023
Contractually required contributions	\$ 36,148	\$ 29,106	\$ 28,991
Contributions in relation to the contractually required contribution	(36,148)	(29,106)	(28,991)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
KNME-TV's covered-employee payroll	\$ 3,201,037	\$ 3,256,565	\$ 3,014,840
Contributions as a percentage of covered-employee payroll	1.00%	1.00%	1.00%

* The amounts presented were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Station will present information for those years for which information is available.

KNME-TV
(A Department of the University of New Mexico)
Schedule of Employer's Contributions
Other Post Employment Benefits Plan (Continued)
Last 10 Fiscal Years*

2022	2021	2020	2019	2018	2017
\$ 27,672	\$ 29,040	\$ 29,417	\$ 27,742	\$ 25,946	\$ 28,138
(27,672)	(29,040)	(29,417)	(27,742)	(25,946)	(28,138)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,596,952	\$ 2,561,601	\$ 2,538,039	\$ 2,248,475	\$ 2,143,878	\$ 2,143,878
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

KNME-TV
(A Department of the University of New Mexico)
Notes to Required Supplementary Information

Education Retirement Board (ERB) Plan

Changes of benefit terms. As of July 1, 2024, all retirees covered under the BCBS Medicare Advantage Plan II were transferred to the BCBS Medicare Advantage Plan I with a decreased premium of \$0.

Changes of assumptions. The trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, were updated for Medicare plans. This change increased the TOL. Excise tax thresholds on benefits are no longer applied. During the June 4, 2024 meeting, the Board rescinded the 2020 Attestation of Intent. The excise tax thresholds described by the Affordable Care Act (ACA) for High Cost Health Plans are no longer applicable for assumption setting purposes. This change increased the TOL. The discount rate was updated from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. This change decreased the TOL.

Other Post Employment Benefit Plan (OPEB)

Changes of benefit terms. None.

Changes of assumptions. The following assumptions were changed since the prior valuation:

For current active employees, eligibility for future VEBA retiree health benefits was based on the VEBA Indicator code provided in the census data, regardless of the employee's date of hire. The prior approach relied on date of hire to determine which current active employees are contributing to the VEBA. Based on discussions with the University, it was decided that the VEBA Indicator code provides a more reliable way of identifying the contributing actives. Two other changes were made in conjunction with this change: (1) The opt-in assumption for current non-contributing active employees was updated from 10% to a 50% opt-in assumption for the members who opted out of the VEBA after July 1, 2020 and a 0% opt-in assumption for all other non-contributing active employees. Because employees who opt-out of contributing are provided with a one-time option to opt-in, on the five-year anniversary of opting out, many active employees will not have the opportunity to rejoin the health and dental benefits group. (2) The date of hire for current active employees was assumed to be the earlier of date of hire and date of seniority. In addition, for current contributing employees and employees who have opted-out of health benefits, the date of hire was set to be no later than June 30, 2015. These changes had a combined impact of increasing the total OPEB liability by \$9.5 million.

The valuation year per capita health costs and associated trend rates, including non-Medicare medical, Medicare supplement, and Medicare Advantage Prescription Drug plans, were updated. The updated claims and associated trend assumptions had a combined impact of increasing the total OPEB liability by \$4.2 million.

The discount rate decreased from 5.87% to 5.78%. This change increased the total OPEB liability by \$2.0 million.

KNME-TV
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Notes to Required Supplementary Information

Other Post Employment Benefit Plan (OPEB) (Continued)

Changes of assumptions (Continued)

The mortality, disability, turnover, and retirement rates were updated based on the recent experience study conducted for the Educational Retirement Board (ERB) of New Mexico pension valuation. These changes increased the total OPEB liability by \$1.3 million.

Male participants were assumed to be two years older than their wives and female participants were assumed to be one year younger than their husbands. In the prior valuation, males were assumed to be 3 years older than females. This change increased the total OPEB liability by \$0.6 million.

In the prior valuation, 25% of future non-Medicare retirees were assumed to discontinue or lapse coverage at age 65. This assumption was lowered to 15%. In addition, the 15% lapse assumption is now also applied to current non-Medicare retirees.