

**NEW JERSEY PUBLIC BROADCASTING  
AUTHORITY**

Financial Statements  
and  
Supplementary Information

June 30, 2023

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

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**INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of the  
New Jersey Public Broadcasting Authority

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

#### ***Opinion***

We have audited the accompanying financial statements of the New Jersey Public Broadcasting Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which comprise the Authority'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 Authority as of June 30, 2023, and the changes in financial position and cash flows thereof for the year 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority 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.

#### ***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 Authority'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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mercadieu, P.C.*

*Certified Public Accountants*

December 18, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

## **NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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

The management of the New Jersey Public Broadcasting Authority (the "Authority") or ("NJPBA"), has prepared this narrative overview and analysis of the financial activities for the year ended June 30, 2023, for the readers of these financial statements. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position.

Since the Authority is comprised of a single enterprise fund, no fund-level financial statements are shown. The Authority's operating budget is allocated by the State of New Jersey Department of Treasury and is not legally adopted, thus there are no budgetary schedules included.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether or not the financial position of the Authority is improving or deteriorating.

Net position increases when revenues exceed expenses. An increase in liabilities without corresponding increases to assets results in a decrease to net position and a deteriorating financial position.

The statement of revenues, expenses, and change in net position presents information showing how a government entity's net position changed during the fiscal year. Changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts payable and accrued expenses or accounts receivable). The financial statements also contain footnote disclosures including the Authority's "in-kind" revenues and expenses.

As required, and in order to qualify for its community service grants, the Authority files an annual financial report ("AFR") with the Corporation for Public Broadcasting ("CPB") and an annual public broadcasting system station activity benchmark survey ("SABS").

#### **Financial Analysis**

As of July 1, 2011, the Authority entered into a "Programming and Services Agreement" with Public Media NJ, Inc. ("PMNJ") under which PMNJ assumed responsibility for all television programming, production, fundraising, promotion and general station operations. Many activities that were formerly the responsibility of the Authority have been taken over by PMNJ. The Authority continues to be the Federal Communications Commission ("FCC") licensee, and operates the broadcast transmitters and related infrastructure to support the statewide distribution of public media programming in New Jersey. The "Programming and Services Agreement" automatically renewed for an additional five-year term in July of 2021.

It should be noted that the Authority's mission is limited to the operation of the statewide broadcast infrastructure and oversight of a "Programming and Services Agreement" with PMNJ. As such, there is no anticipation of adding or expanding services, developing new revenue streams or engaging in activities that would significantly change the net position calculation in future periods.



## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

#### Financial Analysis (Continued)

The following are the condensed statements of net position as of June 30, 2023 and 2022:

#### Statements of Net Position

	2023	2022	\$ Change	% Change
Current and other assets	\$ 2,011,045	\$ 1,383,164	\$ 627,881	45 %
Capital assets	6,231,298	6,153,532	77,766	1 %
Total assets	<u>\$ 8,242,343</u>	<u>\$ 7,536,696</u>	<u>\$ 705,647</u>	9 %
Current liabilities	\$ 922,492	\$ 782,337	\$ 140,155	18 %
Net position				
Investment in capital assets	6,231,298	6,153,532	77,766	1 %
Unrestricted	1,088,553	600,827	487,726	81 %
Total net position	<u>7,319,851</u>	<u>6,754,359</u>	<u>565,492</u>	8 %
Total liabilities and net position	<u>\$ 8,242,343</u>	<u>\$ 7,536,696</u>	<u>\$ 705,647</u>	9 %

Capital assets reflect the Authority's investment in capital assets (i.e., transmission towers-related equipment, studio broadcasting equipment as required by the FCC as a licensee to retain the capability to originate broadcasts if necessary, and other items essential to the interconnection and monitoring of the broadcast signal,) less accumulated depreciation. The Authority uses these assets to provide public broadcasting services, disseminate emergency broadcast information statewide as needed, and to liquidate current liabilities and any other essential spending necessary to maintain transmission of the broadcast signal on a full-time basis.

The Authority's investment in capital assets as of June 30, 2023, net of total accumulated depreciation equals \$6,231,298. This represents an increase of \$77,766 from the prior fiscal year, attributable in part to equipment purchases and less depreciation of capital assets.

Current and other assets of \$2,011,045, which represents tower lease receivables, amounts due from the State of New Jersey, and prepaid expenses, increased \$627,881 from the prior year mainly due to increases in tower lease receivables and amounts due from the State of New Jersey.

Of the Authority's \$922,492 in current liabilities, \$812,246 represents the Authority's accounts payable and accrued expenses, \$101,982 represents unearned revenue – C-band funds, and \$8,264 represents unearned revenue – tower rentals. Current liabilities increased by \$140,155 from June 30, 2022, mostly due to the timing of vendor payments and the addition of unearned revenue – C-band funds.

The following are the condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022.

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

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

	2023	2022	\$ Change	% Change
Revenues	\$ 9,716,417	\$ 10,497,260	\$ (780,843)	(7) %
Expenses	9,150,925	9,736,932	(586,007)	(6) %
Changes in net position	565,492	760,328	(194,836)	(26) %
Net position, beginning of year	6,754,359	5,994,031	760,328	13 %
Net position, end of year	\$ 7,319,851	\$ 6,754,359	\$ 565,492	8 %

Net position may serve, over time, as a useful indicator of an agency's financial position. The Authority's assets exceeded liabilities by \$7,319,851 at the close of the fiscal year 2023, an increase of \$565,492 from the prior fiscal year.

As a result of the Public Broadcasting Transfer Act of 2010, the Authority is "in, but not of" the Department of the Treasury. Through a Memorandum of Understanding between the Treasury and the Authority, the Treasury provides staff (currently five full-time positions) and other support for Authority operations, the value of which is approximately \$2,676,000. Other external revenue streams (Corporation for Public Broadcasting and Public Broadcasting Service grants, license fees, tower rents, and cable waiver fees) are received by the Authority and passed through to PMNJ under the terms of the Programming and Services Agreement.

Revenues decreased by \$780,843 mainly due to decreases in direct New Jersey State support, New Jersey Public Broadcasting Authority Trust Fund support, CPB grants, and royalties, offset by tower decommissioning revenue. Expenses decreased by \$586,007 mostly due to decreases in programming and production expenses.

#### Significant Events

During fiscal year 2023, the Authority has completed various board-approved infrastructure and program archiving projects. The completed projects include tower guy wire replacements at our Lawrenceville transmission site, power conditioning project at our Trenton Operations Center, and we completed the purchase of an all-wheel drive, Hybrid fleet vehicle.

The Authority has identified over \$ 9 million in unfunded capital projects to address broadcast facility infrastructure. We have proposed a 10-year capital plan that prioritizes projects based on safety, asset preservation, obsolescence, and pending regulatory changes.

The Department of Treasury has begun using an asset management system called AssetCloud from WASP technologies.

## **NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

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#### **Contact the Authority's Financial Management**

This financial report is designed to provide a general overview of the New Jersey Public Broadcasting Authority's finances for those with an interest therein. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Executive Director of the New Jersey Public Broadcasting Authority, 25 South Stockton Street, Trenton, NJ 08608.

## **BASIC FINANCIAL STATEMENTS**

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## STATEMENT OF NET POSITION

June 30, 2023

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### ASSETS

Accounts receivable, net	\$	105,566
Due from State of New Jersey		1,897,215
Prepaid expenses		8,264
Capital assets, net		6,231,298
Total Assets	\$	<u>8,242,343</u>

### LIABILITIES AND NET POSITION

Liabilities		
Accounts payable and accrued expenses	\$	812,246
Unearned revenue - C-band funds		101,982
Unearned revenue - tower rental		8,264
Total Liabilities		<u>922,492</u>
Net Position		
Investment in capital assets		6,231,298
Unrestricted		1,088,553
Total Net Position		<u>7,319,851</u>
Total Liabilities and Net Position	\$	<u>8,242,343</u>

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET POSITION Year Ended June 30, 2023

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#### Revenues

New Jersey State support (direct)	\$ 2,964,833
New Jersey State support (in-kind)	767,901
New Jersey Public Broadcasting Authority Trust Fund support	429,722
Corporation for Public Broadcasting grants	1,343,772
Tower rentals	3,619,435
Tower decommissioning	247,282
Food Network contract revenue	200,000
Royalties	45,741
Radio facility lease revenue	97,731
Total revenues	<u>9,716,417</u>

#### Functional Expenses

Programming and production	6,042,644
Broadcasting	2,275,982
General and administrative	832,299
Total functional expenses	<u>9,150,925</u>

Change in net position	565,492
Net position, beginning of year	<u>6,754,359</u>
Net position, end of year	<u>\$ 7,319,851</u>

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

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Cash Flows from Operating Activities	
Receipts from customers	\$ 8,398,148
Payments to suppliers and employees	<u>(7,924,370)</u>
Net cash from operating activities	<u>473,778</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	<u>(473,778)</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ -</u>
Reconciliation of change in net position to net cash from operating activities	
Change in net position	\$ 565,492
Adjustments to reconcile the change in net position to net cash from operating activities	
Depreciation	396,012
Change in assets and liabilities	
Accounts receivable	(84,336)
Due from State of New Jersey	(568,013)
Prepaid expenses	24,468
Accounts payable and accrued expenses	62,641
Unearned revenue	<u>77,514</u>
Net cash from operating activities	<u>\$ 473,778</u>

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### A. NATURE OF ORGANIZATION

#### Reporting Entity

The New Jersey Public Broadcasting Authority (the "Authority") located in Trenton, New Jersey is an independent authority in, but not of, the Department of Treasury of the State of New Jersey. The Authority was established in 1968 under the New Jersey Public Broadcasting Act of 1968.

The Authority is the Federal Communications Commission's ("FCC") licensee for seven television broadcasting stations throughout New Jersey.

Effective July 1, 2011, the Authority entered into a programming and services agreement with Public Media NJ, Inc. ("PMNJ"), a New Jersey non-profit corporation, to provide public television programming and services on the stations under the name of NJ PBS and online at NJTVonline.org. The Authority is responsible to ensure that PMNJ provides high quality non-commercial programming that serves the needs and interests of the citizens of New Jersey and furthers the Authority's educational objectives.

The programming includes a weekday nightly news and public affairs program, live broadcast of New Jersey State annual budget messages, and live coverage of New Jersey elections as well as other cultural, educational and inspirational programming.

The New Jersey Public Broadcasting Authority Trust Fund ("Trust Fund") was created by the State of New Jersey ("State") as a restricted, nonlapsing revolving fund managed by the State for the benefit of the Authority as the entity selected to operate the Public Broadcasting System serving New Jersey. The Trust Fund is a separate legal entity which are fiduciary assets of the State.

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Authority are classified as business-type activities and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### 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.

#### Accounts Receivable

The change in net position is charged with an allowance for estimated uncollectible amounts based on past experience and an analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the years they are deemed uncollectible.

#### Due from State of New Jersey

Amounts due from the State include funds held at the State for expenses to be paid out in subsequent periods.



# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Assets

Transmission antenna and towers are recorded at cost, except for donated items, which are recorded at their fair values on the dates of donation, (see Note D). The Authority capitalizes capital assets with a cost of \$20,000 or more and a useful life of greater than three years. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the transmission antenna and towers are 7 to 20 years.

Repairs and maintenance that do not extend the useful lives of the related assets are expensed as incurred.

#### Revenue Recognition

Corporate Public Broadcasting grants and the State of New Jersey appropriations are recognized as revenue when expenses are incurred.

The Authority receives tower rental income and radio facility lease revenue, which are recognized based on the terms of lease occupancy agreements.

The Food Network contract revenue is recognized once the programming service is distributed on the cable network system.

The Trust Fund support is recognized when the trust funds are spent.

#### In-kind Contributions

The Authority records the value of in-kind services received from the State for FICA, fringe benefits and fixed occupancy/operating costs of the broadcasting building as revenue and expense when the in-kind contribution is both budget-relieving and relates to events and operations under the Authority's control.

#### Income Taxes

The Authority, as a New Jersey State agency, is exempt from all federal and State income taxes.

#### Functional Allocation of Expenses

The costs of providing programming and production, broadcasting and general and administrative services for the Authority have been summarized on a functional basis on the schedule of functional expenses. Accordingly, certain operating costs have been allocated among functional categories.

### C. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, is as follows:

Tower rentals	\$ 105,566
Total	<u>\$ 105,566</u>

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

### D. CAPITAL ASSETS

Capital assets for the year ended June 30, 2023, are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Transmission antenna and towers	\$ 14,211,533	\$ 323,952	\$ -	\$ 14,535,485
Construction in progress	187,085	149,827	-	336,912
Totals at historical cost	<u>14,398,618</u>	<u>473,779</u>	<u>-</u>	<u>14,872,397</u>
Less accumulated depreciation for:				
Transmission antenna and towers	<u>8,245,086</u>	<u>396,013</u>	<u>-</u>	<u>8,641,099</u>
Total accumulated depreciation	<u>8,245,086</u>	<u>396,013</u>	<u>-</u>	<u>8,641,099</u>
Total capital assets	<u>\$ 6,153,532</u>	<u>\$ 77,766</u>	<u>\$ -</u>	<u>\$ 6,231,298</u>

Depreciation for the year ended June 30, 2023, amounted to \$396,013.

The Authority occupies a building and uses equipment in Trenton, New Jersey to which the State holds title. Occupancy and equipment use values to determine in-kind support amounts have been calculated using the annual depreciation expense for the equipment calculated on acquisition cost over the estimated useful lives of 39 and 10 years, respectively. See Note J for the estimated value of contributed occupancy and equipment costs for the year ending June 30, 2023.

### E. CONCENTRATIONS, RISK AND UNCERTAINTIES

The Authority is a State agency and, for the year ended June 30, 2023, received a significant portion of its revenue and support, aggregating \$3,732,734 from the State, including donated services for administrative support and facility costs (see Note J). The ongoing support from the State is subject to State appropriations.

Revenues received from the State and expenditures made by the Authority may be subject to financial compliance requirements and audits by various federal and State offices. In addition, State appropriations can change based on governmental determinations not within management's control.

The Authority received approximately 60%, or \$2,243,054, of its tower rental and radio facility lease revenues from Clearwire Spectrum Holdings LLC ("Clearwire") during the year ended June 30, 2023.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### F. OPERATING LEASES

The Authority is the lessor of excess digital channel capacity under two operating leases with Clearwire expiring in 2040. Minimum future rentals to be received on the non-cancelable leases are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 2,145,884
2025	2,210,265
2026	2,276,572
2027	2,344,869
2028	2,415,212
2029-2033	13,207,372
2034-2038	15,310,966
2039-2040	4,073,088
Total	<u>\$ 43,984,228</u>

The Authority is also the lessor of tower rental space of antennas from various broadcasters, communication service companies, and federal agencies under operating leases expiring in various years through 2025. Rent is determined annually based on the number of antennas and related equipment installed on the State-owned towers. The tower property used to generate tower rental income is included in capital assets; rental income is recorded in the statement of revenues, expenses and change in net position as tower rentals. Management has determined that the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases," do not apply to the Authority's excess digital channel capacity leases (which are intangible asset licensing contracts) or tower rental space of antenna leases (which do not convey control of the right to use the antennas).

### G. COMMITMENTS AND CONTINGENCIES

On July 1, 2011, the Authority entered into a programming and services agreement, (the "agreement"), with PMNJ for the broadcast and delivery of New Jersey centric programming for a term of five years with an automatic renewal for two additional five-year terms. The Authority has also entered into an equipment use agreement with PMNJ for the use of certain Authority equipment by PMNJ in the performance of the programming and services agreement. The equipment use agreement will expire upon termination of the programming and services agreement. PMNJ shall have the right to terminate the agreement if the total of all federal, state and local government funding available to PMNJ for the provision of programming and services falls below \$4,000,000 in any fiscal year adopted by PMNJ; or if the total of all revenue and support available to PMNJ for the provision of programming and services from all federal, state and local government sources, foundation grants, donor contributions and other third-party financial support in any fiscal year adopted by PMNJ shall be 75% or less than the amount of such revenue and support budgeted for such fiscal year. For the year ended June 30, 2023, the funding available to PMNJ was \$6,042,644, \$1,000,000 of which was additional support appropriated by the State.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### H. PENSION PLAN

Under a memorandum of understanding between the Authority and the State of New Jersey, Department of Treasury, ("Treasury"), the Treasury supplies State employees to serve Authority needs. As such, they participate in the State retirement plan. The Authority has no liability for unfunded plan benefits and the pension liability is recorded on the books of the State. Please refer to State website [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions) for more information regarding the plan.

As a condition of employment, all full-time employees are required to be members of the Public Employees' Retirement System ("PERS"). The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits are vested after ten years of service, except for medical benefits, which are vested after 25 years of service or under the disability provisions of PERS.

Retirement criteria for PERS is based on membership tier, defined as follows:

#### Tier

- |   |   |
|---|---|
| 1 | Members who were enrolled prior to July 1, 2007                                   |
| 2 | Members who were enrolled on or after July 1, 2007, and prior to November 2, 2008 |
| 3 | Members who were enrolled on or after November 2, 2008, and prior to May 22, 2010 |
| 4 | Members who were enrolled on or after May 22, 2010, and prior to June 28, 2011    |
| 5 | Members who were enrolled on or after June 28, 2011                               |

Service retirement benefits of 1/55th of final average salary for each year of service credit are available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of the final average salary for each year of service credit are available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 years or more of service credit before age 62, and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which the member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Covered employees were required by PERS to contribute 7.5% of their salaries during the year ended June 30, 2023. The State is required under statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### I. POST-RETIREMENT BENEFITS OTHER THAN PENSION

Employees designated to serve the needs of the Authority are members of the State's cost sharing multiple-employer plan for health and post-retirement medical benefits. Thus, the Authority's portion of this liability and cost is included in the State's Annual Comprehensive Financial Report ("ACFR"), on an annual basis. The Authority's payroll is processed through the Treasury. As a result, the related payroll expense and fringe benefits, inclusive of health and post-retirement medical benefit costs, are recorded by the Treasury. Please refer to State website [www.state.nj.us](http://www.state.nj.us) for more information regarding the plan.

### J. CONTRIBUTED SERVICES AND FACILITIES

For the year ended June 30, 2023, the Authority received donated services for administrative support from the State, including \$513,298 in salaries and wages and \$352,865 in in-kind benefits and payroll taxes. The Authority also recognized \$415,036 of in-kind occupancy and equipment costs (see Note D).

### K. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." This Statement is required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 92, "*Omnibus 2020*." This Statement clarifies the effective date of Statement No. 87 and addresses other topics that are required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*." This Statement is required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*." This Statement postpones the effective dates of applicable pended Statements described above. The effective dates mentioned above are the applicable postponed dates as prescribed by Statement No. 95.

The GASB has issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*." This Statement is required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 99, "*Omnibus 2022*." Certain provisions of this Statement are required to be adopted by the Authority for the year ended June 30, 2023. The adoption of these provisions had no effect on previously reported amounts.

### L. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS

The GASB has issued Statement No. 99, "*Omnibus 2022*." Certain provisions of this Statement are required to be adopted by the Authority for the year ending June 30, 2024. The Authority has not determined the effect of these provisions on the financial statements.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### L. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS (CONTINUED)

The GASB has issued Statement No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62.*” This Statement is required to be adopted by the Authority for the year ending June 30, 2024. The Authority has not determined the effect of Statement No. 100 on the financial statements.

The GASB has issued Statement No. 101, “*Compensated Absences.*” This Statement is required to be adopted by the Authority for the year ending June 30, 2025. The Authority has not determined the effect of Statement No. 101 on the financial statements.

## **SUPPLEMENTARY INFORMATION**

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

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	Programming and Production	Broadcasting	General and Administration	Total
Salaries and wages	\$ -	\$ 234,755	\$ 278,543	\$ 513,298
Benefits and payroll taxes (in-kind)	-	141,146	211,719	352,865
Vehicles/utilities	-	330,672	-	330,672
Telephone/postage/office	-	1,050	138,387	139,437
Occupancy and equipment costs (in-kind)	-	303,629	111,407	415,036
Information systems/OTIS	-	57,862	30,841	88,703
Professional services	-	481,121	59,442	540,563
Programming and operating services	6,042,644	-	-	6,042,644
Equipment	-	-	1,960	1,960
Trust fund capital disbursements	-	13,044	-	13,044
Prior year fixed asset adjustments	-	280,054	-	280,054
Bad debt	-	36,636	-	36,636
Depreciation	-	396,013	-	396,013
Totals	<u>\$ 6,042,644</u>	<u>\$ 2,275,982</u>	<u>\$ 832,299</u>	<u>\$ 9,150,925</u>



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

To the Board of the  
New Jersey Public Broadcasting Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Jersey Public Broadcasting Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated December 18, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Mercedien, P.C.*  
*Certified Public Accountants*

December 18, 2023

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

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None reported.

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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None reported.