

WNSB-FM RADIO STATION
(A Public Telecommunications Entity
Licensed to Norfolk State University)
NORFOLK, VIRGINIA

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2002



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UNIVERSITY OFFICIALS

April 15, 2003

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Norfolk State University

INDEPENDENT AUDITOR'S REPORT

We have audited the statement of net assets of **WNSB-FM Radio Station** (a public telecommunications entity licensed to Norfolk State University) as of June 30, 2002, and the related statement of revenues, expenses, and changes in net assets, and statement of cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WNSB-FM Radio Station as of June 30, 2002, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Station has implemented a new reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) *Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and *Statement 35, Basic*

Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities as of June 30, 2002.

The Station has not presented the Management’s Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

AUDITOR OF PUBLIC ACCOUNTS

:kva

kva:43

WNSB-FM (A PUBLIC TELECOMMUNICATIONS ENTITY
LICENSED TO NORFOLK STATE UNIVERSITY)
STATEMENT OF NET ASSETS
As of June 30, 2002

ASSETS	
Current assets:	
Cash (Note 3)	<u>\$ 2,150</u>
Noncurrent assets:	
Restricted cash (Note 3)	27,957
Capital assets, Net	<u>9,937</u>
Total noncurrent assets	<u>37,894</u>
Total assets	<u>40,044</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	9,210
Deferred revenue (Note 1F)	<u>27,957</u>
Total current liabilities	37,167
Noncurrent liabilities	<u>15,756</u>
Total liabilities	<u>52,923</u>
NET ASSETS	
Unrestricted	<u><u>\$ (12,879)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WNSB-FM (A PUBLIC TELECOMMUNICATIONS ENTITY
LICENSED TO NORFOLK STATE UNIVERSITY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2002

Operating revenues:	
Direct administrative support	\$ 123,384
Indirect administrative support	74,914
Private grants and contracts	45,776
Contributions	<u>16,025</u>
Total operating revenues	<u>260,099</u>
Operating expenses:	
Academic support	185,910
Institutional support	69,623
Operating and maintenance - plant	5,291
Depreciation	<u>1,748</u>
Total operating expenses	<u>262,572</u>
Net increase (decrease) in net assets	(2,473)
Net assets - beginning of year as restated	<u>(10,406)</u>
Net assets - end of year	<u><u>\$ (12,879)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WNSB-FM (A PUBLIC TELECOMMUNICATIONS ENTITY
LICENSED TO NORFOLK STATE UNIVERSITY)
STATEMENT OF CASH FLOWS
As of June 30, 2002

Cash flows from operating activities:	
Direct administrative support	\$ 123,384
Contributions	16,025
Grants and contracts	39,439
Payments to employees	(114,873)
Payments for fringe benefits	(25,501)
Payments for services and supplies	(28,785)
Payments for services and supplies - foundation	<u>(14,760)</u>
Net increase (decrease) in cash	(5,071)
Cash and cash equivalents - beginning of the year	<u>35,178</u>
Cash and cash equivalents - end of the year	<u><u>\$ 30,107</u></u>
Reconciliaiton of net operating loss to net cash used by operating activities:	
Operating loss	\$ (2,473)
Adjustment to reconcile net loss to net cash used by operating activities:	
Depreciation	1,748
Change in assets and liabilities:	
Accounts payable and accrued expenses	1,990
Deferred revenue	<u>(6,336)</u>
Net cash used by operating activities	<u><u>\$ (5,071)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WNSB-FM RADIO STATION
(A Public Telecommunications Entity Licensed to Norfolk State University)

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

WNSB-FM Radio Station is a public telecommunications entity licensed through the Federal Communication Commission to Norfolk State University. The University is a state-supported school and operates under policy guidelines established by the State Council of Higher Education in Virginia and is governed by a Board of Visitors.

B. Basis of Presentation

The Station's accounting policies conform with generally accepted accounting principles as prescribed by GASB, including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*.

C. Basis of Accounting

The University'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 a liability is incurred, regardless of the timing of related cash flows.

D. Capital Assets

Equipment is stated at appraised value or actual cost where determinable. Expenditures for equipment are capitalized when the unit acquisition cost is greater than \$5,000.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from five to eight years.

E. Accrued Compensated Absences

The amount of leave earned, but not taken is recorded as a liability on the Statement of Net Assets. The amount reflects, as of June 30, all unused vacation leave, sabbatical leave, and the amount payable upon termination under the Commonwealth of Virginia's sick leave pay-out policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

F. Deferred Revenue

Deferred revenue primarily includes advance payments on grants prior to the end of the fiscal year, but related to the period after June 30, 2002.

G. Administrative Support

Administrative support from the University consists of allocated departmental costs and certain other expenses incurred by the University on behalf of the Station. Administrative support has been compiled in accordance with guidelines established by the Corporation for Public Broadcasting and consists of the following for the year ended June 30, 2002.

Direct administrative support	\$123,382
Institutional support	69,623
Operations and maintenance of plant	<u>5,291</u>
Total	<u>\$198,296</u>

2. NET ASSET RESTATEMENT

Fund balances as previously reported June 30, 2001	\$ 138,326
Accumulated depreciation on capital assets at June 30, 2001, not previously reported	(114,438)
Restatement of deferred revenue	<u>(34,294)</u>
Net asset balance at July 1, 2001	<u>\$ (10,406)</u>

3. CASH

The radio station's cash is held by the Treasurer of Virginia, pursuant to Section 2.2-1800, et seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled state funds is reported as "Cash" on the accompanying Statement of Net Assets and is not categorized as to credit risk. Certain deposits are also held by the University. Deposits with banks and savings institutions are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under this Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury board. Savings institutions are required to collateralize 100 percent of deposits in excess of FSLIC limits.

4. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2002, is presented as follow:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Equipment	\$126,123	\$ -	\$ -	\$126,123
Less accumulated depreciation	<u>114,438</u>	<u>1,748</u>	<u>-</u>	<u>116,186</u>
Total capital assets, Net	<u>\$ 11,685</u>	<u>\$1,748</u>	<u>\$ -</u>	<u>\$ 9,937</u>

5. RETIREMENT AND POST-EMPLOYMENT BENEFITS

Employees of the WNSB-FM Radio Station are employees of the University. Substantially all full-time classified salaried employees of the University participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not the University, has overall responsibility for contributions to these plans.

6. RISK MANAGEMENT

Employees of the WNSB-FM Radio Station are employees of the University. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care plan is administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes worker's compensation, property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

NORFOLK STATE UNIVERSITY
Norfolk, Virginia

THE VISITORS OF NORFOLK STATE UNIVERSITY

Alvin Bryant, Rector

Alfred L. Austin, Vice-Rector

Delores E. Archer	Fred S. Garner
Michael L. Ball	Colvin D. Gibson
Willie L. Brown	Caspa L. Harris, Jr.
Teresa H. Carrington	Viola M. Madison-Foreman
Jack L. Ezzell, Jr.	Maria A. Ortiz

David W. Robertson

OFFICIALS

Marie V. McDemmond, President

Edward B. Jolley, Jr., Vice President for Finance and Business

Edward Turner, WNSB-FM Radio Station Manager