

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

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2000



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May 7, 2001

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit and Review Commission

Board of Visitors
Norfolk State University

INDEPENDENT AUDITOR'S REPORT

We have audited the balance sheet of **WNSB-FM Radio Station** (a public telecommunications entity licensed to Norfolk State University) as of June 30, 2000, and the related statement of changes in fund balances and statement of current funds revenues, expenditures, and other changes for the year then ended. The 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 generally accepted auditing standards. 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, 2000, and the changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

AUDITOR OF PUBLIC ACCOUNTS

GML:aom
aom:37

FINANCIAL STATEMENTS

WNSB-FM (A Public Telecommunications Entity
Licensed to Norfolk State University)
BALANCE SHEET
As of June 30, 2000

	Current Funds		Investment	Total
	Unrestricted	Restricted	in Plant	(Memorandum Only)
A S S E T S				
Cash	\$ 4,328	\$ 23,587	\$ -	\$ 27,915
Equipment	-	-	126,123	126,123
Total assets	<u>\$ 4,328</u>	<u>\$ 23,587</u>	<u>\$ 126,123</u>	<u>\$ 154,038</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ 5,970	\$ -	\$ -	\$ 5,970
Accrued leave	14,673	-	-	14,673
Fund balances (deficits):				
Unrestricted current funds	(16,315)	-	-	(16,315)
Restricted current funds	-	23,587	-	23,587
Investment in plant	-	-	126,123	126,123
Total liabilities and fund balances	<u>\$ 4,328</u>	<u>\$ 23,587</u>	<u>\$ 126,123</u>	<u>\$ 154,038</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 CHANGES IN FUND BALANCES
For the Year Ended June 30, 2000

	Current Funds		Investment
	Unrestricted	Restricted	in Plant
Revenues:			
Unrestricted current funds revenues	\$ 265,534	\$ -	\$ -
Private gifts, grants and contracts - Restricted	-	60,576	-
Expended for plant facilities (including \$13,990 charged to current funds)	-	-	13,990
Total revenues	265,534	60,576	13,990
Expenditures and other deductions:			
Educational and general expenditures	262,068	60,169	-
Refunded to grantor	-	3,711	-
Total expenditures	262,068	63,880	-
Net increase (decrease) for the year	3,466	(3,304)	13,990
Fund balances (deficits) at July 1, 1999	(19,781)	26,891	112,133
Fund balances (deficits) at June 30, 2000	\$ (16,315)	\$ 23,587	\$ 126,123

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 CURRENT FUNDS REVENUES,
EXPENDITURES, AND OTHER CHANGES
For the Year Ended June 30, 2000

	Current Funds		
	Unrestricted	Restricted	Total
Revenues:			
Donated support from Norfolk State University			
Direct administrative support	\$ 178,930	\$ -	\$ 178,930
Indirect administrative support	71,821	-	71,821
Private gifts, grants, and contracts	-	60,169	60,169
Contributions	14,783	-	14,783
Total current revenues	265,534	60,169	325,703
Expenditures and mandatory transfers:			
Educational and general:			
Academic support	190,247	60,169	250,416
Institutional support	68,890	-	68,890
Operation and maintenance of plant	2,931	-	2,931
Total educational and general expenditures	262,068	60,169	322,237
Other additions/(deductions):			
Excess of restricted receipts			
over transfers to revenue	-	407	407
Refunded to grantor	-	(3,711)	(3,711)
Net (decrease) in fund balances	\$ 3,466	\$ (3,304)	\$ 162

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

WNSB-FM Radio Station is a public telecommunications entity licensed through the Federal Communications 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 Accounting

The Station utilizes the accrual basis of accounting in accordance with the American Institute of Certified Public Accountants' audit guide, Audits of Colleges and Universities.

The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

C. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of "fund accounting." Resources are classified for accounting and reporting purposes into funds that may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Visitors. Externally restricted funds may only be utilized in accordance with purposes established by the source of such funds, and are in contrast with unrestricted funds over which the governing board retains full control and use in achieving any of its institutional purposes, subject only to state laws and regulations governing such funds.

Unrestricted revenue is accounted for in the Unrestricted Current Fund. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds. Restricted Current Funds are reported as revenues and expenditures when expended for current operating purposes.

A summary of fund group definitions is as follows:

Current Funds - Current fund balances are separated into those which are restricted by donors and those which are unrestricted. Restricted funds may only be expended for the purposes indicated by the donor or grantor; whereas unrestricted funds are available for current operations at the discretion of the University.

Net Investment in Plant – Net Investment in Plant represents the capitalized value of physical property owned by the University.

D. Net Investment in Plant

Equipment is stated at appraised value or actual cost where determinable. Current fund expenditures for equipment are capitalized when the unit acquisition cost is greater than \$5,000 and the estimated useful life is two years or more. The accompanying financial statements include no provision for depreciation of plant assets.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the case of normal replacement of movable equipment. Plant assets, at the time of disposal, revert to the Commonwealth of Virginia for disposition. Proceeds, if any, may be returned to the University.

E. Accrued Leave

Accrued leave reflected in the accompanying financial statements represents the amount of vacation, sick, and compensatory leave earned by employees of the Station as of June 30, 2000. The amount represents all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave payout policy upon employment termination. The applicable share of employer related taxes payable on the eventual termination payments is also included.

F. 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, 2000.

	<u>June 30, 2000</u>
Direct administrative support	\$178,930
Institutional support	68,890
Operations and maintenance of plant	<u>2,931</u>
Total	<u><u>\$250,751</u></u>

2. CASH

The radio station's cash is held by the Treasurer of Virginia, pursuant to Section 2.1-177, 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 balance sheet 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.

3. DEFICIT FUND BALANCE - CURRENT UNRESTRICTED FUNDS

The deficit fund balance in the current unrestricted fund resulted from accruals for lag pay and leave liability.

4. RETIREMENT AND PENSION SYSTEMS

Employees of the Norfolk State University WNSB Radio Station are employees of the Commonwealth. 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.

5. POST-EMPLOYMENT BENEFITS

The Commonwealth participates in the VRS administered statewide group life insurance program which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of service and participate in the state health plan. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report.

6. SURETY BOND

Employees of the WNSB-FM Radio Station are employees of the University and are covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of General Services, Division of Risk Management with liability limits of \$500,000 for each occurrence.

NORFOLK STATE UNIVERSITY
Norfolk, Virginia

THE VISITORS OF NORFOLK STATE UNIVERSITY

Teresa H. Carrington, Rector
Geoffrey V. Guns, Vice-Rector

Delores E. Archer	Alfred L. Austin
Franklin R. Bowers	Dr. Alvin Bryant
Chauncey F. Crenshaw	Fred S. Garner
Viola M. Madison	William R. Miller, III
Tanya L. Monroe	Maria A. Ortiz
David W. Robertson	

OFFICIALS

Dr. Marie V. McDemmond, President
Mr. Edward B. Jolley, Jr., Vice President for Finance and Business
Mr. Edward Turner, WNSB-FM Radio Station Manager