

**WSSB RADIO STATION
A DEPARTMENT OF
SOUTH CAROLINA STATE UNIVERSITY**

Financial Statements

Years Ended June 30, 2011 and 2010

WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

CONTENTS

Independent Auditor's Report	1
Management's Discussion & Analysis	2 - 5
Basic Financial Statements:	
Statements of Net Assets	6
Statements of Revenues, Expenses, and Changes in Net Assets	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 14



Independent Auditors' Report

Members of the Board of Trustees
WSSB Radio Station, a Department of South Carolina State University
Orangeburg, South Carolina

We have audited the accompanying statements of net assets of WSSB Radio Station, a department of South Carolina State University, (the "Station") as of and for the years ended June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Station's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the basic financial statements, the accompanying financial statements of the Station are intended to present the financial position, changes in net assets, and cash flows of only that portion of South Carolina State University that is attributable to the transactions of the Station. They do not purport to and do not, present fairly the financial position of the South Carolina State University as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Cherry, Bekaert & Holland, L.L.P.

Charlotte, North Carolina
November 9, 2011

WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Introduction

We are pleased to submit the annual financial statements for WSSB Radio Station (WSSB), a department of South Carolina State University, for the fiscal years ended 2011 and 2010. The following discussion and analysis has been prepared by the management of South Carolina State University (the University) to provide an overview of the financial activities of WSSB for the fiscal years ended June 30, 2011 and 2010. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for WSSB has been prepared to meet the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Management's Discussion and Analysis addresses the activity of WSSB. Information presented in the financial statements is designed to aid a wide variety of readers in assessing the effectiveness of WSSB's management in using its resources to meet its primary public service mission to provide a picture of WSSB's financial activities and soundness.

Using this Annual Report

This annual report consists of a series of financial statements as follows: the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows. These financial statements emphasize the financial condition of WSSB, the results of operations, and the cash flows (sources and uses of funds) of WSSB as a whole. As a result of the implementation of GASB Statement 34, public colleges and universities of South Carolina elected to report as business type activities (BTAs). Therefore, these statements are intended to provide a view of WSSB's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of WSSB's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of WSSB such as state appropriation and gifts are considered non-operating.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of WSSB as of the end of the fiscal year. This statement is a point-of-time financial statement that provides the reader with a fiscal snapshot of WSSB Radio Station. The Statement of Net Assets consists of current assets, noncurrent assets, current liabilities, and net assets (assets minus liabilities). Current assets consist entirely of cash and receivables. Noncurrent assets consist of property and equipment, depreciated over estimated useful lives, as determined by management. The current portion of the assets will be converted to cash within one year to be used to pay for the current portion of the liabilities. Current liabilities consist principally of accounts payables and deferred revenues. These liabilities will be settled within one year. Net assets represent amounts invested in capital assets net of any related debt and accumulated earnings available for the future operations.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

The "Condensed Statement of Net Assets" as shown below, presents a comparison of assets, liabilities, and net assets as of June 30, 2011, 2010 and 2009.

Condensed Statement of Net Assets

	2011	2010	2009
Assets:			
Current Assets	\$ 116,340	\$ 63,133	\$ 99,000
Capital Assets, Net	106,465	118,141	137,116
Total Assets	222,805	181,274	236,116
Liabilities:			
Current Liabilities	103,484	60,912	96,779
Total Liabilities	103,484	60,912	96,779
Net Assets:			
Invested in Capital Assets, Net of Related Debt	106,465	118,141	137,116
Unrestricted	12,856	2,221	2,221
Total Net Assets	\$ 119,321	\$ 120,362	\$ 139,337

Current assets are purely composed of cash and receivables while current liabilities consist of accounts payable and deferred grant revenues.

The increase in current assets by \$53,207 (84%) is attributable to the increase in cash by \$49,487, new receivables of \$10,635, and full collection of previous year's receivables of \$6,915. The decrease in capital assets of \$11,676 is attributable to the net of current year depreciation expense of \$19,053 and purchases of capital assets of \$7,377. Current liabilities increased by \$42,572 (70%) from the prior year. The increase consists of increase in accounts payable by \$8,427 and increase in deferred revenues of \$34,145. The decrease of \$1,041 in net assets is attributed to both the capital asset activity, which included capital additions of \$7,377 and depreciation expense of \$19,053, and new receivables from charitable contributions of \$10,635 in the current year.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

Statement of Revenues, Expenses, and Changes in Net Assets

Generally speaking, operating revenues are earned or received for providing goods and services to the various customers and constituencies of WSSB. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided. Operating revenues and expenses are a result of carrying out the mission of WSSB. Non-operating revenues are those revenues received for which there is not a reciprocal agreement – no goods and services are provided.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues			
Non-governmental grants and contracts	\$ 106,667	\$ 66,798	\$ 187,106
Other operating revenues	-	-	2,235
Total Operating Revenues	<u>106,667</u>	<u>66,798</u>	<u>189,341</u>
Operating Expenses			
Salaries and wages and related fringe benefits	82,090	80,829	82,690
Services, supplies, and others	91,475	59,739	73,608
Depreciation	19,052	18,975	14,039
Total Operating Expenses	<u>192,617</u>	<u>159,543</u>	<u>170,337</u>
Operating Loss	<u>(85,950)</u>	<u>(92,745)</u>	<u>19,004</u>
Non-Operating Revenues			
Federal grants	63,125	54,323	85,593
State grants	21,784	19,447	22,487
Total Non-Operating Revenues	<u>84,909</u>	<u>73,770</u>	<u>108,080</u>
Decrease in Net Assets	<u>(1,041)</u>	<u>(18,975)</u>	<u>127,084</u>
Net Assets at Beginning of year	<u>120,362</u>	<u>139,337</u>	<u>12,253</u>
Net Assets at End of Year	<u>\$ 119,321</u>	<u>\$ 120,362</u>	<u>\$ 139,337</u>

Operating revenues mainly come from grants and contracts. The increase in grant revenues by \$39,869 (60%) is primarily due to an increase in reimbursable grant expenditures and charitable contributions from supporters of WSSB. Operating expenses increased in fiscal year 2011 by \$33,074 (21%) mainly due to the accrual of auditing fees for FY2011 and increased contracted services.

WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Statement of Cash Flows

The "Condensed Statement of Cash Flows" as shown below, shows the sources and uses of cash for fiscal years ended June 30, 2011, 2010 and 2009.

Condensed Statements of Cash Flows

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash provided by (used in) operating activities	\$ (32,739)	\$ (82,144)	\$ 26,476
Cash provided by non-capital financing activities	89,603	69,076	108,080
Cash used in capital related financing activities	<u>(7,377)</u>	<u>-</u>	<u>(138,902)</u>
Net change in cash	49,487	(13,068)	(4,346)
Cash and cash equivalents - Beginning of the Year	<u>56,218</u>	<u>69,286</u>	<u>73,632</u>
Cash and cash equivalents - End of the Year	<u>\$ 105,705</u>	<u>\$ 56,218</u>	<u>\$ 69,286</u>

Capital Assets

WSSB's investment in capital assets consists of furniture and fixtures with a carrying value of \$106,465 and \$118,141 as of June 30, 2011 and 2010 respectively. All other capital assets used by WSSB are the property of South Carolina State University.

Economic Outlook

There are no known conditions that will significantly affect the economic outlook for WSSB.

Requests for Information

This financial report is designed to provide a general overview of WSSB's finances and to demonstrate the station's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to the Interim Vice President of Finance, Facilities, and Management Information Systems, Ernesto Torres, CPA; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**STATEMENTS OF NET ASSETS
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 105,705	\$ 56,218
Due from SC State Foundation	10,635	2,221
Federal grants receivable	-	4,694
	<u>116,340</u>	<u>63,133</u>
Noncurrent Assets		
Capital assets, net of accumulated depreciation	<u>106,465</u>	<u>118,141</u>
	<u>106,465</u>	<u>118,141</u>
Total Assets	<u>222,805</u>	<u>181,274</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	13,370	4,943
Deferred revenue	<u>90,114</u>	<u>55,969</u>
Total Liabilities	<u>103,484</u>	<u>60,912</u>
Net Assets		
Invested in capital assets, net of related debt	106,465	118,141
Unrestricted	<u>12,856</u>	<u>2,221</u>
Total Net Assets	<u>\$ 119,321</u>	<u>\$ 120,362</u>

See Notes to Financial Statements

WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Non-governmental grants and contracts	\$ 106,667	\$ 66,798
Operating Expenses		
Salaries	67,747	66,408
Fringe benefits	14,343	14,421
Services, supplies, and others	91,475	59,739
Depreciation	19,052	18,975
Total operating expenses	<u>192,617</u>	<u>159,543</u>
Operating loss	<u>(85,950)</u>	<u>(92,745)</u>
Non-operating Revenues		
Federal grant	63,125	54,323
State grant	21,784	19,447
Net non-operating revenue	<u>84,909</u>	<u>73,770</u>
Decrease in net assets	(1,041)	(18,975)
Net Assets - Beginning of Year	<u>120,362</u>	<u>139,337</u>
Net Assets - End of Year	<u>\$ 119,321</u>	<u>\$ 120,362</u>

See Notes to Financial Statements

WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flow From Operating Activities		
Received from private grants and contracts	\$ 140,813	\$ 78,447
Other receipts	(8,414)	-
Payments to employees for services	(82,090)	(80,829)
Payments to suppliers for goods and services	(83,048)	(79,762)
Net cash used by operating activities	(32,739)	(82,144)
Cash Flows From Non-Capital Financing Activities		
Federal grant	67,819	49,629
State grant	21,784	19,447
Net cash provided by non-capital financing activities	89,603	69,076
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(7,377)	-
Net cash used by capital related financing activities	(7,377)	-
Net change in cash	49,487	(13,068)
Cash and cash equivalents - Beginning of the Year	56,218	69,286
Cash and Cash Equivalents - End of the Year	\$ 105,705	\$ 56,218
Reconciliation of Net Operating Loss to Net Cash Used By Operating Activities		
Operating loss	\$ (85,950)	\$ (92,745)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	19,053	18,975
Changes in assets and liabilities:		
Due from SC State Foundation	(8,414)	
Private grants receivable	-	27,493
Accounts payable and accrued expenses	8,427	(20,023)
Deferred revenue	34,145	(15,844)
Net Cash Used by Operating Activities	(32,739)	(82,144)
Reconciliation of Cash and Cash Equivalent Balances:		
Current Assets:		
Cash and cash equivalents	105,705	56,218
Total Cash and Cash Equivalents	\$ 105,705	\$ 56,218

See Notes to Financial Statements

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

WSSB Radio Station is a department of South Carolina State University which operates a noncommercial public radio station in Orangeburg, South Carolina.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, consists of the primary government and its component units. Component units are legally separate organizations from which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, was issued in May 2002, and provides additional guidance concerning the inclusion of related party financial information as a part of the reporting entity. The accompanying financial statements present only the portion of South Carolina State University's funds that is attributable to the transactions of WSSB.

Basis of Accounting

For financial reporting purposes, WSSB is considered a special-purpose government engaged only in business type activities. Accordingly, WSSB's financial statements have been presented 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the financial statements, WSSB considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables

Accounts receivable consists of amounts due from the Federal government and private sources, in connection with reimbursement of allowable expenditures made pursuant to the WSSB's grants and contracts and for reimbursements of other expenses. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. WSSB follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. WSSB capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years. Furniture and fixtures are depreciated over an estimated useful life of 8 years.

Deferred Revenues

Deferred revenues include amounts received from grant and contract sponsors that have not yet been earned.

Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, WSSB's deposits may not be returned to it. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note 2 – Deposits

All deposits of WSSB are under the control of the State Treasurer who, by law, has sole authority of investing State funds. WSSB's deposits with the State Treasurer totaled \$105,705 and \$56,218 as of June 30, 2011 and 2010, respectively.

Note 3 - Capital Assets

Capital asset activity for the years ended June 30, 2011 and 2010 was as follows:

	Year Ended June 30, 2011			Ending Balance
	Beginning Balance	Increases	Decreases	
Furniture and fixtures	\$ 151,801	\$ 7,377	\$ -	\$ 159,178
Accumulated depreciation	<u>(33,660)</u>	<u>(19,053)</u>	<u>-</u>	<u>(52,713)</u>
Capital assets, net	<u>\$ 118,141</u>	<u>\$ (11,676)</u>	<u>\$ -</u>	<u>\$ 106,465</u>
	Year Ended June 30, 2010			
	Beginning Balance	Increases	Decreases	Ending Balance
Furniture and fixtures	\$ 151,801	\$ -	\$ -	\$ 151,801
Accumulated depreciation	<u>(14,685)</u>	<u>(18,975)</u>	<u>-</u>	<u>(33,660)</u>
Capital assets, net	<u>\$ 137,116</u>	<u>\$ (18,975)</u>	<u>\$ -</u>	<u>\$ 118,141</u>

Note 4 – Net Assets

WSSB's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents WSSB's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Unrestricted net assets: Unrestricted net assets represent resources derived from the limited operations of the Station. These resources may be used at the discretion of the governing board to meet current expenses. General practice is to first apply the expense to restricted resources then to unrestricted resources.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note 5 - Pension Plan

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2010, the employer contribution rate is 13.14 percent which included a 3.90 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2011, 2010, and 2009, were \$2,831,340, \$2,971,644, and \$3,068,283, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$45,963 in the current fiscal year at the rate of .15 percent of compensation.

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note 5 - Pension Plan (continued)

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2010, the employer contribution rate is 15.03 percent which, as for the SCRS, included the 3.90 percent surcharge. The University's actual contributions the PORS for the years ended June 30, 2011, 2010 and 2009 were \$89,602, \$89,382 and \$80,407, respectively, and equaled the required contributions of 11.13 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$1,610 and accidental death insurance contributions of approximately \$1,610 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

The University paid approximately \$1,563,379 and \$1,458,166 applicable to the surcharges included with the employer contribution for retirement benefits under the SCRS and PORS for the fiscal years ended June 30, 2011 and 2010, respectively.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.90 percent from the employer in fiscal year 2011.

Certain employees of the University have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$798,279 (excluding the surcharge) from the University as employer and approximately \$561,560 from its employees as plan members. 8.14 percent of the total contributions were remitted to the Retirement Division of the State Budget and Control Board. The balance was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Also, the University paid employer group-life insurance contributions of approximately \$12,959 in the current fiscal year at the rate of .15 percent of compensation.

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note 6 – Risk Management

The University, including WSSB, is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees: Unemployment compensation benefits; Worker's compensation benefits for job-related illnesses or injuries; Health and dental insurance benefit; Long-term disability and group-life insurance benefits. Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the state's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: Theft, damage to, or destruction of assets; Real property, its contents, and other equipment; Motor vehicles and watercraft; Torts; Business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for health insurance for its student-athletes.

Note 7 – Subsequent Events

WSSB has evaluated subsequent events through November 9, 2011, the date the financial statements were available to be issued.