Fiscal Year 2012

Georgia Public Telecommunications Commission

A Component Unit of the State of Georgia

Audit Report

For the Fiscal Year Ended June 30, 2012

Department of Audits and Accounts

Greg S. Griffin
State Auditor

State Government Division
David Pennington, Director

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Honorable Nathan Deal, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Georgia Public Telecommunications Commission
and
Ms. Teya Ryan, President and Executive Director

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities and general fund of the Georgia Public Telecommunications Commission, a component unit of the State of Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Georgia Public Telecommunications Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as disclosed in the following paragraph, we conducted our audit 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Georgia Public Telecommunications Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 opinions.

In accordance with section 50-6-1(c) of the Official Code of Georgia Annotated, Greg S. Griffin was appointed State Auditor on July 1, 2012. During the year under review, Mr. Griffin served as the State Accounting Officer. As the State Accounting Officer, Mr. Griffin was responsible for the State's accounting and financial reporting practices and managing the enterprise accounting and payroll systems.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Georgia Public Telecommunications Commission, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the general fund includes the financial activity of its blended component unit, The Foundation for Public Broadcasting in Georgia Incorporated (Foundation). Blending the Foundation's financial activity with the general fund of the Commission, however, is not in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB statement 14, as amended by statement 34) which prescribes that a general fund of a component unit be reported as a special revenue fund. We believe, however, this departure from GAAP does not cause the financial statements to be misleading, but rather more accurately depicts the unique relationship between the Commission and the Foundation.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012 on our consideration of the Georgia Public Telecommunications Commission'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages seven through eleven be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Georgia Public Telecommunications Commission's financial statements. The Schedule of Revenues and Expenditures-Budget and Actual-General Fund and the Analysis of Financial Activity of Blended Component Unit (Schedules 1 through 3) are presented for purposes of additional analysis and are not a required part of the 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 financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures-Budget

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and Actual-General Fund and the Analysis of Financial Activity of Blended Component Unit (Schedules 1 through 3) are fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Greg S. Griffin
State Auditor

September 26, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the financial performance of Georgia Public Telecommunications Commission (d/b/a Georgia Public Broadcasting, GPB). It provides an overview of the activities for the fiscal year ended June 30, 2012, and compares them to fiscal year ended June 30, 2011. Georgia Public Broadcasting provides educational, instructional and public broadcasting services to the citizens of the State of Georgia. It is designed to be read in conjunction with the Georgia Public Broadcasting financial statements that follow this section.

HIGHLIGHTS

Net Assets
As of the close of fiscal year 2012, Georgia Public Broadcasting's combined ending net assets totaled $39,654,714.02. Of this total, $32,078,851.71 is invested in capital assets and $7,575,862.31 is unrestricted.

Long-term Debt
GPB's total long-term debt obligations consist of $1,122,264.62 in compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Georgia Public Broadcasting's basic financial statements. GPB's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information to the basic financial statements themselves.

Government-wide Financial Statements
The *government-wide financial statements* are designed to provide a broad overview of Georgia Public Broadcasting's finances, in a manner similar to private-sector business reports.

The *Statement of Net Assets* presents information on all GPB assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets should serve as a useful indicator of whether the financial position of Georgia Public Broadcasting is improving or deteriorating.

The *Statement of Activities* presents information showing how GPB's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the 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., earned unused vacation leave).

The government-wide financial statements only include the operations of Georgia Public Broadcasting. The Commission is considered a component unit of the State of Georgia for financial reporting purposes because of the significance of GPB's legal, operational and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Georgia Public Broadcasting, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All GPB funds can be classified into the category of *governmental funds*.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

> Georgia Public Broadcasting maintains one individual governmental fund. The General Fund is a major fund and is used to account for all activities of the Commission not otherwise accounted for by specific funds.

Notes To Financial Statements. Notes to financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Basic Financial Statements section of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents a General Fund Statement of Revenues and Expenditures Budget and Actual statement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Georgia Public Telecommunications Commission Net Assets

	FY 2012	FY 2011
Capital Assets, Net of Depreciation	$ 32,078,851.71	$ 24,511,459.85
Other Assets	9,308,492.91	11,648,098.36
Total Assets	$ 41,387,344.62	$ 36,159,558.21
Other Liabilities	$ 610,365.98	$ 556,531.84
Long-Term Liabilities		
Current	309,020.60	322,463.33
Noncurrent	813,244.02	771,244.47
Total Liabilities	$ 1,732,630.60	$ 1,650,239.64
Net Assets		
Invested in Capital Assets	$ 32,078,851.71	$ 24,511,459.85
Unrestricted	7,575,862.31	9,997,858.72
Total Net Assets	$ 39,654,714.02	$ 34,509,318.57

The largest component (81%) of GPB's net assets is the investment in Capital Assets (e.g. land, buildings and equipment) of $32,078,851.71. The remaining balance of $7,575,862.31 (19%) is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors.

The following is a summary of the Revenues and Transfers, Expenses and changes in Net Assets for FY 2012:

	FY 2012	FY 2011
Revenues		
Program Revenues		
Charges for Services	$ 5,298,311.88	$ 5,641,832.91
Operating Grants and Contributions	9,110,630.79	8,462,796.56
General Revenues		
Intergovernmental – Other	12,219,944.00	13,462,630.00
Unrestricted Investment Earnings	88,375.88	385,815.39
Transfers	15,055,151.38	0.00
Total Revenues and Transfers	$ 41,772,413.93	$ 27,953,074.86
Expenses		
Culture and Education	36,627,018.48	28,511,463.59
Increase (Decrease) in Net Assets	$ 5,145,395.45	$ (558,388.73)
Net Assets – Beginning	34,509,318.57	35,067,707.30
Total Net Assets – Ending	$ 39,654,714.02	$ 34,509,318.57

The increase in revenues and transfers from FY 2011 to FY 2012 is attributable to a net transfer in of equipment and accumulated depreciation at the tower sites from the Board of Regents and transferred assets from the Georgia Technology Authority. The Commission experienced further State appropriation cuts of 1.7% and unexpected facilities and maintenance costs during FY 2012.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

General Fund. The General Fund is the chief operating fund of Georgia Public Broadcasting. It consists of two components: the general fund of The Foundation for Public Broadcasting in Georgia, Inc., and the budget fund for GPB. Although legally separate, the Foundation is, in substance, a part of the Commission's operations. Funds raised by the Foundation are almost entirely devoted to the benefit of the Commission. The budget fund for GPB is the fund responsible for all activities of the Commission. At June 30, 2012, the General Fund has $17,080.85 in non-spendable fund balance, $215,202.12 in assigned fund balance for encumbrances and $8,465,843.96 in unassigned fund balance as described in the Notes to the Financial Statements.

BUDGET COMPARISON ANALYSIS

The original budget for Georgia Public Broadcasting of $27,959,650.00 was increased by $1,100,747.00 during the fiscal year. Expenditures on a budgetary basis were under budget and more than revenues by $2,160,296.92.

CAPITAL ASSETS

Georgia Public Broadcasting's investment in capital assets as of June 30, 2012, amounts to $94,150,492.34 which--with accumulated depreciation of $62,071,640.63--leaves a net book value of $32,078,851.71. This investment in capital assets includes land, buildings and equipment. The actual depreciation charges for the year totaled $7,272,136.82. The Commission previously transferred Land and Other Property and Equipment located at the tower sites through an Intergovernmental agreement to the Board of Regents. This agreement provided general obligation bonds to fund the digital conversion of the Commission's towers and transmitters. The Intergovernmental agreement expired during FY 2011 but the transfer of Land and Other Property back to the Commission did not occur until FY 2012. This transfer is included as an increase to the Commission's assets of $14,970,477.34. The Commission also received transferred assets of $84,674.04 from the Georgia Technology Authority.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Georgia's economy continues to experience moderate revenue growth but the majority of additional funding in the FY 2013 state budget is for student enrollment growth, filling shortfalls in Medicaid and the State Health Benefit Plan and payments to retirement plans. Even with moderate revenue growth, Georgia faces budget challenges. The Commission, like all state agencies, was not permitted to request additional state funding in the FY 2013 general appropriations budget. The amended budget for FY 2013 requested a 3% reduction plan for state expenditures. This request for additional budget reductions also applies to GPB's FY 2014's budget request, a 3% reduction plan.

The current state appropriation is approximately 42% of GPB's annual budget. To meet expenditures, GPB must raise approximately $16 million each year. Our revenue generation from outside sources is critically important as state appropriations continue to decrease. GPB projects moderate increases in other sources of revenue to sustain its annual budget; however, any uncertainty in the economy could adversely affect fundraising efforts.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Georgia Public Broadcasting's finances for all those individuals having an interest in the Commission's finances. Questions concerning any of the information provided in this report should be addressed to: Georgia Public Broadcasting, 260 14th Street, NW, Atlanta, Georgia 30318-5360.

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BASIC FINANCIAL STATEMENTS

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION EXHIBIT "A"
STATEMENT OF NET ASSETS
JUNE 30, 2012

		Governmental Activities
ASSETS		
Cash and Cash Equivalents	$	1,574,075.56
Investments		6,915,249.22
Accounts Receivable		
Other		802,087.28
Inventories		17,080.85
Capital Assets		
Land		1,478,948.00
Buildings and Building Improvements		26,345,140.34
Other Property and Equipment		66,326,404.00
Less: Accumulated Depreciation		(62,071,640.63)
Total Assets	$	41,387,344.62
LIABILITIES		
Accounts Payable and Other Accruals	$	447,125.53
Deferred Revenue		163,240.45
Noncurrent Liabilities		
Due Within One Year		
Compensated Absences		309,020.60
Due in More Than One Year		
Compensated Absences		813,244.02
Total Liabilities	$	1,732,630.60
NET ASSETS		
Invested in Capital Assets	$	32,078,851.71
Unrestricted		7,575,862.31
Total Net Assets	$	39,654,714.02

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

EXHIBIT "B"

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities				
Culture and Education	$ 36,627,018.48	$ 5,298,311.88	$ 9,110,630.79	$ (22,218,075.81)
Total Governmental Activities	$ 36,627,018.48	$ 5,298,311.88	$ 9,110,630.79	$ (22,218,075.81)
General Revenues				
Intergovernmental - Other				$ 12,219,944.00
Unrestricted Investment Earnings				88,375.88
Transfers				15,055,151.38
Total General Revenues and Transfers				$ 27,363,471.26
Change in Net Assets				$ 5,145,395.45
Net Assets - Beginning				34,509,318.57
Net Assets - Ending				$ 39,654,714.02

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

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

EXHIBIT "C"

	General Fund	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	$ 1,574,075.56	$ 1,574,075.56
Investments	6,915,249.22	6,915,249.22
Accounts Receivable		
Other	802,087.28	802,087.28
Inventories	17,080.85	17,080.85
Total Assets	$ 9,308,492.91	$ 9,308,492.91
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable and Other Accruals	$ 447,125.53	$ 447,125.53
Deferred Revenue	163,240.45	163,240.45
Total Liabilities	$ 610,365.98	$ 610,365.98
Fund Balances		
Nonspendable		
Inventory	$ 17,080.85	$ 17,080.85
Assigned	215,202.12	215,202.12
Unassigned	8,465,843.96	8,465,843.96
Total Fund Balances	$ 8,698,126.93	$ 8,698,126.93
Total Liabilities and Fund Balances	$ 9,308,492.91	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	$ 1,478,948.00	
Buildings and Building Improvements	26,345,140.34	
Other Property and Equipment	66,326,404.00	
Accumulated Depreciation	(62,071,640.63)	
Total Capital Assets		32,078,851.71

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term Liabilities at year-end consist of:

Compensated Absences	$ (1,122,264.62)
Net Assets of Governmental Activities (Exhibit "A")	$ 39,654,714.02

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

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

EXHIBIT "D"

	General Fund		Total Governmental Funds
REVENUES			
Intergovernmental - Federal			
U.S. Department of Education	$ 259,017.34		$ 259,017.34
Intergovernmental - Other			
State Appropriations through the Board of Regents of the University System of Georgia	12,219,944.00		12,219,944.00
Corporation for Public Broadcasting - Grants	3,430,334.00		3,430,334.00
Contributions and Donations			
Foundation for Public Broadcasting in Georgia, Inc.	5,393,879.99		5,393,879.99
Interest and Other Investment Income	197,221.44		197,221.44
Production Grants	1,339,780.35		1,339,780.35
Rents and Royalties	1,806,438.63		1,806,438.63
Sales and Services	422,326.39		422,326.39
Underwriting	1,488,611.72		1,488,611.72
Unrealized Gain (Loss) on Investments	(108,845.56)		(108,845.56)
Miscellaneous	281,277.25		281,277.25
Total Revenues	$ 26,729,985.55		$ 26,729,985.55
EXPENDITURES			
Current			
Culture and Education	$ 29,123,425.14		$ 29,123,425.14
Excess Of Revenues Over (Under) Expenditures	$ (2,393,439.59)		$ (2,393,439.59)
FUND BALANCES - BEGINNING	11,091,566.52		11,091,566.52
FUND BALANCES - ENDING	$ 8,698,126.93		$ 8,698,126.93
Net change in fund balances - total governmental funds			$ (2,393,439.59)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
Capital Outlay		$ 190,293.07	
Depreciation Expense		(7,272,136.82)	(7,081,843.75)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. This activity consists of:			
Increase in Compensated Absences			(28,556.82)
The net effect of transactions involving capital assets is to increase net assets:			
Net Transfer of Equipment and Loss			14,649,235.61
Change in net assets of governmental activities (Exhibit "B")			$ 5,145,395.45

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Georgia Public Telecommunications Commission (“the Commission”) is an instrumentality of the State of Georgia and a public corporation. The Commission was created by an Act of the General Assembly of the State of Georgia for the purpose of providing educational, instructional and public broadcasting services to the citizens of the State of Georgia.

The overall management of the business and affairs of the Commission is vested in a Board of Directors. State law provides that the Board is to be comprised of nine members. Board members serve on a part-time basis and are appointed by the Governor for specific periods of time. The Board of Directors appoints an Executive Director who is responsible for the day-to-day operations of the Commission.

A component unit is an entity for which the Commission is considered to be financially accountable. Financial accountability includes the ability of the Commission to appoint a voting majority of a Commission’s governing board and to impose will upon the organization or to have exist the potential for the organization to provide specific financial benefits or impose specific financial burdens on the Commission.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Commission and its blended component unit, The Foundation for Public Broadcasting in Georgia, Inc. (“the Foundation”). The Foundation assists the Commission in fulfilling its statutory responsibility for providing educational and public broadcasting to the citizens of the State of Georgia. Funds raised by the Foundation are almost entirely devoted to the benefit of the Commission. The Foundation’s Board of Directors is composed of eleven directors, composed of the Chairperson and the Vice Chairperson of the Commission’s Board, two directors elected by the Commission’s Board, six directors elected by the Foundation’s Board and the Executive Director of the Commission.

Because the Foundation, a legally separate entity, is in substance a part of the Commission’s operations, the financial statements of the Foundation have been blended with the financial statements of the Commission. Blending the Foundation’s financial activity with the general fund of the Commission is a departure from GAAP; however, this presentation does not cause the financial statements to be misleading, but rather more accurately depicts the unique relationship between the Commission and the Foundation. Information on obtaining the individual financial statements of the blended component unit is available from the Finance Office of the Commission.

The Georgia Public Telecommunications Commission, with its blended component unit, is considered a component unit of the State of Georgia for financial reporting purposes because of the significance of its legal, operational and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards.

B. BASIS OF PRESENTATION

A key feature of the governmental financial reporting model is its unique combination of government-wide and fund financial reporting. This combination of government-wide and fund financial reporting is designed to accomplish two goals: (1) to provide information using the economic resources measurement focus and the accrual basis of accounting for functions reported in governmental funds, and (2) to provide net cost information by function for governmental activities. These goals are accomplished through government-wide financial statements and fund financial statements.

Government-Wide Financial Statements
The Statement of Net Assets and Statement of Activities report information on all of the non-fiduciary activities of the Commission and its blended component unit.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The only exception to this general rule is in those instances where the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational requirements of a particular function. Annual appropriations received from the State of Georgia, through the Board of Regents of the University System of Georgia, and other items not meeting the definition of program revenues are instead reported as general revenue.

Fund Financial Statements
Separate financial statements are provided for governmental funds. The major individual governmental fund, the general fund, is reported as a separate column in the fund financial statements.

The financial activities of the Commission and its blended component unit are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Commission uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Commission reports the following major governmental fund:

> The *General Fund* is used to account for all financial transactions not required to be accounted for in another fund. These transactions relate to resources obtained and used for providing educational, instructional and public broadcasting services to the citizens of the State of Georgia.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenue sources susceptible to accrual include intergovernmental revenue. Appropriations from the State of Georgia, passed through the Board of Regents of the University System of Georgia to the Commission, are recognized when they become measurable and available to the extent they are collected within the current period. All other revenue items become measurable and available when they are earned.

Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

The Commission's Cash and Cash Equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, and money market funds and the State investment pool that have the general characteristics of demand deposit accounts in that the Commission may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

The State investment pool (Georgia Fund 1) is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The State of Georgia's Office of the State Treasurer (OST) manages Georgia Fund 1 in accordance with policies and procedures established by State law and the State Depository Board, the oversight Board of OST. This investment is valued at the pool's share price, $1.00 per share.

Funds held in money market mutual funds and certificates of deposit are valued at cost which approximates fair value.

The Commission does not have any risk exposure related to investments in derivatives or similar investments in Georgia Fund 1 as the investment policy of OST does not provide for investments in derivatives or similar investments through the Georgia Fund 1.

Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue. Investments are presented at fair value.

Accounts Receivable

Accounts receivable for services are recorded when either the asset or revenue recognition criteria have been met. Estimates of allowances for uncollectible receivables have not been made within the financial statements; accordingly, no allowance for uncollectible accounts has been established.

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of tape stock supplies. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities in the government-wide financial statements. All land is capitalized regardless of cost. Buildings and Building Improvements are capitalized when the cost of individual items or projects exceeds $100,000.00. Equipment is capitalized when the cost of individual items exceeds $5,000.00. Such assets are recorded at historical costs or estimated historical cost if historical cost information is unavailable. Donated capital assets are recorded at fair market value on the date donated. Disposals are deleted at recorded cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Commission are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Building Improvements	40 Years
Equipment	3-7 Years

Compensated Absences

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of State funds each fiscal year to cover the cost of annual leave of terminated employees.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Balances

In the fund financial statements, governmental funds fund balance is composed of classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental funds classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Assigned Fund Balance – This classification includes revenue sources that reflect the intended use of resources established at either the highest level of decision making, or by a body or official designated for that purpose.

Unassigned Fund Balance – This classification includes that portion of fund balance that has not been restricted to specific purposes.

The Commission receives an annual appropriation from the State of Georgia through the Board of Regents of the University System of Georgia. In general, Georgia law requires that unencumbered annual state appropriations lapse at fiscal year end; however, statutory provisions allow the Commission to carry over unencumbered appropriations to future periods. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end in the amount of $215,202.12 are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

Net Assets

In the government-wide financial statements, the difference in the Commission's assets and liabilities is reported as net assets. Net assets are reported in three categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

E. BUDGET

The annual budget of the Commission is prepared on the modified accrual basis. The budget is prepared by the Commission and approved by the Board. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods and services need not have been received for liabilities and expenditures to be recorded.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

STATE OF GEORGIA COLLATERALIZATION STATUTES AND POLICIES

Funds belonging to the State of Georgia (and thus the Commission) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.

2. Bonds, bills, notes, certificates of indebtedness, or other obligations of the counties or municipalities of the State of Georgia.

3. Bonds of any public authority created by the laws of the State of Georgia, provided that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6. Letters of credit issued by a Federal Home Loan Bank.

7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The Georgia General Assembly enacted legislation creating the Georgia State Pledging Pool Program effective in January 1999. This bill allows a bank to manage the collateral pledged towards their public funds in a pooled method instead of the traditional dedicated method. The Commission and Foundation bank accounts are a part of the Georgia State Pledging Pool program that is administered by the Georgia Bankers Association. This pool allows public depositors the option of having their financial institution secure deposits using a pooled method. By using the pooled method, the bank is able to pledge a pool of securities against the combined deposits of all their public depositors net of the FDIC insured amount. There are three separate entities that monitor deposits on a regular basis - the financial institution, the Office of the State Treasurer (OST) and GBA Services, Inc. (GBASI), a subsidiary of Georgia Bankers Association and authorized administrative agent for the OST. Significant savings are realized in administrative time and by avoiding the fees safekeepers charge to move securities from one account holder to another.

NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be recovered. At June 30, 2012, the Commission's deposits bank balance of $1,765,384.52 was insured and collateralized as part of the State of Georgia Pledging Pool; therefore, none of this amount was exposed to custodial credit risk.

	Cash and Cash Equivalents	Investments
Per Statement of Net Assets	$ 1,574,075.56	$ 6,915,249.22
Reclassifications to Investments for Risk Assessment Disclosures		
Money market mutual fund	(393,802.31)	393,802.31
State investment pool	(1,000.74)	1,000.74
Per notes to the financial statements	$ 1,179,272.51	$ 7,310,052.27

B. Investments

The Commission's investments as of June 30, 2012, other than those on deposit with the Office of the State Treasurer, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

		Investment Maturity			
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More than 10 Years
Debt Securities					
Corporate Bonds	$ 1,306,345.59	$ 315,579.45	$ 395,188.89	$ 520,265.66	$ 75,311.59
Money Market Mutual Fund	393,802.31	393,802.31	-	-	-
CMO&Asset Backed Securities	220,993.55	-	-	-	220,993.55
Municipal Bonds	340,405.45	0.00	30,366.25	111,715.10	198,324.10
U. S. Agencies	1,012,157.03	55,090.03	553,749.19	15,806.54	387,511.27
U. S. Treasury Obligations	112,758.87	27,255.28	83,485.46	2,018.13	-
	$ 3,386,462.80	$ 791,727.07	$ 1,062,789.79	$ 649,805.43	$ 882,140.51
Other Investments					
Equity Securities - Domestic	3,922,588.73				
	$ 7,309,051.53				

The Commission also holds $1,000.74 of investments in the Office of the State Treasurer Georgia Fund 1 Investment Pool. The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, $1.00 per share. At June 30, 2012, the holdings of the Georgia Fund 1 Investment Pool were composed of debt securities with a weighted average maturity of 42 days and other investments that are not subject to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Foundation contracts with an investment consultant and professional investment managers to invest assets on the Foundation's behalf. Asset allocations and general investment guidelines are determined by the Foundation's investment policy. Therefore, the organization does not require a formal policy for managing interest rate risk.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's investment policy includes the following investing restrictions to manage credit quality risk:

1. **Acceptable Equity Investments** should consist of the following: Domestic (U.S.) common stock-includes preferred and convertible issues; American Depository Receipts (ADR's) of foreign companies; mutual funds (excluding those managed or sponsored by advisory firm(s)); Exchange Traded Funds (ETF's) and Publicly-traded Real Estate Investment Trusts (REIT's).
2. **Unacceptable Equity Investments** include the following, but not limited to: Unlisted stocks; "Penny Stocks," Options (puts and calls) and Non U.S. Dollar denominated foreign stocks.
3. **Acceptable Fixed Income Investments** may be comprised of the following: Domestic bonds, of "A3/A-" (as rated by Moody's and/or S&P) or better with sufficient liquidity; bonds issued by or guaranteed by the U.S. Treasury or U.S. Government agencies are considered AAA rating; Convertible bonds; Treasury Inflation Protected Securities (TIP's); Exchange Traded Funds (ETF's) and Fixed Income mutual funds.
4. **Acceptable Cash Equivalent Investments** may be comprised of the following: Certificates of Deposit ($100,000 maximum investment per issuer, as insured by FDIC); Money Market Funds, Commercial Paper (Rate A-1, P-1), U.S. Treasury bills and any other high quality fixed income investment with a yield to maturity of less than one (1) year (see ratings restrictions in above Fixed Income).
5. **Unacceptable/Restricted Investments and/or Transactions** are as follows: Borrowing of money; Purchasing of securities on margin or short sales; Pledging, mortgaging, or hypothecating of any securities; Purchase of securities of the investment advisor, its parent or its affiliates; Purchase of illiquid securities (i.e. private placements, real estate or mortgages, Limited Partnerships); Purchase or sale of commodities, commodity contracts and Purchase or sale of futures of options for speculation or leverage.

The following table provides information about the Commission's exposure to credit quality risk.

	Fair	Quality Ratings			
Rated Debt Investments	Value	AAA	AA	A	Unrated
Corporate Debt	$ 1,306,345.59	$ 25,318.93	$ 278,943.34	$ 686,503.87	$ 315,579.45
Money Market Mutual Fund	393,802.31	-	-	-	393,802.31
CMO&Asset Backed Securities	220,993.55	164,352.76	18,362.32	26,005.61	12,272.86
Municipal Bonds	340,405.45	191,513.20	148,892.25	-	-
U.S. Agencies	1,012,157.03	404,279.42	220,366.34	-	387,511.27
	$ 3,273,703.93	$ 785,464.31	$ 666,564.25	$ 712,509.48	$ 1,109,165.89

The Georgia Fund 1 was rated AAA by Standard and Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Commission will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Commission's policy for managing custodial credit risk for investments is to have all investments managed through an investment account custodian. This custodian provides Securities Investor Protection Corporation (SIPC) which protects securities customers of its member institutions for up to $500,000 (including $100,000 for claims for cash). In addition to this coverage, the custodian has secured protection through additional commercial insurance to $150 million per customer.

At June 30, 2012, $7,309,051.53 of the Commission's applicable investments was held by the investment account custodian.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission's policy for managing concentration of credit risk is no individual security, except diversified funds, shall make up more than 5% of each portfolio. The Fixed Income Securities portfolio has additional stipulations stating that in the case of asset backed securities and private label mortgage obligations the maximum limit shall relate to obligations from a specific "master trust" which holds the assets collateralizing the securities. There shall be no such limit on U.S. Government securities or U.S. Government-sponsored agency securities or mortgage obligations that are collateralized entirely by U.S. Government or U.S. Government agency securities. The maximum exposure to any single municipal obligor shall not exceed 5% of the total portfolio.

The investment advisor for the Fixed Income portfolio which represents approximately 36% of the Commission's total funds available for investment has additional restrictions to limit the relative sector exposure of the investments and additional restrictions on the type of investments. The restrictions include: No obligations of BB&T Corporation which own the investment advisor's company; No Private Placements; No Derivatives; No Non-U.S. Dollar Denominated Issues. The restrictions to limit the relative sector exposure include: Exposure to corporate debt will be maintained at a minimum of 50% and restricted to a maximum of 150% of the weighting of corporate debt of the Barclays Intermediate Government/Corporate Index; Exposure to mortgage-backed securities will be restricted to a maximum of 30% of the weighting of the portfolio; Asset-backed securities will be restricted to a maximum of 25% of the portfolio; Commercial Mortgage Backed Securities will be restricted to a maximum of 25% of the portfolio; Yankee debt will be restricted to a maximum of 10% of the fund and Total exposure to municipal obligations shall not exceed 15% of the overall account.

NOTE 4: ACCOUNTS RECEIVABLE

Receivables at June 30, 2012, consist of the following:

	Governmental Activities
Other (Services)	$ 802,087.28

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 1,278,948.00	$ 200,000.00	$ -	$ 1,478,948.00
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	$ 26,127,162.00	$ 217,978.34	$ -	$ 26,345,140.34
Other Property and Equipment	30,343,938.81	44,347,047.19	(8,364,582.00)	66,326,404.00
Total Capital Assets Being Depreciated	$ 56,471,100.81	$ 44,565,025.53	$ (8,364,582.00)	$ 92,671,544.34
Less: Accumulated Depreciation For:				
Buildings and Building Improvements	$ (8,181,067.59)	$ (602,574.68)	$ -	$ (8,783,642.27)
Other Property and Equipment	(25,057,521.37)	(36,189,143.22)	7,958,666.23	(53,287,998.36)
Total Accumulated Depreciation	$(33,238,588.96)	$(36,791,717.90)	$ 7,958,666.23	$ (62,071,640.63)
Governmental Activities Capital Assets, Net	$ 24,511,459.85	$ 7,973,307.63	$ (405,915.77)	$ 32,078,851.71

Depreciation expense for the fiscal year ended June 30, 2012, was $7,272,136.82, and the total amount was charged to the Culture and Education function of the Commission.

The Commission previously transferred Land and Other Property and Equipment located at the tower sites through an Intergovernmental agreement to the Board of Regents. This agreement provided general obligation bonds to fund the digital conversion of the Commission's towers and transmitters. The Intergovernmental agreement expired during FY 2011 but the transfer of Land and Other Property and Equipment back to the Commission did not occur until FY 2012. The net transfer from Board of Regents of $14,970,477.34 is included as an increase to the Commission's assets. The Commission also received assets transferred from the Georgia Technology Authority in the amount of $84,674.04.

NOTE 6: OPERATING LEASES

The Commission has entered into certain agreements to lease equipment and transmitter space, which are classified for accounting purposes as operating leases. These leases generally contain provisions that, at the expiration date of the original term of the lease, the Commission has the option of renewing the lease on a year-to-year basis. Total expenditures for the rental of real property under such leases were $1,036,992.76 for the year ended June 30, 2012. The future minimum commitments for operating leases as of June 30, 2012, are listed below. Amounts are included only for multi-year leases and for cancellable leases for which an option to renew for the subsequent fiscal year has been exercised.

Fiscal Year Ended June 30	
2013	$ 1,035,133.16
2014	974,090.96
2015	973,263.26
2016	918,963.77
2017	1,163,697.50
2018-2021	-
Total Minimum Commitments	$ 5,065,148.65

NOTE 7: LONG-TERM DEBT

Compensated Absences

Compensated absences are liquidated by the fund they are reported in and do not have scheduled future debt service requirements beyond one year.

Long-term obligations at June 30, 2012, and changes for the fiscal year then ended are as follows:

	July 1, 2011	Increases	Decreases	June 30, 2012	Amounts Due Within One Year
Compensated Absences	$ 1,093,707.80	$ 363,235,51	$ 334,678.69	$ 1,122,264.62	$ 309,020.60

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

The Department of Community Health administers for the State of Georgia a program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia. This plan is funded by participants covered in the plan, by employers' contributions paid by the various units of government participating in the plan, and by appropriations made by the General Assembly of Georgia. The Department of Community Health has contracted with various outside parties to process claims in accordance with the State Employees' Health Benefit Plan as established by the Department. Details on the liability for unpaid claims are disclosed in the *State of Georgia Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2012.

Other Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The State of Georgia utilizes self-insurance programs established by individual agreement, statute or administrative action, to provide property insurance covering fire and extended coverage and automobile insurance and to pay losses that might occur from such causes; liability insurance for employees against personal liability for damages arising out of performance of their duties; survivors' benefits for eligible members of the Employees' Retirement System; consolidating processing of unemployment compensation claims against State agencies and the payment of sums due to the Department of Labor; and workers' compensation insurance coverage for employees of the State and for the receipt of benefits as prescribed by the workers' compensation statutes of the State of

Georgia. These self-insurance funds are accounted for as internal service funds of the State of Georgia where assets are set aside for claim settlements. The majority of the risk management programs are funded by assessments charged to participating organizations. A limited amount of commercial insurance is purchased by the self-insurance funds applicable to property, employee and automobile liability, fidelity and certain other risks to limit the exposure to catastrophic losses. Otherwise, the risk management programs service all claims against the State for injuries and property damage. Financial information relative to the self-insurance funds will be presented in the *State of Georgia Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2012.

In addition, the Commission has purchased a liability insurance policy for broadcasters and producers and another liability and crime policy for the Foundation's Board of Directors.

NOTE 9: RELATED PARTY TRANSACTIONS

As further described in Note 1, the Commission, through its board members, the State of Georgia, and other State agencies, participates in related party transactions which are inherent to its organizational and funding structure. Agencies that fund the Commission also contract with the Commission for goods and services, and the Commission purchases goods and services from funding agencies.

NOTE 10: RETIREMENT PLANS

The Georgia Public Telecommunications Commission participates in various retirement plans administered by the State of Georgia under two major retirement systems: Employees' Retirement System of Georgia (ERS System) and Teachers Retirement System of Georgia (TRS). These two systems issue separate, publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The significant retirement plans that the Georgia Public Telecommunications Commission participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

Employees' Retirement System of Georgia

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the Teachers Retirement System of Georgia. One of the ERS System plans, the Employees' Retirement System of Georgia (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan (SRBP-ERS) of ERS. The SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are "new plan" members subject to the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009, also have the option to change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Post-retirement cost-of-living adjustments may be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to $4,200 plus 6% of annual compensation in excess of $4,200. Under the old plan, the Georgia Public Telecommunications Commission pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Georgia Public Telecommunications Commission contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Georgia Public Telecommunications Commission is required to contribute at a specified percentage of active member payroll established by the Board of Trustees determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. These Georgia Public Telecommunications Commission contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2012 were based on the June 30, 2009, actuarial valuation as follows:

Old Plan *	11.75%
New Plan	11.63%
GSEPS	7.42%

* 6.88% exclusive of contributions paid by the employer on behalf of old plan members

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions the member forfeits all rights to retirement benefits.

Teachers Retirement System of Georgia

The Teachers Retirement System of Georgia (TRS) is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers Retirement System (SRBP-TRS). The SRBP-TRS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has fewer than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with fewer than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2012, were 5.53% of annual salary. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate will remain at 10.28% effective July 1, 2012.

The following table summarizes the Georgia Public Telecommunications Commission contributions by defined benefit plan for the years ending June 30, 2012, 2011, and 2010:

	ERS		TRS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2012	$ 709,042.45	100%	$ 16,617.84	100%
2011	$ 643,415.82	100%	$ 22,258.56	100%
2010	$ 708,124.30	100%	$ 21,089.28	100%

GSEPS 401(k) Defined Contribution Component

In addition to the ERS defined benefit pension described above, GSEPS members may also participate in the Peach State Reserves 401(k) defined contribution plan and receive an employer matching contribution. The 401(k) plan is administered by the ERS System and was established by the State of Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the Internal Revenue Code. The GSEPS segment of the 401(k) plan was established by State law effective January 1, 2009. Plan provisions and contribution requirements specific to GSEPS can be amended by State law. Other general 401(k) plan provisions can be amended by the ERS Board of Trustees as required by changes in Federal tax law or for administrative purposes. The State was not required to make significant contributions to the 401(k) plan prior to GSEPS because most members under other segments of the plan either were not State employees or were not eligible to receive an employer match on their contributions.

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 1% of salary, along with a matching contribution from the State. The State will match 100% of the employee's initial 1% contribution. Employees can elect to contribute up to an additional 4% and the State will match 50% of the additional 4% of salary. Therefore, the State will match 3% against the employee's 5% total savings. Contributions greater than 5% do not receive any matching funds.

GSEPS employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all State service. Vesting is determined based on the following schedule:

Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) plan on approval of the 401(k) plan administrator. Such rollovers are 100% vested at the time of transfer. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

In 2012, the Georgia Public Telecommunications Commission employer and employee GSEPS contributions were $46,106.22 and $101,810.01, respectively.

Georgia Defined Contribution Plan

Certain employees of the Commission participate in the Georgia Defined Contribution Plan (GDCP), which is a single-employer defined contribution plan established by the General Assembly of Georgia for the purpose of providing retirement allowances for public employees who are not members of a public retirement or pension system. GDCP is administered by the ERS Board of Trustees.

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board. If a member has less than $3,500 credit to his/her account, the Board has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions of GDCP are established and may be amended by State statute.

Member contributions are 7.5% of gross salary. There are no employer contributions. Contribution rates are established and may be amended by State statute. Earnings are credited to each member's account in a manner established by the Board. Upon termination of employment, the amount of the member's account is refundable upon request by the member. Total contributions by employees during the fiscal year ended June 30, 2012, were $40,830.85, which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Georgia Public Telecommunications Commission participates in the following State of Georgia post-employment benefit plans: the Georgia State Employees Post-Employment Health Benefit Fund (administered by the Department of Community Health) and the State Employees' Assurance Department – OPEB (administered by the ERS System). Separate financial reports that include the applicable financial statements and required supplementary information for these plans are publicly available and may be obtained from the offices that administer the plans.

Georgia State Employees Post-Employment Health Benefit Fund

The Georgia State Employees Post-Employment Health Benefit Fund (State OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. The State OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the health insurance plan for State employees. The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board).

The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined required contribution rates established by the Board for the active and retiree plans for the fiscal year ended June 30, 2012, were as follows:

June 2011	22.667% of covered payroll for July 2011 coverage
July – November 2011	27.363% of covered payroll for August – December 2011 coverage
December 2011 – April 2012	34.063% of covered payroll for January – May 2012 coverage
May – June 2012	27.363% of covered payroll for June – July 2012 coverage

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the State OPEB Fund to pre-fund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other post-employment benefits and are subject to appropriation.

The following table summarizes the Georgia Public Telecommunications Commission's combined active and retiree contributions to the health insurance plans for the years ended June 30, 2012, 2011, and 2010:

	Required Contribution	Percent Contributed
2012	$ 2,258,666.96	100%
2011	$ 1,823,573.16	100%
2010	$ 1,559,600.99	100%

State Employees' Assurance Department – OPEB

State Employees' Assurance Department – OPEB (SEAD-OPEB) is a cost-sharing multiple-employer defined benefit post-employment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees' (ERS), Judicial (JRS), and Legislative (LRS) Retirement Systems. Eligibility was amended to exclude GSEPS members of ERS effective January 1, 2009, and to exclude members of JRS and LRS hired on or after July 1, 2009. Pursuant to Title 47 of the OCGA, benefit provisions of the plan were established and can be amended by State statute.

Contributions by plan members are established by the ERS Board of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The ERS Board of Trustees establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. For the fiscal year ended June 30, 2012, contributions of ERS "old plan" members were 0.45% of earnable compensation, 0.22% of which was paid by the employer. Contributions of ERS "new plan" members and of members of the Judicial and Legislative Retirement Systems were 0.23% of earnable compensation.

The SEAD-OPEB annual required contribution was 0.61% of payroll for fiscal year 2012 based on the actuarial valuation as of June 30, 2009. The ERS Board of Trustees voted and approved that the contribution would be paid from existing assets of the Survivors Benefit Fund (SBF) instead of requiring payment by the employers. The contribution by SBF made on-behalf of the Georgia Public Telecommunications Commission for fiscal year 2012 was $27,399.46. There were no required employer contributions for the fiscal years ended June 30, 2011, and 2010.

NOTE 12: NONMONETARY TRANSACTIONS

During the year ended June 30, 2012, the Commission received in-kind contributions from the following institutions that housed local GPB radio operations throughout the state. The in-kind contributions are administrative, communication, facilities and departmental support. These amounts are not reflected on the Commission's financial statements.

Institution	GPB Facility	In-kind Contribution
Augusta State University	WACG-FM	$ 24,750.15
Georgia Highlands College	WGPB-FM	17,463.15
Mercer University	WMUM-FM	55,463.00
Piedmont College	WPPR-FM	4,118.79
University of Georgia	WUGA-FM	700,883.13
Total In-Kind Contributions		$ 802,678.22

NOTE 13: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

Litigation, claims and assessments filed against the Commission, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the *State of Georgia Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2012.

NOTE 14: SUBSEQUENT EVENTS

The Georgia Public Telecommunications Commission entered into a forty-year intergovernmental agreement with the Board of Regents effective July 1, 2012. The Commission will transfer other property and equipment at its headquarters location to the Board of Regents. This transfer is required to obtain the use of twenty-year and five-year general obligation bonds sold in the Board of Regents' name on behalf of the Commission. The Commission, an authority created after 1967, cannot have bonds sold on its behalf. The intergovernmental agreement allows the Commission to utilize these funds for the following bond projects:

Communication Systems and Information Systems upgrades, 5 year bonds, $1,780,000
Facility roof replacement and cooling system improvements, 20 year bonds, $1,265,000

These general obligation bonds were sold on July 18, 2012. This intergovernmental agreement will create a new capital projects fund within GPTC's financial statements beginning with FY 2013. The Commission recently submitted a request to the Governor's Office of Planning and Budget for additional capital project funding as part of the FY 2014 budget. The intergovernmental agreement is designed to accommodate future general obligation bond issues for the Commission. All equipment and property will be transferred back to the ownership of the Commission upon the termination of the agreement with the Board of Regents. It is anticipated that any current and future year bond issues will be paid for in full within twenty years.

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SUPPLEMENTARY INFORMATION

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GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

SCHEDULE " 1 "

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance- Favorable (Unfavorable)
Funds Available				
Revenues				
Other Revenues Retained	$ 27,959,650.00	$ 29,060,397.00	$ 26,790,654.05	$ (2,269,742.95)
Expenditures				
Culture And Education	$ 27,959,650.00	$ 29,060,397.00	$ 28,950,950.97	$ 109,446.03
Excess of Funds Available over Expenditures			$ (2,160,296.92)	$ (2,160,296.92)

The budget for the Commission is adopted on a basis consistent with accounting practices prescribed or permitted by statutes and regulations of the State of Georgia, which is a basis other than prescribed by Generally Accepted Accounting Principles (GAAP). This budget is considered to be an appropriated budget. The following is an explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/inflows of resources	
Actual amounts (budgetary basis) "Funds available"	$ 26,790,654.05
Differences - Budget to GAAP:	
For budget purposes, certain adjustments to prior year revenue/receivable items are considered fund balance adjustments rather than revenue items for financial reporting purposes.	(60,668.50)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit "D")	$ 26,729,985.55
Uses/outflows for resources	
Actual amounts (budgetary basis) "expenditures"	$ 28,950,950.97
Differences - Budget to GAAP:	
For budget purposes, certain adjustments to prior year expenditure/payable items and inventory adjustments are considered fund balance adjustments rather than expenditure items for financial reporting purposes.	(187,346.44)
For budget purposes, encumbrances are reported as expenditures in the year purchase orders are issued but are expensed when invoiced for financial reporting purposes.	235,854.60
For budget purposes, expenditures in the Foundation are non-budgetary.	123,966.01
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit "D")	$ 29,123,425.14

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ANALYSIS OF FINANCIAL ACTIVITY OF BLENDED COMPONENT UNIT
(FOUNDATION FOR PUBLIC BROADCASTING IN GEORGIA, INC)

SCHEDULE "2"

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
ANALYSIS OF BALANCE SHEET ACTIVITY
OF BLENDED COMPONENT UNIT
JUNE 30, 2012

		Commission		Foundation		Total
ASSETS						
Cash and Cash Equivalents	$	420,663.88	$	1,153,411.68	$	1,574,075.56
Investments		-		6,915,249.22		6,915,249.22
Accounts Receivable						
Other		802,087.28		-		802,087.28
Inventories		17,080.85		-		17,080.85
Total Assets	$	1,239,832.01	$	8,068,660.90	$	9,308,492.91
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable and Other Accruals	$	439,687.62	$	7,437.91	$	447,125.53
Deferred Revenue		163,240.45		-		163,240.45
Total Liabilities	$	602,928.07	$	7,437.91	$	610,365.98
Fund Balances						
Nonspendable						
Inventory	$	17,080.85	$	-	$	17,080.85
Assigned		215,202.12		-		215,202.12
Unassigned		404,620.97		8,061,222.99		8,465,843.96
Total Fund Balances	$	636,903.94	$	8,061,222.99	$	8,698,126.93
Total Liabilities and Fund Balances	$	1,239,832.01	$	8,068,660.90	$	9,308,492.91

SCHEDULE "3"

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
ANALYSIS OF OPERATING ACTIVITY AND CHANGES IN FUND BALANCES
OF BLENDED COMPONENT UNIT
YEAR ENDED JUNE 30, 2012

	Commission	Foundation	Total
REVENUES			
Intergovernmental - Federal			
U.S. Department of Education	$ 259,017.34	$ -	$ 259,017.34
Intergovernmental - Other			
State Appropriations through the Board of Regents of the University System of Georgia	12,219,944.00	-	12,219,944.00
Corporation for Public Broadcasting - Grants	3,430,334.00	-	3,430,334.00
Contributions and Donations			
Foundation for Public Broadcasting in Georgia, Inc.	-	5,393,879.99	5,393,879.99
Interest and Other Investment Income	75.46	197,145.98	197,221.44
Production Grants	1,339,780.35	-	1,339,780.35
Rents and Royalties	1,806,438.63	-	1,806,438.63
Sales and Services	422,326.39	-	422,326.39
Underwriting	1,488,611.72	-	1,488,611.72
Unrealized Gain (Loss) on Investments	-	(108,845.56)	(108,845.56)
Miscellaneous	281,277.25	-	281,277.25
Total Revenues	$ 21,247,805.14	$ 5,482,180.41	$ 26,729,985.55
EXPENDITURES			
Current			
Culture and Education	$ 28,999,459.13	$ 123,966.01	$ 29,123,425.14
Excess Of Revenues Over (Under) Expenditures	$ (7,751,653.99)	$ 5,358,214.40	$ (2,393,439.59)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	$ 8,500,000.00	$ (8,500,000.00)	$ -
FUND BALANCES - BEGINNING	(111,442.07)	11,203,008.59	11,091,566.52
FUND BALANCES - ENDING	$ 636,903.94	$ 8,061,222.99	$ 8,698,126.93

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SECTION II

INTERNAL CONTROL AND COMPLIANCE REPORT

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DEPARTMENT OF AUDITS AND ACCOUNTS
270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2180

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*

Honorable Nathan Deal, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Georgia Public Telecommunications Commission
and
Ms. Teya Ryan, President and Executive Director

We have audited the financial statements of the governmental activities and general fund of the Georgia Public Telecommunications Commission, a component unit of the State of Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 26, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Georgia Public Telecommunications Commission is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the Georgia Public Telecommunications Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 Georgia Public Telecommunications Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Georgia Public Telecommunications Commission's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any

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deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Georgia Public Telecommunications Commission's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of management, members of the Georgia Public Telecommunications Commission Board, Federal awarding agencies and pass-through entities, and management of the State of Georgia, and is not intended to be, and should not be used by, anyone other than these specified parties.

Respectfully submitted,

Greg S. Griffin
State Auditor

September 26, 2012

GSG:MJ