Fiscal Year 2015

Georgia Public Telecommunications Commission

A Component Unit of the State of Georgia

Audit Report

For the Fiscal Year Ended June 30, 2015

(with summarized comparative information for the fiscal year ended June 30, 2014)

Department of
Audits and Accounts

Greg S. Griffin
State Auditor

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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SECTION I

FINANCIAL

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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) 656-2174

Independent Auditor's Report

The 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 Chief Executive Officer

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Georgia Public Telecommunications Commission, a component unit of the State of Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Georgia Public Telecommunications Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund information of the Georgia Public Telecommunications Commission, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Georgia Public Communications Commission's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As described in Note 3 to the financial statements, in 2015, the Georgia Public Telecommunications Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB statement No. 27,* GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 5 through 10, information on other postemployment benefits on page 51, and the Schedules of Proportionate Share of the Net Pension Liability and Schedules of Contributions to Retirement Systems on pages 52 to 55 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Georgia Public Telecommunications Commission's basic financial statements. The Schedule of Revenues and Expenditures-Budget and Actual-General Fund (Schedule 7) on page 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures-Budget and Actual-General Fund (Schedule 7) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures-Budget and Actual-General Fund (Schedule 7) is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015 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* in considering Georgia Public Telecommunications Commission's internal control over financial reporting and compliance.

Respectfully submitted,

Greg S. Griffin

Greg S. Griffin
State Auditor

October 23, 2015
GSG: jh

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The following is a discussion and analysis of the financial performance of the Georgia Public Telecommunications Commission (Commission), which does business as Georgia Public Broadcasting. It provides an overview of the activities for the fiscal year ended June 30, 2015 and compares them to fiscal year ended June 30, 2014 and June 30, 2013. The Commission 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 Commission's financial statements that follow this section.

HIGHLIGHTS

Net Position

As of the close of fiscal year 2015, the Commission's combined ending net position totaled $2,715,445. Of this total, $4,714,866 is invested in capital assets and ($1,999,421) is unrestricted.

Long-term Liabilities

The Commission's total long-term debt liabilities consist of $842,642 in compensated absences, $9,783,359 in net pension liability and $1,023,480 in other post-employment benefit obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission'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 required supplementary information to the basic financial statements themselves.

The *Government-Wide Financial Statements* are designed to provide a broad overview of the Commission's finances, in a manner similar to private-sector business reports.

The *Statement of Net Position* presents information on the Commission's assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position as of June 30, 2015. Assets and liabilities are reported as current and noncurrent and the total of assets plus deferred outflows of resources less liabilities and deferred inflows of resources is reported as *Net Position*. Over time, increases or decreases in net position should serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* presents information showing how the Commission's net position has changed during the most recent fiscal year. All changes in net position 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 the Commission. The Commission is considered a component unit of the State of Georgia for financial reporting purposes because of the significance of the Commission'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. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Commission 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.*

The Commission maintains three individual governmental funds. 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. The *Special Revenue Fund* is used to account for all financial transactions related to the component unit, The Foundation for Public Broadcasting in Georgia, Inc. The *Capital Project Fund* accounts for all financial transactions related to the Commission's capital facilities projects funded by the Georgia State Financing and Investment Commission (GSFIC) bonds.

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 Required Information
In addition to this management's discussion and analysis, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information that further explains and supports the information in the financial statements. This section, which begins on page 51 of this report, consists of a schedule of the Commission's funding progress for other postemployment benefits, schedules of proportionate share of the new pension liability for the Employees' Retirement System (ERS) and the Teachers Retirement System of Georgia (TRS), schedules of contributions of ERS and TRS and notes to the required supplementary information for both pension plans. Other supplementary information that

is not required begins on page 59 and consists of a General Fund Statement of Revenues and Expenditures Budget and Actual Statement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Georgia Public Telecommunications Commission Net Position

	2015	2014	2013
Assets			
Capital Assets, Net of Depreciation	$ 4,714,866	$ 4,683,458	$ 8,765,312
Other Assets	10,841,770	10,796,538	9,123,591
Total Assets	15,556,636	15,479,996	17,888,903
Deferred Outflows			
Related to Defined Benefit Pension Plans	1,562,655	0	0
Liabilities			
Other Liabilities	344,805	1,033,159	824,573
Long-Term Liabilities			
Current	329,109	292,681	321,761
Noncurrent	11,320,372	952,026	753,390
Total Liabiltiies	11,994,286	2,277,866	1,899,724
Deferred Inflows			
Related to Defined Benefit Pension Plans	2,409,560	0	0
Net Position			
Net Investment in Capital Assets	4,714,866	4,683,458	8,765,312
Unrestricted	(1,999,421)	8,518,672	7,223,867
Total Net Position	$ 2,715,445	$ 13,202,130	$ 15,989,179

The Commission's total net position increased by $870,622 from the prior year before restating and decreasing beginning net position by $11.3 million attributable to a change in reporting requirements that are a result of GASB (Governmental Accounting Standards Board) Statement 68. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided to other entities. The FY 2014 statements above do not reflect the net pension liability as GASB Statement 68 was effective for FY 2015 statements and will be reported going forward. In FY 2015, the beginning net position was restated and decreased by $11.3 million to reflect these changes and then the current year liability was reported.

The Commission's total liabilities for FY 2015 increased by $9.7 million and is mostly attributable to the newly reported net pension liability. Total of all other liabilities decreased by $66,939 this fiscal year.

The largest component of the Commission's net position is the investment in Capital Assets (e.g. land, buildings and equipment) of $4,714,866. The remaining balance of ($1,999,421) is unrestricted. A combination of the increase in capital assets and the increase in long term liability due to the new reporting requirements accounts for the total decrease in net position for the year.

The following is a summary of the Revenues and Transfers, Expenses and changes in Net Position for fiscal years 2015, 2014 and 2013:

	2015	2014	2013
Revenues			
Program Revenues			
Charges for Services	$ 7,121,828	$ 6,282,151	$ 5,757,768
Operating Grants and Contributions	11,061,451	9,720,962	8,845,572
Capital Grants and Contributions	2,211,153	3,876,390	1,633,329
General Revenues			
Intergovernmental - Other	14,690,162	14,513,070	13,370,145
Unrestricted Investment Earnings	293,353	908,742	663,235
Transfers	(374,686)	(1,170,026)	(17,768,941)
Total Revenues and Transfers	35,003,261	34,131,289	12,501,108
Expenses			
Culture and Education	34,132,640	36,918,338	36,166,643
Increase (Decrease) in Net Position	870,622	(2,787,049)	(23,665,535)
Net Position - Beginning as Originally Reported	13,202,130	15,989,179	39,654,714
Cumulative Effect of Changes in Accounting Principle	(11,357,307)	0	0
Net Position - Beginning of Year, Restated	1,844,823	15,989,179	39,654,714
Total Net Position - Ending	$ 2,715,445	$ 13,202,130	$ 15,989,179

The increase in revenues and transfers from FY 2014 to FY 2015 is attributable to decrease in transfers. The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position attributable to current year activity before the effects of the restatement to beginning net position required by the adoption of GASB 68.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

General Fund

The General Fund is the chief operating fund of the Commission and consists of the budget fund for the Commission. The budget fund for the Commission is the fund responsible for all activities of the Commission. At June 30, 2015 the General Fund had $892,248 in assigned fund balance for encumbrances and $1,706,534 in unassigned fund balance as described in the Notes to the Financial Statements.

Special Revenue Fund

The Special Revenue Fund is used to account for all financial transactions related to the component unit, The Foundation for Public Broadcasting in Georgia, Inc. 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. At June 30, 2015 the Special Revenue Fund has $7,875,646 in assigned fund balance as described in the Notes to the Financial Statements.

Capital Project Fund

The Capital Project Fund accounts for all financial transactions related to the Commission's capital facilities projects funded by the Georgia State Financing and Investment Commission (GSFIC) bonds. At June 30, 2015 the Capital Project Fund had $22,537 in assigned fund balance as described in the Notes to the Financial Statements.

BUDGET COMPARISON ANALYSIS

The original budget for the Commission of $32,048,560 was increased by $680,747 during the fiscal year. Expenditures on a budgetary basis were under budget and less than revenues by $703,949.

CAPITAL ASSETS

The Commission's investment in capital assets as of June 30, 2015, amounts to $67,128,556 which--with accumulated depreciation of $62,413,690--leaves a net book value of $4,714,866. This investment in capital assets includes land, buildings and equipment. The actual depreciation charges for the year totaled $1,553,564. The Commission entered into a forty-year intergovernmental agreement with the Board of Regents effective July 1, 2012. The Commission transferred other property and equipment at its headquarters location and the WJSP tower site to the Board of Regents. This transfer is required to obtain the use of 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. This transfer is included as a decrease to the Commission's assets of $374,686.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Georgia continues to experience increasingly strong economic growth during recent years, a trend that is expected to continue into future fiscal years as Georgia remains a worldwide destination for business growth and expansion. This continued economic growth is projected to meet mandatory growth obligations in education and healthcare through increases in state revenues while maintaining the current level of funding for other core state services. The Commission, like most state agencies, was asked to continue a conservative approach to the FY 2017 general appropriations budget and the FY 2016 Amended budget by utilizing existing resources and maintaining their current funding level for their agency.

The current state appropriation is approximately 43% of the Commission's annual budget. To meet expenditures, the Commission must raise approximately $18 million next fiscal year. Our revenue generation from outside sources is critically important as state appropriations remain flat. The Commission's 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 the Commission'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
Chief Financial Officer
260 14th Street N.W.
Atlanta, Georgia 30318-5360

BASIC FINANCIAL STATEMENTS

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2015
(with summarized comparative information for the year ended June 30, 2014)

EXHIBIT "A"

	Governmental Activities 2015	Governmental Activities 2014
ASSETS		
Cash and Cash Equivalents	$ 1,966,130	$ 2,177,241
Investments	6,395,782	6,476,183
Accounts Receivable	2,479,858	2,126,323
Inventories	0	16,791
Capital Assets		
Land	1,478,948	1,478,948
Buildings and Building Improvements	217,978	217,978
Other Property and Equipment	65,431,630	64,074,852
Less: Accumulated Depreciation	(62,413,690)	(61,088,320)
Total Assets	15,556,636	15,479,996
DEFERRED OUTFLOWS		
Related to Defined Benefit Pension Plans	1,562,655	0
LIABILITIES		
Accounts Payable and Other Accruals	265,609	926,407
Unearned Revenue	79,196	106,752
Noncurrent Liabilities		
Due Within One Year		
Compensated Absences	329,109	292,681
Due in More Than One Year		
Compensated Absences	513,533	524,931
Other Post-Employment Benefit Obligations	1,023,480	427,095
Net Pension Liability	9,783,359	0
Total Liabilities	11,994,286	2,277,866
DEFERRED INFLOWS		
Related to Defined Benefit Pension Plans	2,409,560	0
NET POSITION		
Net Investment in Capital Assets	4,714,866	4,683,458
Unrestricted	(1,999,421)	8,518,672
Total Net Position	$ 2,715,445	$ 13,202,130

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

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2015
(with summarized comparative information for the year ended June 30, 2014)

EXHIBIT "B"

		Program Revenues 2015			Net (Expense) Revenue and Changes in Net Assets	
					Governmental Activities	
Functions/Programs	Expenses 2015	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2015	2014
Governmental Activities						
Culture and Education	$ 34,132,640	$ 7,121,828	$ 11,061,451	$ 2,211,153	$ (13,738,207)	$ (17,038,835)
Total Governmental Activities	$ 34,132,640	$ 7,121,828	$ 11,061,451	$ 2,211,153	(13,738,207)	(17,038,835)
General Revenues						
Intergovernmental - Other					14,690,162	14,513,070
Unrestricted Investment Earnings					293,353	908,742
Transfers					(374,686)	(1,170,026)
Total General Revenues and Transfers					14,608,829	14,251,786
Change in Net Position					870,622	(2,787,049)
Net Position - Beginning as Originally Reported					13,202,130	15,989,179
Cumulative Effect of Changes in Accounting Principle					(11,357,307)	0
Net Position - Beginning of Year, Restated					1,844,823	15,989,179
Net Position - Ending					$ 2,715,445	$ 13,202,130

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

EXHIBIT "C"

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(with summarized comparative information for the year ended June 30, 2014)

	General Fund	Special Revenue Fund	Capital Project	Total Governmental Funds 2015	Total Governmental Funds 2014
ASSETS					
Cash and Cash Equivalents	$ 1,186,608	$ 1,481,649		$ 2,668,257	$ 2,409,264
Investments		6,395,782		6,395,782	6,476,183
Accounts Receivable					
Other	1,755,194		$ 724,664	2,479,858	2,126,323
Inventories				0	16,791
Total Assets	$ 2,941,802	$ 7,877,431	$ 724,664	$ 11,543,897	$ 11,028,561
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Overdraft			$ 702,127	$ 702,127	$ 232,023
Accounts Payable and Other Accruals	$ 263,825	$ 1,784		265,609	926,407
Unearned Revenue	79,196			79,196	106,752
Total Liabilities	343,021	1,784	702,127	1,046,932	1,265,182
Fund Balances					
Nonspendable					
Inventory				0	$ 16,791
Assigned	892,248	7,875,647	22,537	8,790,431	1,506,791
Unassigned	1,706,533			1,706,534	8,239,797
Total Fund Balances	2,598,781	7,875,647	22,537	$ 10,496,965	$ 9,763,379
Total Liabilities and Fund Balances	$ 2,941,802	$ 7,877,431	$ 724,664		

		2015	2014
Amounts reported for governmental activities in the Statement of Net Position 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		
Buildings and Building Improvements	217,978		
Other Property and Equipment	65,431,630		
Accumulated Depreciation	(62,413,690)		
Total Capital Assets		4,714,866	4,683,458
Certain liabilities and deferred inflows/outflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:			
Compensated Absences		$ (842,642)	$ (817,612)
Other Post-Employment Benefit Obligations		(1,023,480)	(427,095)
Pension Liability and Deferred Outflows and Inflows on Pension Plan		(10,630,264)	0
		(12,496,386)	(1,244,707)
Net Position of Governmental Activities (Exhibit "A")		$ 2,715,445	$ 13,202,130

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
FOR FISCAL YEAR ENDED JUNE 30, 2015
(with summarized comparative information for the year ended June 30, 2014)

EXHIBIT "D"

	General Fund	Special Revenue Fund	Capital Project	Total Governmental Funds 2015	Total Governmental Funds 2014
REVENUES					
Intergovernmental - Federal					
U.S. Department of Education	$ 82,076			$ 82,076	$ 299,777
U.S. Department of Agriculture	142,480			142,480	95,000
Intergovernmental - Other					
State Appropriations through the Board of Regents of the University System of Georgia	14,690,162			14,690,162	14,513,070
Corporation for Public Broadcasting - Grants	3,380,038			3,380,038	3,402,588
GSFIC			$ 2,211,153	2,211,153	3,876,390
Contributions and Donations					
Foundation for Public Broadcasting in Georgia, Inc.		$ 7,456,857		7,456,857	5,923,597
Interest and Other Investment Income	2	152,129		152,130	147,586
Production Grants	1,084,214			1,084,214	1,619,660
Rents and Royalties	3,300,153			3,300,153	2,693,555
Sales and Services	25,494	4,500		29,994	19,570
Underwriting	2,507,262			2,507,262	1,735,890
Gain (Loss) on Investments		141,223		141,223	761,156
Miscellaneous	199,082			199,082	219,908
Total Revenues	25,410,963	7,754,708	2,211,153	35,376,825	35,307,747
EXPENDITURES					
Current					
Culture and Education	31,944,423	510,200	2,188,616	34,643,239	33,843,387
Excess Of Revenues Over (Under) Expenditures	(6,533,460)	7,244,509	22,537	733,586	1,464,360
OTHER FINANCING SOURCES (USES)					
Interfund Transfers	7,425,000	(7,425,000)		0	0
FUND BALANCES - BEGINNING	1,707,241	8,056,138	0	9,763,379	8,299,019
FUND BALANCES - ENDING	$ 2,598,781	$ 7,875,647	$ 22,537	$ 10,496,965	$ 9,763,379

Net change in fund balances - total governmental funds		$ 733,586	$ 1,464,360
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	$ 1,959,658		
Depreciation Expense	(1,553,564)	406,094	(2,911,828)
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		(25,030)	257,540
Increase in Other Post-Employment Benefit Obligations		(596,385)	(427,095)
Decrease in Pension Obligations		727,043	0
The net effect of transactions involving capital assets is to increase net position:			
Net Transfer of Equipment	(374,686)	(374,686)	(1,170,026)
Change in net position of governmental activities (Exhibit "B")		$ 870,622	$ (2,787,049)

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 the component unit's governing board and to impose will upon the organization or to have the potential for the organization to provide specific financial benefits or impose specific financial burdens on the Commission.

Blended Component Unit

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 which are 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. To satisfy GAAP requirements for the blending of component units, the Foundation's financial activity is presented as a Special Revenue Fund in a separate column on the Statement of Revenue, Expenditures and Changes in Fund Balance. This presentation more accurately depicts the unique relationship between the Commission and the Foundation.

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 Position and Statement of Activities report information on all of the non-fiduciary activities of the Commission and its 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) operating and capital 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 for each fund category are provided for governmental funds. The major individual governmental funds are reported as separate columns 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 funds:

> 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.
>
> The *Special Revenue Fund* is used to account for all financial transactions related to the component unit, The Foundation for Public Broadcasting in Georgia, Inc.

The *Capital Project Fund* accounts for all financial transactions related to the Commission's capital facilities projects funded by Georgia State Financing and Investment Commission (GSFIC) bonds.

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 POSITION/FUND BALANCE

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, 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.

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

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 service 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
During the fiscal year the Commission depleted its stock of inventories and as of June 30, 2015 the inventory balance was zero. In the past, inventories were valued at cost using the first-in/first-out (FIFO) method and consisted of tape stock supplies. The cost of such inventories was 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. Equipment is capitalized when the cost of individual items exceeds $5,000 and an estimated useful life in excess of two years. 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	10-50 Years
Equipment	5-20 Years
Vehicles	5-10 Years

Deferred Outflows of Resources
Deferred outflows of resources reported in the Commission's Statement of Net Position represents resources related to the Employees' Retirement System of Georgia (ERS) and the Teachers Retirement System of Georgia (TRS) pension plans. During fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68 was implemented to improve accounting and financial reporting by state and local governments for pensions.

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. The Commission's long-term obligations include compensated absences, pensions and other post-employment benefit obligations.

Deferred Inflows of Resources
Deferred inflows of resources reported in the Commission's Statement of Net Position represents resources related to the Employees' Retirement System of Georgia (ERS) and the Teachers Retirement System of Georgia (TRS) pension plans. During fiscal year 2015, GASB Statement No. 68 was implemented to improve accounting and financial reporting by state and local governments for pensions.

Fund Balance

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.

Restricted Fund Balance – This classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

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 $892,248 are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. The Special Revenue Fund has an assigned fund balance of $7,875,646 as of June 30, 2015. This balance consists of $877,584 in funding for radio programs, $177,999 in proceeds raised for two documentaries and $6,820,063 for general operational support of the Commission.

Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

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

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

Restatement of Prior Year Net Position – The Commission made prior period adjustments due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date,* which require the restatement of the June 30, 2014 net position. The result is a decrease in Net Position at July 1, 2014 of $11,357,307. This change is in accordance with generally accepted accounting principles.

E. REVENUES AND EXPENDITURES/EXPENSES

Program Revenues

Amounts reported as 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) operating and capital 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.

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 a maximum of 360 hours of 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 unless an employee that is retiring has a combined total of 960 hours to include unused sick leave and forfeited annual leave. Thus, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave or 960 hours or more are entitled to additional service credit in the Employees' Retirement System of Georgia.

F. BUDGET

The annual budget of the Commission is prepared on the modified accrual basis. The budget is prepared by the Commission and reviewed 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, providing 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: ACCOUNTING CHANGES - ADOPTION OF NEW ACCOUNTING PRINCIPLES

During fiscal year 2015, the following GASB statements were implemented:

No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27

The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

For purposes of measuring the net pension liability for the Commission, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System (ERS) and Teachers Retirement System of Georgia (TRS) and additions to/deductions from ERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by ERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GPTC's net pension liability as of June 30, 2015 was $9,580,841 for ERS and $202,518 for TRS.

No. 69 Government Combinations and Disposals of Government Operations

This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The adoption of this statement does not have an impact on the Commission's financial statements.

No. 71 Pension Transition for Contributions and Made Subsequent to the Measurement Date – an amendment of GASB 68

The objective of Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

NOTE 4: DEPOSITS AND INVESTMENTS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk - 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, 2015 the Commission's deposits bank balance of $1,202,408 was insured and collateralized as part of the State of Georgia Pledging Pool; therefore, none of this amount was exposed to custodial credit risk.

	2015		2014	
	Cash & Cash Equivalents	Investments	Cash & Cash Equivalents	Investments
Per Statement of Net Position	$ 1,966,130	$ 6,395,782	$ 2,177,241	$ 6,476,183
Reclassifications to Investments for Risk Assessment Disclosures				
Money market mutual fund	(1,169,010)	1,169,010	(795,317)	795,317
Per Notes to the Financial Statements	$ 797,120	$ 7,564,792	$ 1,381,924	$ 7,271,501

B. Investments

The Commission's investments as of June 30, 2015 are presented by investment type and debt securities are presented by maturity.

	Investment Maturity					
Investment Type	**Less Than 1 Year**	**1 - 5 Years**	**6 - 10 Years**	**More than 10 Years**	**Fair Value 2015**	**Fair Value 2014**
Debt Securities						
Corporate Bonds	$	$ 361,197	$ 352,601	$ 14,772	$ 728,570	$ 958,661
Money Market Mutual Fund	1,169,010				1,169,010	795,317
CMO&Asset Backed Securities		14,992		149,712	164,704	151,953
Municipal Bonds			92,970	120,982	213,952	194,659
U. S. Agencies		24,991	17,002		41,993	88,132
U. S. Treasury Obligations	55,330	526,989	69,245		651,564	525,393
	$ 1,224,340	$ 928,169	$ 531,818	$ 285,466	$ 2,969,793	$ 2,714,115
Other Investments						
Equity Securities - Domestic					4,594,999	4,557,386
					$ 7,564,792	$ 7,271,501

Interest Rate Risk

Interest rate risk is the chance 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 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 by the manager's/advisor's 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: 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 AA+ 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 ($250,000 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.

	Quality Ratings				Fair Value	Fair Value
Rated Debt Investments	**AAA**	**AA**	**A**	**Unrated**	**2015**	**2014**
Corporate Bonds	$ 15,814	$ 175,576	$ 521,015	$ 16,165	$ 728,570	$ 958,661
Money Market Mutual Fund				1,169,010	1,169,010	795,317
CMO&Asset Backed Securities	92,334	45,217		27,153	164,704	151,953
Municipal Bonds	89,489	124,463			213,952	194,659
U.S. Agencies		41,993			41,993	88,132
	$ 197,637	$ 387,249	$ 521,015	$ 1,212,328	$ 2,318,229	$ 2,188,722

Custodial Credit Risk-Investments

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, 2015, $7,564,792 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 5: ACCOUNTS RECEIVABLE

Receivables at June 30 consist of the following:

	Governmental Activities	
	2015	2014
Production, Rents and Underwriting	$ 1,755,194	$ 1,890,962
GSFIC Bonds	724,664	235,361
Total	$ 2,479,858	$ 2,126,323

NOTE 6: CAPITAL ASSETS

Capital asset activity at June 30, 2015 and June 30, 2014 is as follows:

Governmental Activities:	**Beginning Balance 2015**	**Increases**	**Decreases**	**Ending Balance 2015**
Capital Assets, Not Being Depreciated:				
Land	$ 1,478,948	$ -	$ -	$ 1,478,948
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	217,978	374,686	(374,686)	217,978
Other Property and Equipment	64,074,852	1,584,972	(228,194)	65,431,630
Total Capital Assets Being Depreciated	64,292,830	1,959,658	(602,880)	65,649,608
Less: Accumulated Depreciation For:				
Buildings and Building Improvements	(24,523)	(4,905)	-	(29,428)
Other Property and Equipment	(61,063,797)	(1,548,659)	228,194	(62,384,262)
Total Accumulated Depreciation	(61,088,320)	(1,553,564)	228,194	(62,413,690)
Governmental Activities Capital Assets, Net	$ 4,683,458	$ 406,094	$ (374,686)	$ 4,714,866

Governmental Activities:	**Beginning Balance 2014**	**Increases**	**Decreases**	**Ending Balance 2014**
Capital Assets, Not Being Depreciated:				
Land	$ 1,478,948	$ -	$ -	$ 1,478,948
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	217,978	398,128	(398,128)	217,978
Other Property and Equipment	65,432,842	2,607,861	(3,965,851)	64,074,852
Total Capital Assets Being Depreciated	65,650,820	3,005,989	(4,363,979)	64,292,830
Less: Accumulated Depreciation For:				
Buildings and Building Improvements	(19,617)	(4,905)	-	(24,523)
Other Property and Equipment	(58,344,838)	(5,912,912)	3,193,953	(61,063,797)
Total Accumulated Depreciation	(58,364,456)	(5,917,817)	3,193,953	(61,088,320)
Governmental Activities Capital Assets, Net	$ 8,765,312	$ (2,911,828)	$ (1,170,026)	$ 4,683,458

Depreciation expense for the fiscal year ended June 30, 2015 was $1,553,564 and the total amount was charged to the Culture and Education function of the Commission.

The Commission entered into a 40-year Intergovernmental Agreement with the Board of Regents effective July 1, 2012. In exchange for transferring Buildings and Building Improvements and Other Property and Equipment located at the Commission's headquarters and the WJSP tower site to the Board of Regents, the Commission receives the proceeds of general obligation bond funds sold in the Board of Regents' name. As an authority created after 1967, the Commission cannot have bonds sold on its behalf.

Under the terms of the Agreement, the Commission continues to use and maintain its headquarters site and the WJSP tower site. The Commission is also permitted to improve these sites. Title to any improvements at these sites is transferred to the Board of Regents as the improvements are completed. The net transfer to the Board of Regents of $374,686 is included as a decrease to the Commission's assets in fiscal year 2015.

NOTE 7: INTERFUND TRANSFERS

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for short term obligations on goods sold or services rendered.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or requirements for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers of balances between funds are made to accomplish various provisions of law.

The total transfer of funds from the Foundation to the Commission for FY 2015 was $7,425,000. 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.

NOTE 8: 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 $1,048,282 for the year ended June 30, 2015. The future minimum commitments for operating leases as of June 30 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	**2015**	**2014**
2015	-	$ 1,037,658
2016	$ 1,027,678	928,270
2017	914,168	1,163,698
2018	745,731	-
2019	33,324	-
2020	30,566	-
Total Minimum Commitments	$ 2,751,467	$ 3,129,626

NOTE 9: LONG-TERM LIABILITIES

Long-term obligations at June 30 and changes for the fiscal year 2015 and 2014 are as follows:

Fiscal Year 2015	July 1, 2014	Increases	Decreases	June 30, 2015	Due Within One Year
Compensated Absences	$ 817,612	$ 417,891	$ 392,861	$ 842,642	$ 329,109
Other Post Employment Benefit Obligation	427,095	705,353	108,968	1,023,480	-
Net Pension Liability (Restated)	12,439,390		2,656,031	9,783,359	-
	$ 13,684,097	$ 1,123,244	$ 3,157,860	$ 11,649,481	$ 329,109

Fiscal Year 2014	July 1, 2013	Increases	Decreases	June 30, 2014	Due Within One Year
Compensated Absences	$ 1,075,151	$ 304,386	$ 561,925	$ 817,612	$ 292,681
Other Post Employment Benefit Obligation	-	469,036	41,941	427,095	-
	$ 1,075,151	$ 773,422	$ 603,866	$ 1,244,707	$ 292,681

NOTE 10: 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, 2015.

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 11: 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 12: RETIREMENT PLANS

The Commission participates in various retirement plans administered by the State of Georgia under two major retirement systems: Employees' Retirement System of Georgia (ERS) 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 by visiting the following websites:

Employees' Retirement System	www.ers.ga.gov
Teachers Retirement System	www.trsga.com

The significant retirement plans that the 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 (ERS)
Plan description
ERS is a cost-sharing multiple-employer defined benefit pension plan 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. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided
The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to 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 modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the 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 the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also 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.

Contribution

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 state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state 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 Commission's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members. The Commission's contributions to ERS totaled $1,395,723 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The Commission's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30, 2014, the Employer's proportion was 0.255447%, which was an increase of 0.004875% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Commission recognized pension expense of $676,079. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 0	$ 2,338,390
Changes in proportion and differences between employer contributions and proportionate share of contributions	145,580	0
Employer contributions subsequent to the measurement date	1,395,723	0
Total	$ 1,541,303	$ 2,338,390

GPTC contributions subsequent to the measurement date of $1,395,723 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (493,611)
2017	(530,005)
2018	(584,598)
2019	(584,596)
2020	0
Thereafter	0

Actuarial assumptions

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.45 – 9.25%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**		**Long-term expected real rate of return***	
Fixed Income	30.00	%	3.00	%
Domestic large equities	39.70		6.50	
Domestic mid equities	3.70		10.00	
Domestic small equities	1.60		13.00	
International developed market equities	18.90		6.50	
International emerging market equities	6.10		11.00	
Total	100.00	%		

* Rates shown are net of the 3.00% assumed rate of inflation

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's proportionate share of the net pension liability to changes in the discount rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	$ 13,970,767	$ 9,580,841	$ 5,843,991

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov/formspubs/formspubs.

Teachers Retirement System of Georgia (TRS)
Plan description

All qualifying employees in educational service as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee 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. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2015. Employer's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of payroll. The Commission's contributions to TRS were $21,352 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. GPTC's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2014. At June 30 2014, the Commission's proportion was 0.001603%, which was a decrease of 0.000004% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Commission recognized pension expense of $13,753. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 0	$ 70,602
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	568
Employer contributions subsequent to the measurement date	21,352	0
Total	$ 21,352	$ 71,170

The Commission contributions subsequent to the measurement date of $21,352 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (17,780)
2017	(17,780)
2018	(17,780)
2019	(17,780)
2020	(50)
Thereafter	0

Actuarial assumptions
The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed Income	30.00 %	3.00 %
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	100.00 %	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount rate
The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	$ 373,213	$ 202,518	$ 61,954

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report which is publically available at www.trsga.com/publications.

GSEPS 401(k) Defined Contribution Component of ERS

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 System and was established by the Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the IRC. 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 5% of salary unless the participating member elects otherwise. The member may change such level of participation at any time. In addition, the member may make such additional contributions as he or she desires, subject to limitations imposed by federal law. The State will match 100% of the employee’s initial 1% contribution and 50% of a contribution of 2% - 5%. Therefore, the State will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% of salary 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 30 days after 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. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

For fiscal year 2015, employee GSEPS contributions totaled $47,235 and GPTC's contributions were $85,033. Non-vested contributions that were forfeited by employees may be used to pay administrative expenses of the plan and/or partially fund employer contributions. For fiscal year 2015, there were no forfeitures reducing pension expense.

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, 2015 were $7,301, which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Commission participates in the following post-employment benefit plans:

Administered by the ERS System:
State Employees' Assurance Department (SEAD)
– For Retired and Vested Inactive (SEAD-OPEB)
– For Active Employees (SEAD-Active)

Administered by the Georgia Public Telecommunications Commission (GPTC):
Georgia Public Telecommunications Commission Post-Employment Health Benefit Plan (GPTC OPEB Plan) – Beginning November 1, 2013

Separate financial reports that include the applicable financial statements and required supplementary information for the plans administered by ERS are publicly available and may be obtained from the offices that administer the plans.

State Employees' Assurance Department (SEAD)
SEAD-OPEB and SEAD-Active are cost-sharing multiple-employer defined benefit other postemployment plans that were created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). SEAD-OPEB provides benefits for retired and vested inactive members, and SEAD-Active provides benefits for active members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for term life insurance under SEAD. Pursuant to Title 47 of the OCGA, benefit provisions of the plans 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. Contributions for fiscal year 2015 were based on June 30, 2012, actuarial valuations as follows:

	SEAD-OPEB	SEAD-Active	Total SEAD
Member Rates:			
ERS Old Plan	0.45%	0.05%	0.50%
Less: Offset Paid by Employer	(0.22%)	(0.03%)	(0.25%)
Net ERS Old Plan	0.23%	0.02%	0.25%
ERS New Plan, JRS, and LRS	0.23%	0.02%	0.25%
Employer Rates	0.00%	0.00%	0.00%

In certain prior years, the ERS Board of Trustees voted and approved that the SEAD-OPEB contribution would be paid from existing assets of the Survivors Benefit Fund (SBF) instead of requiring payment by the employers. The contributions by SBF made on-behalf of GPTC for fiscal year 2013 was estimated to be $10,361. There were no required employer contributions for the fiscal years ended June 30, 2015 and 2014.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and is held as a reserve for payment of death benefits under existing policies.

For SEAD-Active the amount of insurance coverage is equal to 18 times monthly earnable compensation frozen at age 60. For members with no creditable service prior to April 1, 1964, the amount decreases from age 60 by a half of 1% per month until age 65 at which point the member will be covered for 70% of the age 60 coverage. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the member.

For SEAD-OPEB the amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance under SEAD-Active in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance under SEAD-Active at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree.

Georgia Public Telecommunications Commission Post-Employment Health Benefit Plan (GPTC OPEB Plan)

On November 1, 2013, the Commission began administering its own retiree health insurance plan. The GPTC OPEB Plan is a single-employer defined benefit post-retirement health care plan, or other post-employment benefit (OPEB Plan). Coverage starts immediately at retirement, provided the retiree makes proper premium payments. Also, spousal coverage is provided for the lifetime of the participant and dependents may participate for the lifetime of the retiree as long as the retiree pays the required monthly contribution for dependent coverage and the dependent is eligible to continue coverage based on age requirements. The Commission as an authority of the State of Georgia has the authority to establish and amend benefit provisions.

The plan is currently funded on a pay-as-you-go basis. That is, annual costs of providing benefits will be financed in the same year as claims occur, with no significant assets accumulating as would occur in an advance funding strategy. The contribution requirements of plan members are established and may be amended by the Commission. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. Retirees are required to pay 10% of the premium through their required contributions of $59.73 to $64.56 per month for retiree-only coverage, $125.46 to $134.68 for retiree and spouse coverage, and $179.24 to $193.69 for retiree plus family coverage. However, Medicare becomes the primary coverage at the eligible age of coverage.

The following schedule (derived from the first actuarial valuation report) reflects membership for the OPEB Plan as of June 30, 2015 and June 30, 2014.

		2015		2014
Active Members		110		109
Annual Compensation	$	6,826,399	$	6,421,938
Retired Members		8		5

Annual OPEB Cost and Net OPEB Obligation
The Commission’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the GPTC’s OPEB cost for the year, the amount actually contributed to the plan, and changes in the GPTC’s net OPEB obligation.

		2015		2014
Employer Annual Required Contribution (ARC)	$	703,554	$	469,036
Interest on Net OPEB Obligation		19,219		-
Adjustment to Annual Required Contribution		17,420		-
Annual OPEB Cost (Expense)		705,353		469,036
Employer Contributions Made for FY 2015		108,968		41,941
Increase (Decrease) in Net OPEB Obligation		596,385		427,095
Net OPEB Obligation - Beginning of Fiscal Year		427,095		-
Net OPEB Obligation - End of Fiscal Year	$	1,023,480	$	427,095

The Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and 2014 (year of plan adoption) was as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
2015	$	705,353	15.45%	$	1,023,480
2014	$	469,036	8.94%	$	427,095

Funding Status and Funding Progress
As of the valuation date, June 30, 2014, the funded status of the OPEB Plan was as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2014	$ -	$ 7,023,381	$ 7,023,381	0.00%	$ 6,421,938	109.4%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information of the first actuarial valuation follows:

Valuation date	6/30/2014
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
ARC Adjustment Factor	24.5172
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.50%
Pre-Medicare trend rate	7.00% - 5.00%
Post-Medicare trend rate	6.00% - 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

NOTE 14: NONMONETARY TRANSACTIONS

During the years ended June 30, 2015 and June 30, 2014 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 2015	In-Kind Contribution 2014
Armstrong Atlantic State University	WSVH-FM	$ 24,324	$ 25,807
Georgia Regents University	WACG-FM	116,582	126,552
Mercer University	WMUM-FM	64,758	58,320
Piedmont College	WPPR-FM	3,390	5,304
University of Georgia	WUGA-FM	906,257	766,410
Total In-Kind Contributions		$ 1,115,311	$ 982,393

NOTE 15: 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, 2015.

NOTE 16: SUBSEQUENT EVENTS

General Obligation Bonds and Capital Projects

As discussed in Note 6, the Commission entered into an Intergovernmental Agreement with the Board of Regents, which allows the Commission to use the proceeds of general obligation bonds sold in the Board of Regents' name. The Commission accounts for the use of these proceeds in a capital projects fund. Bond projects planned for fiscal year 2016 are:

Replace Transmitter Site Monitoring and Remote Control System	$270,000
Facility Repairs and Sustainment	$350,000

General obligation five year taxable bonds for these projects were sold on July 9, 2015. The Commission recently submitted a request to the Governor’s Office of Planning and Budget for additional capital project funding as part of the fiscal year 2017 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 20 years.

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REQUIRED SUPPLEMENTARY INFORMATION

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GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
JUNE 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2014*	$ -	$ 7,023,381	$ 7,023,381	0.00%	$ 6,421,938	109.4%

*GPTC began administering their own retiree health insurance plan during fiscal year 2014. The next valuation report is scheduled for June 30, 2016 reporting.

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION

SCHEDULE " 2 "

SCHEDULE OF PROPORTIONATE SHARE OF THE NEW PENSION LIABILITY

EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 2015

		2015
Employer's proportion of the net pension liability		0.255447%
Employer's proportionate share of the net pension liability	$	9,580,841
Employer's covered-employee payroll	$	6,252,863
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		153.22%
Plan fiduciary net position as a percentage of the total pension liability		77.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION

SCHEDULE " 3 "

SCHEDULE OF PROPORTIONATE SHARE OF THE NEW PENSION LIABILITY

TEACHERS RETIREMENT SYSTEM OF GEORGIA

JUNE 30, 2015

		2015
Employer's proportion of the net pension liability		0.001603%
Employer's proportionate share of the net pension liability	$	202,518
Employer's covered-employee payroll	$	163,542
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		123.83%
Plan fiduciary net position as a percentage of the total pension liability		84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 1,395,723	$ 1,061,780	$ 869,671	$ 709,042	$ 643,416	$ 707,702	$ 800,639	$ 895,283	$ 845,617	$ 805,362
Contributions in relation to the contractually required contribution	1,395,723	1,061,780	869,671	709,042	643,416	707,702	800,639	895,283	845,617	805,362
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 6,887,434	$ 6,252,863	$ 6,419,534	$ 7,009,521	$ 6,918,493	$ 7,278,119	$ 7,751,579	$ 8,591,579	$ 8,113,687	$ 7,726,516
Contributions as a percentage of covered-employee payroll	20.26%	16.98%	13.55%	10.12%	9.30%	9.72%	10.33%	10.42%	10.42%	10.42%

GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
JUNE 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 21,352	$ 20,083	$ 18,444	$ 16,618	$ 22,259	$ 21,089	$ 30,717	$ 39,248	$ 42,094	$ 39,249
Contributions in relation to the contractually required contribution	21,352	20,083	18,444	16,618	22,259	21,089	30,717	39,248	42,094	39,249
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 162,373	$ 163,542	$ 161,652	$ 161,652	$ 216,522	$ 216,522	$ 330,999	$ 422,939	$ 453,597	$ 424,778
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%	10.28%	10.28%	9.74%	9.28%	9.28%	9.28%	9.24%

EMPLOYEES' RETIREMENT SYSTEM

Changes of assumptions: There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation Date	June 30, 2012
Actuarial cost method	Entry age
Amoritization method	Level dollar, open
Remaining amoritization period	30 years
Asset valuation period	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	2.725% - 4.625% for FY 2012 - 2013
	5.45% - 9.25% for FY 2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

TEACHERS RETIREMENT SYSTEM OF GEORGIA

Changes of assumptions: Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP 2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation Date	June 30, 2012
Actuarial cost method	Entry age
Amoritization method	Level percentage of payroll, open
Remaining amoritization period	30 years
Asset valuation period	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 - 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

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GEORGIA PUBLIC TELECOMMUNICATIONS COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
JUNE 30, 2015

SCHEDULE " 7 "

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance
Funds Available				
Revenues				
Other Revenues Retained	$ 32,048,560	$ 32,729,307	$ 33,218,922	$ 489,615
Expenditures				
Culture And Education	$ 32,048,560	$ 32,729,307	$ 32,514,973	$ 214,334
Excess of Funds Available over Expenditures			$ 703,949	$ 703,949

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"	$ 33,218,922
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.	(53,251)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit "D")	$ 33,165,671
Uses/outflows for resources	
Actual amounts (budgetary basis) "expenditures"	$ 32,514,973
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.	(282,509)
For budget purposes, encumbrances are reported as expenditures in the year purchase orders are issued but are expensed when invoiced for financial reporting purposes.	(288,041)
For budget purposes, expenditures in the Foundation are non-budgetary.	510,200
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit "D")	$ 32,454,623

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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) 656-2174

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*

Independent Auditor's Report

The 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 Chief Executive Officer

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund information of Georgia Public Telecommunications Commission, a component unit of the State of Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Georgia Public Telecommunications Commission's basic financial statements, and have issued our report thereon dated October 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Georgia Public Telecommunications Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Georgia Public Telecommunications Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Georgia Public Telecommunications Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Georgia Public Telecommunications Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Respectfully submitted,

Greg S Griff

Greg S. Griffin
State Auditor

October 23, 2015
GSG: jh

SECTION III

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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FS-977-13-01 Inaccurate Annual Leave Balances

Control Category:	Accounting Controls (Overall) Expenses/Expenditures and Liabilities Financial Reporting and Disclosure
Internal Control Impact:	Significant Deficiency
Status:	Previously Reported Corrective Action Implemented