Fiscal
Year
2015

State Road and Tollway Authority

A Component Unit of the State of Georgia

Audit Report

For the Fiscal Year Ended June 30, 2015

Department of
Audits and Accounts

Greg S. Griffin
State Auditor

STATE ROAD AND TOLLWAY AUTHORITY
(A Component Unit of the State of Georgia)

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

STATE ROAD AND TOLLWAY AUTHORITY

FINANCIAL REPORT
JUNE 30, 2015

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT .... **1 - 3**

MANAGEMENT'S DISCUSSION AND ANALYSIS .... **4 - 14**

FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position .... **15 - 16**

Statement of Activities **17**

Fund Financial Statements:

Balance Sheet – Governmental Funds **18**

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position **19**

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds **20**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities **21**

Notes to the Financial Statements .... **22 - 68**

REQUIRED SUPPLEMENTARY INFORMATION

Pension:

Schedule of Proportionate Share of the Net Pension Liability **69**

Schedule of Contributions **70**

Notes to Required Supplementary Information **71**

SUPPLEMENTARY INFORMATION

Schedule of Cash and Cash Equivalents .... **72 – 73**

Northwest Corridor Project

Statement of Net Position .... **74 - 75**

Statement of Revenues, Expenses and Changes in Net Position **76**

COMPLIANCE SECTION

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* .... **77 - 78**

Schedule of Findings and Questioned Costs **79**

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DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN
STATE AUDITOR
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Independent Auditor's Report

The Honorable Nathan Deal, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of State Road and Tollway Authority of Georgia
and
Mr. Christopher Tomlinson, Executive Director and Board Secretary

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the State Road and Tollway Authority, 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 State Road and Tollway Authority'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 of the State Road and Tollway Authority, 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.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the State Road and Tollway Authority 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 this matter.

As described in Note 7 to the financial statements, in 2015, the State Road and Tollway Authority elected to change the financial statement presentation of projects that were previously reported in its proprietary and transportation funds. These projects were aggregated in a single special revenue fund in the fiscal year 2015 governmental fund statements. This presentation aligns with the way similar activities are reported by the primary government. Due to this change in presentation, a restatement of associated accounts and beginning fund balance/net position was necessary to reflect proper balances. Our opinion is not modified with respect to this matter.

As described in Note 7 to the financial statements, in 2015, the State Road and Tollway Authority corrected a prior year error in reporting unearned revenue and fund balance/net position. Our opinion is not modified with respect to this matter.

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 4 through 14, and the Schedules of Proportionate Share of the Net Pension Liability and Schedules of Contributions to Retirement Systems on pages 69 to 70 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 State Road and Tollway Authority's basic financial statements. The accompanying schedule of cash and cash equivalents on pages 72 through 73 and the individual project financial statements on pages 74 through 76 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual project financial statements are the responsibility of management and were derived from and relate 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 individual project financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The schedule of cash and cash equivalents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the State Road and Tollway Authority'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 the State Road and Tollway Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Greg S. Griffin

Greg S. Griffin
State Auditor

October 30, 2015
GSG: dw

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a Discussion and Analysis of the financial performance of the State Road and Tollway Authority (SRTA, or 'the Authority'). It is designed to assist the reader by emphasizing significant financial issues and activities and to identify any significant changes in SRTA's financial position for the year ended June 30, 2015. The Authority is a public corporation and body corporate responsible for financing transportation projects in the State of Georgia. As of June 30, 2015, the Authority's special revenue fund maintains and operates one tolled facility as well as a state-wide electronic toll collection customer service center and three tolled facilities under construction. Additionally, SRTA manages a bond financing program and administers a transportation infrastructure bank program. The Management's Discussion and Analysis ("MD&A") is designed to be read in conjunction with SRTA's financial statements.

Financial Highlights

During fiscal year 2015, it was determined that the previously reported enterprise funds should be aggregated in a single Special Revenue Fund. SRTA as an instrumentality of the state and for purposes of state finance laws, is reported as part of the state for compliance with federal and state laws as well as the Single State Audit. As such, SRTA issues and holds debt for state transportation purposes and receives significant funding from the Georgia Department of Transportation (GDOT), for purposes of building roads and bridges that are owned by GDOT. See Note 7 (p. 36 – 38) for the restatement of individual proprietary funds into a single Special Revenue Fund. It was also determined that the toll projects under construction (previously reported in the Transportation Capital Project Fund) should also be included in the Special Revenue Fund.

Construction on the GA 400 'Toll Plaza Demolition Project' began in August 2013 with modification to toll-related signage. After SRTA ceased collection of tolls in November 2013, traffic was shifted away from the toll booth lanes so that the booths and canopy could be dismantled. From January to May of 2014, the canopy over the cash lanes was dismantled and the toll booths were removed. The redundant access points in the underground tunnel were sealed and the unfinished roadway beneath the toll canopy was completed. In May 2014, traffic was shifted to temporary travel lanes and the remaining canopy was dismantled. In September 2014, traffic was shifted back to its final lane placement. Construction was completed in the fiscal year ending June 30, 2015.

Special Revenue Fund:

I-85 Corridor Express Lanes: During the year ended June 30, 2012, SRTA opened the I-85 Express Lanes toll facility. The I-85 Express Lanes project converted approximately 16 miles of the previously existing High Occupancy Vehicle (HOV) Lanes to High Occupancy Toll (HOT) Lanes on I-85 from Old Peachtree Road to Chamblee Tucker Road. The I-85 Express Lanes Project was constructed in connection with the $110 million Congestion Reduction Demonstration Program grant awarded to the Atlanta region by the United States Department of Transportation. The I-85 Express Lanes Project is dynamically priced with the goal of providing more reliable trip times for the traveling public. All users of the lanes must either: 1) be registered with the Peach Pass Customer Service Center, 2) acquire a transponder through the Pay N Go Peach Pass program at a local CVS or Walgreens store, or 3) have a valid interoperable toll account. SRTA's toll system became interoperable with Florida and North Carolina during fiscal year 2015, meaning that toll customers with valid toll accounts in Florida and North Carolina may use the lanes without the need for a Peach Pass. All users must pay their applicable tolls electronically. Registered users with three or more occupants, motorcycles, and certain emergency, military, electric-powered and transit vehicles can use the lane without paying a toll. (Note: Pay N

Go Peach Pass users and out-of-state interoperable account users are not eligible to use the lane without paying a toll). Vehicles that use the lane without a Peach Pass (or an interoperable toll account), or that cross the solid double white lines, are issued violations.

As of June 30, 2015, $24,732,558 has been invested in capital assets on this project by SRTA. This investment was primarily financed with funds provided through GDOT from State of Georgia general obligation bond proceeds. The project opened to traffic on September 30, 2011 and accordingly, SRTA began depreciating the asset during the fiscal year ended June 30, 2012. During fiscal year 2013, $8,610,898 for the back office system was transferred from I-85 to the Customer Service Center. The roadside tolling system of $16,300,958 is reported in the I-85 Project. As of June 30, 2015, the net book value of the tolling system was $4,664,984 and the back office was $1,722,180.

In total, SRTA collected $10,319,514 in toll revenue from 7.1 million electronically tolled trips. Toll revenue increased 34.3% and electronically tolled trips increased 18.3% over the year ended June 30, 2014. Violations administration fee revenue on I-85 was $743,426, which is an increase of 60.4% over the prior fiscal year ended June 30, 2014. A significant portion of this increase is due to out of state violation collections. Because SRTA received an up-front, one-time payment for several years of out of state tolls and violation fees, the increase in fiscal year 2015 will not be seen in future years. Fiscal year 2016 will see a decrease from the previous year since only the current year of out of state violation collections will be realized. Moving forward, out of state tolls and violation fees will increase as new toll facilities open in fiscal year 2017, fiscal year 2018 and fiscal year 2019. Under a new agreement signed in fiscal year 2015, a vendor reimburses SRTA up front for 100% of the tolls plus pays SRTA an additional 15% of the violation administration fees upon collection. During the year ended June 30, 2015, 34,600 interoperable trips resulted in toll revenue of $44,395. Effective FY 2015, I-85 revenues and expenses are reflected and reported in the Special Revenue Fund.

Based on increasing congestion in the I-85 corridor, the Federal Highway Administration (FHWA) has asked SRTA to increase toll prices in the Express Lanes in order to maintain more reliability during the morning rush hour. SRTA has made an adjustment to the toll pricing algorithm to increase the maximum possible toll rate. SRTA will also continue to review all pricing and operational strategies currently in use on the I-85 HOT Lane and evaluate potential adjustments and improvements in consultation with the Georgia Department of Transportation.

Customer Service Center (CSC): In order to facilitate the appropriate allocation of common costs relating to electronic toll collection for the Express Lanes, SRTA established the CSC during the year ended June 30, 2012. The CSC records revenues to cover direct expenses by charging a base fee of $0.15 per transaction for toll processing administration and a variable fee of 3.75% of revenue for the credit card fees. A corresponding expense is charged to the respective toll facility. Violation administration fees are revenue to the CSC, also with a corresponding expense to the respective toll facility. Violation administration fees collected in FY 2015 related to outstanding GA 400 violations of $100,376 and violation administration fees of $176,733 from prior years collected during fiscal year 2015 are recorded in the CSC. Effective FY 2015, CSC revenues and expenses are reflected and reported in the Special Revenue Fund with intrafund activity eliminated.

Planning, Financing, Development and Construction of Current Projects: During the year ended June 30, 2015, SRTA, in coordination with GDOT, continued working on several major projects identified in the Georgia Department of Transportation Managed Lanes Implementation System Plan. The focus of these projects is to utilize congestion based toll pricing to provide reliable travel times in an effort to create a more livable environment in and around metropolitan Atlanta. The I-85 Express Lanes Extension Project, I-75 Northwest Corridor Express Lanes Project, and I-75 South Metro Express Lanes Project are currently in various stages of planning, financing, development and construction as detailed below.

I-75 South Metro Express Lanes Project: The I-75 South Metro Express Lanes Project ("I-75 South Project") is a 12.24 mile reversible, barrier-separated managed lane system along Interstate Highway 75 from the State Route 155 (Zack Hinton Parkway, South) interchange in Henry County north to the State Route 138 interchange in Henry and Clayton counties. The I-75 South Project consists of two lanes which will be added in the center median of I-75 from SR 138 in southern Clayton County to just north of Jonesboro Road (Exit 221) and one lane, also in the center median, will extend from that point to SR 155 in Henry County. The managed lanes will be barrier-separated and reversible, with traffic flowing northbound in the mornings and southbound in afternoons and evenings. In addition to access from the general purpose lanes at SR 155 and SR 138, the managed lanes will be accessible from the general purpose lanes at Interstate Highway 675, near SR 20, and via a direct connector ramp at Jonesboro Road. Motorists will be able to utilize the managed lanes by choosing to participate in the Authority's Peach Pass program, which uses RFID transponders to assess variable-rate tolls based on traffic volumes and other factors. The Authority anticipates the I-75 South Metro Express managed lanes will open to traffic in January 2017.

GDOT is responsible for the design and construction of the roadway portion of the I-75 South Project, and has entered into the Design-Build Contract with C.W. Matthews Contracting Company, Inc. SRTA issued Toll Revenue Bonds for the tolling infrastructure portions of the I-75S project on June 26, 2014 in the amount of $26,070,240. These bonds will have accreted interest of $27,495,171 over the life of the bonds that will be added to the principal amount. See Note 10 in the Notes to the Financial Statements for further information on SRTA's outstanding debt.

I-75 Northwest Corridor Express Lanes Project: The I-75 Northwest Corridor Project ("NWC Project") will construct reversible managed lanes for approximately 2 center lane miles on I-285, 17 center line miles along I-75 and 11 center line miles along I-575 in Cobb and Cherokee Counties. Construction of the NWC Project is underway and is currently expected to open to tolling in April 2018. This project begins on I-75 at Akers Mill Road at the end of the existing HOV system north of the Atlanta city limits with a one-lane access ramp to the managed lanes system. Single lane ramps from both I-285 East and I-285 West will also be constructed to provide access. The ramps from I-75 and I-285 will join north of the I-75 and I-285 interchange to form a two-lane reversible managed lane system on the outside of the existing general purpose lanes and will be constructed using a mix of at-grade and elevated roadway sections. The two new managed lanes run alongside I-75 to the I-575 split. In addition, one reversible managed lane will be added along I-75 from the I-75/I-575 split northerly to Hickory Grove Road and along I-575 to Sixes Road. These lanes will be at-grade and located in the existing median along the inside of the existing general purpose lanes. The managed lanes will be barrier-separated and reversible, with traffic flowing southbound in the mornings and northbound in afternoons and evenings.

The NWC Project is a joint effort among public and private entities, each with specific responsibilities as memorialized in various agreements. As the toll operator for the state, SRTA will be responsible for the design and implementation of the toll system and toll-related Intelligent Transportation Systems (ITS) for the project. SRTA also contracted with GDOT, whereby GDOT will serve as SRTA's agent with responsibility for the oversight of the design and construction of the Project, excluding the toll system. The Project was procured under GDOT's Public Private Partnership statute and is being constructed under a Design-Build-Finance project delivery methodology. The selected Developer, Northwest Express Roadbuilders (NWER) is a joint venture between Archer Western Contractors, LLC and Hubbard Construction Company, two of the largest transportation contractors in the southeastern United States. In addition, the designer, Parsons Transportation Group, Inc. is one of the top five nationally recognized transportation design/engineering firms in the United States. The Design-Build-Finance Agreement (DBFA) for the design, construction, and partial financing of the Project was executed by the Developer on October 21, 2013 and SRTA on November 14, 2013.

The NWC Project will be completed using multiple funding sources including a Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan from the United States Department of Transportation, Statewide Transportation Improvement Program (STIP) funds, GDOT Motor Fuel Taxes, and Developer financing. The portion of the project costs that are financed by the Developer are expected to be repaid fully at final acceptance of the Project with proceeds of First Lien Toll Revenue Bonds (expected to be issued in fiscal year 2019) and from STIP Funds. See Note 15 in the Notes to the Financial Statements for additional information.

I-85 Express Lanes Extension Project: The I-85 Express Lanes Extension Project ("I-85 Extension Project") will add one managed lane in each direction along I-85 in north metro Atlanta from just north of Old Peachtree Road in Gwinnett County to Hamilton Mill Road. South of I-985, the I-85 Extension Project will widen I-85 outside of the existing eight-lane mainline. While north of I-985, the I-85 Extension Project will widen the inside shoulder along the four-lane I-85 section. The I-85 Extension Project is approximately 10 miles in length and located entirely within Gwinnett County. The purpose of the proposed managed lanes is to create travel time savings through the use of congestion-priced tolling to manage volume in the lanes and maintain a minimum average speed within the managed lanes. The Authority anticipates the managed lanes will open to traffic by fall 2018.

Georgia Transportation Infrastructure Bank (GTIB):

GTIB: In April 2008, House Bill 1019 was signed into law providing for the establishment of a State of Georgia Transportation Infrastructure Bank to be administered by the State Road and Tollway Authority. The GTIB is a revolving infrastructure investment fund which operates similar to a bank. The GTIB can administer loans and grants to eligible state, regional, and local government entities to partially fund eligible transportation projects. From the inception of the program through June 30, 2015, $55,027,306 in grants and loans have been awarded, of which $16,059,748 of funds have been disbursed. See Note 15 (p. 67 – 68) in the Notes to the Financial Statements for additional information.

Debt Service Fund:

Bond Management Program: Pursuant to section 32-10-90 and 32-10-90.1 of the Authority Act, SRTA has the ability to issue and manage Guaranteed Revenue and Grant Anticipation Revenue Vehicle (GARVEE) bonds for the purpose of funding transportation projects for the State of Georgia. The Authority has issued bonds for transportation projects which have been constructed and owned by GDOT. After the bonds are issued, SRTA coordinates with GDOT and the bond trustee to ensure: (1) the timely spend-down of bond proceeds; (2) motor fuel and federal revenues are collected and remitted to the trustee to meet debt service payments; and (3) other bond management responsibilities are met. At June 30, 2015, SRTA has $772,180,000 outstanding principal in GARVEE Bonds and $327,110,000 outstanding principal in Guaranteed Revenue Bonds. See Note 10 (p. 48.)

I-285 at SR 400 Interchange Reconstruction Project: The proposed I-285 at SR 400 Interchange Reconstruction project aims to:

- Reduce the substantial amount of vehicular weaving (conflicts caused by travelers trying to move across one or more lanes) that occurs along I-285 in the vicinity of the I-285/SR 400 interchange due to the closely spaced interchanges in this area (Roswell Road, Glenridge Drive, SR 400, Peachtree Dunwoody Road, and Ashford Dunwoody Road).
- Improve ramp capacity at the I-285/SR 400 interchange.
- Improve deficiencies in the existing configuration of the I-285/SR 400 interchange.

The I-285 at SR 400 interchange reconstruction project is not a toll facility and therefore will not be tolled upon completion. SRTA is the contract holder, but the project is being delivered by GDOT. Similar to how SRTA manages bond proceeds for GDOT, SRTA will hold the contract on the I-285 at SR 400 project and will receive motor fuel tax funds from GDOT each year to be paid out to the respective entities charged with building the project.

Overview of the Financial Statements

This Management Discussion and Analysis is intended to serve as an introduction to SRTA's basic financial statements. The Authority's basic financial statements have three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional supplementary information to the basic financial statements themselves.

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

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

The *Statement of Activities* presents information showing how SRTA's net position has changed during the most recent fiscal year. All changes in net position are reported when 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.

The government-wide financial statements only include the operations of SRTA. The Authority is considered a blended 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. 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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of SRTA's funds are classified as G*overnmental 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 resources that are available to be expended in SRTA's normal operations, as well as balances of 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 the comparison between *governmental funds* and *governmental activities.*

The Authority maintained four individual governmental funds during the fiscal year ending June 30, 2015. The Debt Service Fund is used to account for all the governmental state transportation financing activities of SRTA. The Georgia Transportation Infrastructure Bank (GTIB) Fund is used to account for SRTA's transportation infrastructure loan and grant program. The Special Revenue Fund is used to account for all of the toll facility projects and the customer service center. The General Fund is used to account for all governmental activities of SRTA not otherwise accounted for by Debt Service, Georgia Transportation Infrastructure Bank, and Special Revenue funds.

Government-wide Financial Analysis

As noted earlier, net position serves as a useful indicator of a government entity's financial health or financial position. The Authority's net position is the difference between its assets (i.e., what SRTA owns) and its liabilities (i.e., what SRTA owes) at the end of a fiscal year. As of the fiscal year ended June 30, 2015, SRTA's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $1,060,496,551. The negative net position is primarily attributable to SRTA's bond management program under which SRTA issues debt on behalf of the State of Georgia for the purpose of financing state transportation projects. These projects are reported as assets on the State of Georgia's financial statements, while the debt associated with these projects is reported as a liability on SRTA's financial statements.

For statewide financial reporting, as a blended component unit of the State of Georgia, SRTA's financials are consolidated into the State of Georgia's Comprehensive Annual Financial Report. SRTA's negative net position stated in the governmental activities (which include the state transportation projects' bond debt) is reported with the related transportation assets in the State of Georgia's financial statements, therefore the State's transportation projects' net position is properly balanced. If the bonds related to these transportation assets were removed from SRTA's financial statements, the adjusted net position for governmental activities would be a positive $91,746,172, which is a decrease of $21,010,649 from the prior year of $112,756,821. The decrease is related to the addition of pension liability with the implementation of GASB 68 and GASB 71, and Georgia Corridor project expenses.

Funds to meet debt service obligations on the bonds are paid to SRTA from state motor fuel taxes or grant revenue from the federal government. Specifically, SRTA issues bonds for transportation projects in the State of Georgia that are constructed and owned by GDOT. An individual account is established for each bond issue and the proceeds from the bonds are maintained in individual bond accounts. GDOT remits invoices to SRTA for payment from the bond accounts. GDOT collects motor fuel and federal revenues for State of Georgia transportation projects and is required to remit payments to SRTA for the bond sinking fund debt service requirements. As the bond proceeds are expended, the total asset amounts are reduced at SRTA and increased in GDOT. GAAP does not allow SRTA to reflect a long-term accounts receivable from GDOT. As a result, the bond proceeds are reduced faster than the receipt of funds from the GDOT for payment of the bond debt obligations, which causes a negative net position balance for SRTA. Additionally, because the projects are owned by GDOT, they are shown as assets on the State of Georgia's financial statements and not on SRTA's. Simply stated, SRTA's financial statements contain the transportation project debt liabilities, and GDOT financial statements contain the transportation project asset values.

Statement of Net Position. The following table provides a comparison of SRTA's net position at June 30, 2015 and June 30, 2014. The schedule provides comparative information for the governmental activities. For presentation purposes, prior year amounts were restated and the amounts shown have been rounded to the nearest dollar.

See Notes 2 and 7 in the Notes to the Financial Statements for more information about the restatement of July 1, 2014 balances.

Comparative Schedule of Net Position

	Governmental Activities	
	June 30, 2015	June 30, 2014 (1)
Assets:		
Other Assets	$ 196,365,392	$ 163,041,070
Capital Assets, Net of Depreciation	20,814,658	23,759,105
	$ 217,180,050	$ 186,800,175
Deferred Outflows of Resources:		
Deferred Amounts		
from pensions	$ 1,023,800	$ 598,341
from refunding of debt	2,508,082	5,834,220
	$ 3,531,882	$ 6,432,561
Liabilities:		
Current Liabilities	$ 73,330,670	$ 41,625,164
Long-Term Liabilities:		
Current Portion	201,262,866	180,321,652
Noncurrent Portion	1,005,297,231	1,193,829,600
	$ 1,279,890,767	$ 1,415,776,416
Deferred Inflows of Resources:		
Deferred Amounts		
from pensions	$ 1,317,716	$ -
	$ 1,317,716	$ -
Net Position:		
Net Investment in Capital Assets	$ 20,576,628	$ 23,759,105
Restricted	109,562,521	117,988,516
Unrestricted	(1,190,635,700)	(1,364,291,301)
	$ (1,060,496,551)	$ (1,222,543,680)

(1) Fiscal year 2014 balances reflect the effects of the restatements of Net Position.

SRTA's net position increased from $(1,222,543,680) to $(1,060,496,551) during the current fiscal year ended June 30, 2015. The change in net position was a decrease in the deficit of $162,047,129. The principal factor contributing to the increase for the year was the payment of governmental activity debt service that resulted in reducing outstanding bond debt.

Statement of Activities. The following table provides a summary comparison of the Authority's Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015 and June 30, 2014. The schedule provides comparative information for the governmental activities. For presentation purposes, prior year amounts were restated and the amounts shown have been rounded to the nearest dollar.

Comparative Schedule of Revenues, Expenses and Changes in Net Position

	Governmental Activities	
	FY 2015	FY 2014 (1)
Revenues:		
Operating Program Revenues		
Charges for Services	$ 11,340,109	$ 16,417,255
Grants and Contributions	132,655,033	79,330,010
General Revenues		
Rents and Royalties	-	96,814
Investment Earnings	470,253	204,644
Miscellaneous	-	20,013
Total Revenues	$ 144,465,395	$ 96,068,736
Expenses:		
General Government	$ 21,464,871	$ 60,365,315
GTIB Infrastructure Grants Dispersed	6,078,449	2,491,849
Roadway Improvement Grants per the MOU with GDOT	130,143,292	69,021,247
Interest on Long-Term Debt	48,968,700	53,306,756
Miscellaneous	5,491,329	697,288
Total Expenses	$ 212,146,641	$ 185,882,455
Increase/Decrease in Net Position Before Other Items	$ (67,681,246)	$ (89,813,719)
Other Items:		
Transfers from GRTA	80,579	-
Transfers from GDOT	44,402,600	44,156,370
Transfers from FHA	185,245,196	185,244,496
Total Other Items	$ 229,728,375	$ 229,400,866
Change in Net Position	$ 162,047,129	$ 139,587,147
Net Position - Beginning	(1,222,543,680)	(1,362,130,827)
Net Position - Ending	$ (1,060,496,551)	$ (1,222,543,680)

(1) Fiscal year 2014 balances reflect the effects of the restatements of Net Position. See Note 7 for additional information.

Revenues. Total charges for services decreased 30.9%, from $16,417,255 in the year ended June 30, 2014 to $11,340,109 in the year ended June 30, 2015, primarily due to the closure of the GA 400 Expansion on November 22, 2013. Rents and royalties revenue for governmental activities decreased 100.0%, from $96,814 in the year ended June 30, 2014 to $0 in the year ended June 30, 2015, primarily due to the cell tower leases having been transferred to GDOT on June 1, 2014. Capital Grants and Contributions increased from $79,330,010 in the year ended June 30, 2014 to $132,655,033 in the year ended June 30, 2015 due to I-75 South, I-75 NWC (Northwest Corridor), I-85 Extension projects. Nonoperating revenue and expenses increased from $229,400,866 in the year ended June 30, 2014 to $229,728,375 in the year ended June 30, 2015, due to the increase in interest and the decrease in equipment losses due to the closing of GA 400 in the prior year. Net miscellaneous revenues and expenditures for governmental-type activity decreased from $(677,275) in the year ended June 30, 2014 to $(5,491,329) in the year ended June 30, 2015, due to a Department of Public Safety contract and loss on equipment disposal.

Expenses. Governmental expenses, excluding miscellaneous expenses, increased by 11.6%, from $185,185,167 in the year ended June 30, 2014 to $206,655,312 in the year ended June 30, 2015, primarily due to the I-75 South, I-75 NWC (Northwest Corridor) and I-85 Extension projects, and an increase in grant distributions related to the Georgia Transportation Infrastructure Bank (GTIB).

Financial Analysis of SRTA's Funds

Governmental Funds: The governmental funds, which are comprised of the General Fund, Debt Service, GTIB, and Special Revenue are the governmental operating funds of SRTA. (See Balance Sheet, p. 18.) At June 30, 2015, the governmental funds, in aggregate, had combined fund balances of $130,308,795. A breakdown of the aggregate governmental fund balances reflects: (1) unassigned fund balance of $8,241,894 for General Fund primarily consisting of cash and interfund receivables and $124,874 for special revenue primarily consisting of I-85 Express Lanes and Customer Service Center; (2) assigned fund balanced of $4,926,941 for General Fund operations reserve and $162,009 for GTIB operating cash; (3) restricted fund balances of $9,357,426 reserved for general fund capital projects, $38,572,475 for special revenue capital projects, $5,678,453 of motor fuel tax payments received from GDOT that will be used to pay debt service on bonds, $55,954,167 for the GTIB loan and grant programs; and (4) a nonspendable fund balance of $7,047,148 for advances to other funds, $241,443 for inventories, and $1,965 for prepaid expenses.

The positive fund balance on the Governmental Fund Balance Sheet (p.18) does not include the long-term debt and bond liabilities. The Statement of Net Position for Governmental Activities which shows negative net position of $(1,060,496,551) includes long term liabilities of $(1,204,052,016), net of deferred losses from refunding of debt of $2,508,082. See the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position contained in the Financial Statements section (p.19) and Note 10 (p. 41) for more detail.

Capital Assets and Debt Administration

Capital Assets: The net assets invested in capital assets on June 30, 2015 were $20,576,628, representing a decrease of $3,182,477 from the prior fiscal year (p. 11). This decrease is primarily related to annual depreciation of $4,988,442, the retirement of assets related to transportation projects totaling $873,768, current year additions to construction-in-progress of $2,748,032 and equipment of $169,731. Additional information on SRTA's capital assets can be found in Note 6 (p. 36) in the Notes to the Financial Statements.

Long-Term Liabilities: At June 30, 2015, SRTA had total long-term liabilities, net of deferred outflows for refunding of debt, of $1,204,052,016, which was comprised of $1,154,750,805 in Guaranteed Revenue and GARVEE Bonds less deferred losses from refunding of debt of $2,508,082, $5,398,940 for pension liability and $179,198 in Capital Lease for network equipment in governmental activities; $27,909,479 in Toll Revenue Bonds and $17,705,042 in a Design Build Finance Long Term Note payable, and $616,634 in total compensated absences. Additional information on SRTA's long-term debt can be found in Note 10 (p. 41 – 49) in the Notes to the financial statements.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Budget

The Authority approves a budget for management purposes. The budget is neither subject to review nor approval by the Legislature of the State of Georgia and, therefore, is a non-appropriated budget. See Note 3 (p. 32).

Required Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning SRTA's pension liability and contributions.

Other Supplementary Information

This report also presents certain other supplementary information concerning SRTA's I-75 Northwest Corridor Express Lanes Project financial statements.

Further Information

This financial report is designed to provide a general overview of the State Road and Tollway Authority's finances for all those individuals having an interest in SRTA's finances. Questions concerning any of the information provided in this report should be addressed to: State Road and Tollway Authority, 47 Trinity Avenue, 4th Floor, Atlanta, Georgia 30334.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Cash and Cash Equivalents	$	16,163,055
Restricted Assets:		
Cash and Cash Equivalents		177,654,353
Accounts Receivable, Net		1,730,046
Inventories		241,443
Prepaid Items		576,495
Capital Assets, Non-Depreciable		13,953,402
Capital Assets, Depreciable (Net of Accumulated Depreciation)		6,861,256
Total Assets	$	217,180,050
DEFERRED OUTFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	$	1,023,800
Deferred Losses from Refunding of Debt		2,508,082
Total Deferred Outflows of Resources	$	3,531,882
Total Assets and Deferred Outflows of Resources	$	220,711,932
LIABILITIES		
Accounts Payable and Other Current Liabilities	$	14,844,633
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable		7,848,603
Unearned Revenues		50,637,434
Long-Term Liabilities:		
Due Within One Year		201,093,872
Due in More Than One Year		1,004,849,591
Compensated Absences due within one year		168,994
Compensated Absences due in more than one year		447,640
Total Liabilities	$	1,279,890,767

DEFERRED INFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	$	1,317,716
Total Liabilities and Deferred Inflows of Resources	$	1,281,208,483
NET POSITION		
Net Investment in Capital Assets	$	20,576,628
Amounts Restricted:		
Loan and Grant Programs		55,954,167
Transportation Projects		45,319,226
Debt Service (Guaranteed Revenue Bond Covenant Accounts)		5,678,453
Debt Service (Toll Revenue Bonds)		2,610,675
Unrestricted Amounts (Deficit)		(1,190,635,700)
Total Net Position	$	(1,060,496,551)

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

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STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
General Government	$ 21,464,871	$ 11,340,109	$ 5,347,802	$ 114,308,176	$ 109,531,216
Infrastructure Grants Disbursed	6,078,449	-	12,999,055	-	6,920,606
Roadway Improvement Grants per MOUs with GDOT	130,143,292	-	-	-	(130,143,292)
Debt Service					
Interest on Short-Term and Long-Term Debt	48,968,700	-	-	-	(48,968,700)
Total Governmental Activities	$ 206,655,312	$ 11,340,109	$ 18,346,857	$ 114,308,176	$ (62,660,170)
General Revenues					
Unrestricted Investment Earnings					$ 470,253
Transfers from Federal Highway Administration (FHA)					185,245,196
Transfers from the Georgia Department of Transportation (GDOT)					44,402,600
Transfers from the Georgia Regional Transportation Authority (GRTA)					80,579
Miscellaneous Income/Expenses					(5,491,329)
Total General Revenues and Transfers					$ 224,707,299
Change in Net Position					$ 162,047,129
Net Position - Beginning of Year as restated					(1,222,543,680)
Net Position - Ending of Year					$ (1,060,496,551)

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

STATE ROAD AND TOLLWAY AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Debt Service Fund	GTIB Fund	Special Revenue Fund	Total
ASSETS					
Cash and Cash Equivalents	$ 8,200,021	$ -	$ 162,009	$ 7,801,025	$ 16,163,055
Cash and Cash Equivalents - Restricted	14,320,142	5,678,453	54,438,811	103,216,947	177,654,353
Accounts Receivable, Net	40,682	-	-	139,337	180,019
Loans Receivable, Net	-	-	1,550,027	-	1,550,027
Inventories	-	-	-	241,443	241,443
Due From Other Funds	1,229,137	-	-	-	1,229,137
Prepaid Items	-	-	-	1,965	1,965
Advances to Other Funds	7,047,148	-	-	-	7,047,148
Total Assets	$ 30,837,130	$ 5,678,453	$ 56,150,847	$ 111,400,717	$ 204,067,147
LIABILITIES					
Accounts Payable	$ 141,181	$ -	$ 34,671	$ 651,807	$ 827,659
Salary and Benefits Payable	16,534	-	-	-	16,534
Payroll Withholdings Payable	64,491	-	-	-	64,491
Due to Other Funds	-	-	-	1,229,137	1,229,137
Contracts Payable	1,041,515	-	-	12,806,111	13,847,626
Retainages Payable	-	-	-	88,323	88,323
Unearned Revenues, Customer Deposits	-	-	-	5,494,067	5,494,067
Unearned Revenues, GDOT	-	-	-	45,143,367	45,143,367
Other Non Current Liabilities:					
Advances from Other Funds	-	-	-	7,047,148	7,047,148
Total Liabilities	$ 1,263,721	$ -	$ 34,671	$ 72,459,960	$ 73,758,352
FUND BALANCES					
Nonspendable	$ 7,047,148	$ -	$ -	$ 243,408	$ 7,290,556
Restricted:					
Loan and Grant Program	-	-	55,954,167	-	55,954,167
Transportation Projects	9,357,426	-		35,961,800	45,319,226
Debt Service	-	5,678,453		2,610,675	8,289,128
Assigned	4,926,941	-	162,009	-	5,088,950
Unassigned	8,241,894	-	-	124,874	8,366,768
Total Fund Balances	$ 29,573,409	$ 5,678,453	$ 56,116,176	$ 38,940,757	$ 130,308,795
Total Liabilities and Fund Balances	$ 30,837,130	$ 5,678,453	$ 56,150,847	$ 111,400,717	$ 204,067,147

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

STATE ROAD AND TOLLWAY AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2015

Total Governmental Fund Balances		$ 130,308,795
Amounts reported for governmental activities in the government-wide 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:		
Capital Assets, Non-Depreciable	$ 13,953,402	
Depreciable Capital Assets, net of Accumulated Depreciation	6,861,256	
Total Capital Assets		20,814,658
Prepaid bond insurance costs that are not available to pay current period expenditures are deferred in the funds.		574,530
Certain long term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, discounts, and refunding deferral amounts.		
Guaranteed Revenue/Refunding Bonds Payable	(327,110,000)	
Grant Anticipation Revenue Bonds Payable	(620,700,000)	
Reimbursement Revenue Bonds Payable	(151,480,000)	
Premiums on Issuances of Debt	(55,460,805)	
Toll Revenue Bonds Payable	(27,909,479)	
Notes Payable	(17,705,042)	
Accrued Interest	(7,848,603)	
Capital Leases Payable	(179,198)	
Compensated Absences Payable	(616,634)	
Pension Liability	(5,398,940)	
Total		(1,214,408,700)
Deferred outflows of resources is associated with: (a) This represents the changes in proportion and differences between employer contributions and proportionate share of contributions, (b) employer pension contributions made subsequent to the measurement date, and (c) deferred losses from refunding of debt. These deferred outflows of resources represent a consumption of net assets by the Authority that is applicable to a future reporting period.		
Related to Defined Benefit Pension Plans	1,023,800	
Deferred Amounts on Refunding	2,508,082	
Total		3,531,882
Deferred inflows of resources is associated with the net difference between projected and actual earnings on pension plan investments. These deferred inflows of resources represent an acquisition of net assets by the Authority that is applicable to a future reporting period.		
Related to Defined Benefit Pension Plans		(1,317,716)
Net Position of Governmental Activities		$ (1,060,496,551)

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Debt Service Fund	GTIB Fund	Special Revenue Fund	Total
REVENUES					
Intergovernmental Income	$ -	$ 229,647,796	$ 12,999,055	$ -	$ 242,646,851
Charges for Services:					
Administration Fees	-	-	-	60	60
Violation Processing Fees	-	-	-	176,734	176,734
Violation Administration Fees	-	-	-	743,425	743,425
Electronic Tolls	-	-	-	10,419,890	10,419,890
Investment Earnings	79,390	2,484	109,283	279,096	470,253
Other Income	66,197	-	108,320	17,062	191,579
Total Revenues	$ 145,587	$ 229,650,280	$ 13,216,658	$ 11,636,267	$ 254,648,792
EXPENDITURES					
General Government	$ 8,174,543	$ 86,022	$ 19,489	$ 10,600,590	$ 18,880,644
Infrastructure Loans and Grants Disbursed	-	-	6,078,449	-	6,078,449
Roadway Improvement Grants per the MOU with GDOT	8,529,896	-	-	121,613,397	130,143,293
Debt Service:					
Principal	72,597	162,675,000	-	-	162,747,597
Interest	8,169	61,378,626	-	-	61,386,795
Total Expenditures	$ 16,785,205	$ 224,139,648	$ 6,097,938	$ 132,213,987	$ 379,236,778
Excess of Revenues Over (Under) Expenditures	$ (16,639,618)	$ 5,510,632	$ 7,118,720	$ (120,577,720)	$ (124,587,986)
OTHER FINANCING SOURCES (USES)					
Miscellaneous Expense	$ (5,550,200)	$ -	$ -	$ -	$ (5,550,200)
Proceeds of Design Build Finance Loan	-	-	-	11,057,335	11,057,335
Capital Leases	251,795	-	-	-	251,795
Transfers In (from Georgia Department of Transportation)	5,347,802	-	-	114,308,176	119,655,978
Transfers from the Georgia Regional Transportation Authority	80,579	-	-	-	80,579
Transfers In	-	85,923	-	3,795,942	3,881,865
Transfers Out	(3,881,865)	-	-	-	(3,881,865)
Total Other Financing Sources (Uses)	$ (3,751,889)	$ 85,923	$ -	$ 129,161,453	$ 125,495,487
Net Change in Fund Balances	$ (20,391,507)	$ 5,596,555	$ 7,118,720	$ 8,583,733	$ 907,501
Fund Balances - Beginning of Year as restated	49,964,916	81,898	48,997,456	30,357,024	129,401,294
Fund Balances - Ending of Year	$ 29,573,409	$ 5,678,453	$ 56,116,176	$ 38,940,757	$ 130,308,795

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

STATE ROAD AND TOLLWAY AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds		$ 907,501
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 capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 2,917,763	
Depreciation Expense	(4,988,442)	
Excess of Capital Outlay over Depreciation Expense		(2,070,679)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net assets.		
Other Operating Expenditures	741,059	
Loss on Disposal of Machinery and Equipment	132,708	
Total		(873,768)
Some of the Capital Assets acquired this year were financed with capital leases. In Governmental Funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a Long-Term Liability.		(251,795)
Some of the transportation project expenditures this year were financed with a P3 (Public-Private Partnership) Design Build Finance Loan Payable. In Governmental Funds, a P3 arrangement is considered a source of financing, but in the Statement of Net Position, the loan obligation is reported as a long-term liability.		
Net (Increase) Decrease in Design Build Finance Loan		(11,057,335)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Grant Anticipation Revenue Bonds Principal Retirement	$ 112,985,000	
Reimbursement Revenue Bonds Principal Retirement	28,165,000	
Guaranteed Revenue Bonds Principal Retirement	6,185,000	
Guaranteed Revenue Refunding Bonds Principal Retirement	15,340,000	
Capital Lease Payments	72,597	
Total Long-Term Debt Repayments		162,747,597
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Amortization of Deferral of Gain on Refunding of Bonds	$ (3,326,138)	
Amortization of Premium of Grant Anticipation Revenue Bonds Payable	8,335,837	
Amortization of Premium of Reimbursement Revenue Bonds Payable	1,137,153	
Amortization Write-off of Premium Guaranteed Revenue Bonds Payable from Refunding	7,082,127	
Amortization of Premium Guaranteed Revenue Bonds Payable	369,420	
Amortization of Bond Insurance Costs	(215,706)	
Net (Increase) Decrease in Accreted Interest on Toll Revenue Bonds	(1,839,239)	
Net (Increase) Decrease in Accrued Interest on Issuance of Bonds	874,640	
(Increase) Decrease in Compensated Absences	(307)	
(Increase) Decrease in Pension Expense	227,821	
Total Additional Expenditures		12,645,608
Change in Net Position of Governmental Activities		$ 162,047,129

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

STATE ROAD AND TOLLWAY AUTHORITY

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State Road and Tollway Authority (SRTA) is an instrumentality of the State of Georgia and a public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. SRTA's board consists of five (5) members: the Governor, Commissioner of the Georgia Department of Transportation (GDOT), Director of the Office of Planning and Budget, Appointee of Lieutenant Governor and Appointee of Speaker of the House. SRTA is considered a blended 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 (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

B. Basis of Presentation

SRTA's financial statements have been prepared in conformity with GAAP as prescribed by GASB. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

SRTA's fiscal year end is June 30.

SRTA's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements. This combination is designed to accomplish two goals: (1) to provide information using the economic resources measurement focus and the accrual basis of accounting functions reported in governmental funds, and (2) to provide net cost information by function for governmental activities.

C. Measurement Focus and Basis of Accounting

The 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. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when cash or other assets are received prior to being earned. The effect of interfund activity has been eliminated. Additionally, long-term assets and liabilities, such as capital assets and long-term debt, are included on the financial statements.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measureable and available. Revenues are considered to be "measureable" when the amount of the transaction can be determined

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

and “available” when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Major revenue sources susceptible to accrual include interest and other investment income. Expenditures are generally recorded when the related fund liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

SRTA reports the following major governmental funds:

General Fund - used to account for all financial transactions not required to be accounted for in another fund. This includes strategic business development and the planning and research for future toll road projects as well as general governmental activities.

Debt Service Fund - used to account for the accumulation of resources used to pay the principal and interest on long-term obligations.

Georgia Transportation Infrastructure Bank Fund (GTIB) - a special revenue fund used to account for the grants and loans to local governments for transportation infrastructure purposes.

Special Revenue Fund - used to account for transactions related to resources received and used for restricted or specific purposes. These include toll facilities, highway and toll road construction, customer service center and other transportation and transit purposes.

D. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

E. Assets, Liabilities, Net Position and Fund Equity

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks and other financial institutions, and the state investment pool that has the general characteristics of demand deposit accounts in that SRTA may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Cash and Cash Equivalents (Continued)

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

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

Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase. Investments are stated at amortized cost. Accounting principles generally accepted in the United States of America require that investments be reported at fair value; however, the variance in amortized cost and fair value is deemed immaterial to the financial statements for the majority of SRTA's investments. Any variances in amortized cost and fair value deemed material to the financial statements were reported at fair value.

SRTA may invest regular funds in such securities and in such manner as it determines to be in its best interest as follows:

1) Obligations issued by the United States government.
2) Obligations of any corporation of the United States government fully guaranteed by the United States government.
3) Obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank or the Central Bank for Cooperatives.
4) Repurchase Agreements.

In addition, certain revenue bonds issued by SRTA include covenants which restrict SRTA to investments in the state investment pool or to the following forms of investments:

1) The Local Government Investment Pool;
2) Government Obligations;
3) Certificates of Deposit;
4) Repurchase Agreements;
5) Investment Agreements or Guaranteed Investment Contracts; and
6) Money Market Funds.

See Note 4 for additional details related to revenue bonds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Accounts Receivable

Receivables consists primarily of amounts due from local governments for loans made from the GTIB fund, intergovernmental agreements with GDOT and GRTA, violations, interoperability, and Pay-N-Go, net of allowances for bad debt.

Inventory

Inventory, which is comprised of transponders used in electronic toll collection, is valued at cost, using the first-in, first-out method. SRTA utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Prepaid Items

Payments to vendors and local government organizations for services that will benefit periods beyond the fiscal year end are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. This classification also includes bond insurance costs that are capitalized and amortized over the term of the related debt.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the government-wide statement of net position.

Restricted Assets

This classification includes certain toll revenue collections and other resources that will be used for debt service because their use is limited by applicable bond covenants. Amounts also include customer deposits paid to SRTA, and amounts received from other intergovernmental sources (the State and GDOT) to be used solely for disbursement by the GTIB fund, and contract commitments for capital construction.

SRTA may fund, at the Authority's discretion, a reasonable operating reserve in an amount equal to approximately 90 days of the budgeted annual operational costs of the Authority. At June 30, 2015, this reserve amount was $4,070,813.

SRTA may fund, at the Authority's discretion, a reasonable reserve for Renewal and Replacement expenses of the Authority that are not funded in other agreements. At June 30, 2015, this reserve amount was $856,128.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the government-wide Statement of Net Position. Capital assets, which include property, machinery and equipment, and computer software, are reported at historical cost. Donated capital assets are recorded at fair market value on the date donated and disposals are deleted at recorded cost.

Land and non-depreciable land improvements are capitalized regardless of cost. Buildings and improvements other than buildings are capitalized when the cost of individual items or projects exceeds $100,000. Infrastructure other than bridges and roadways included in the state highway system are capitalized when the cost of the project exceeds $1,000,000. Machinery and equipment are capitalized when the cost of individual items exceeds $5,000. Software is capitalized when the cost exceeds $1,000,000. Other intangible assets are capitalized when the cost exceeds $100,000. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are expensed.

Applicable capital assets of SRTA are depreciated using the straight-line method over the following estimated useful lives:

Type of Capital Assets	Years
Buildings and Building Improvements	5 - 60
Improvements other than Buildings	15 - 50
Infrastructure, other	10 - 100
Machinery and Equipment	3 - 20
Software	3 - 10

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources expense or expenditure until that time. This classification includes debt refunding gains and losses that are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (old debt). Also included are amounts for defined benefit pension plan activity as more fully detailed in Note 2, Note 7 and Note 13.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Compensated Absences

Employees earn annual (vacation) leave ranging from 10 to 14 hours each month depending upon the employees' length of continuous state service with a maximum accumulation of 45 days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided each fiscal year to cover the cost of annual leave of terminated employees. The obligation for accumulated unpaid annual leave is reported as a liability in the government-wide financial statements.

Employees earn 10 hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to additional service credit in the system. No liability is recorded for rights to receive sick pay benefits.

Certain non-exempt employees working over 40 hours per week accrue compensatory time at the rate of 1.5 times the hours.

All compensated absence liabilities (compensatory time) include salary related payments, where applicable. At the end of the year, all compensatory time not taken is recorded as a liability at the current salary rates and applicable social security, Medicare and health care costs. The current portion of compensated absence liabilities is calculated as a three year average of annual reductions.

The total compensated absences liability is reported on the government-wide financial statements.

Unearned Revenue

Unearned revenue represents prepaid tolls collected from customers. Revenue is recognized when the customers use a toll facility and a toll is applied to their account.

GDOT provides grant revenue at the beginning of a fiscal year for anticipated project costs for that fiscal year. Unspent grant funds are recorded as unearned revenue and are available for use in a future period(s).

Accrued Liabilities and Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Accrued Liabilities and Long-term Obligations (Continued)

The *Tax Reform Act of 1986* requires governmental organizations issuing tax-exempt bonds to refund to the U.S. Treasury, interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Arbitrage liability is treated as an expense in the government-wide statements when the liability is recognized. Governmental funds report arbitrage (other debt service) expenditures when the liability is due. SRTA did not have any arbitrage rebate payments for the year ended June 30, 2015.

Debt Premiums, Discounts, and Prepaid Bond Insurance

In the government-wide financial statements, bonds payable are reported net of the applicable bond premium or discount. Debt premiums, discounts and prepaid bond insurance are deferred and amortized over the life of the bonds using the straight-line method or effective-interest method. In the governmental fund financial statements, bond premiums and discounts as well as bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred. Issuance costs, with the exception of prepaid bond insurance, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, 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 additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This classification includes amounts related to defined benefit pension plan activity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Net Position/Fund Balance Classification

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Net Position. In the government-wide financial statements, the sum of assets and deferred outflows of resources less the sum of liabilities and deferred inflows of resources is reported as net position. Net position is reported in three categories:

> **Net Investment in Capital Assets** consists of capital assets, net of accumulated amortization/depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that has not been spent) for the acquisition, construction or improvement of those assets.
>
> **Restricted** amounts result 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** amounts consist of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

The unrestricted deficit balance in the government-wide financial statements is the result of a timing difference in the flow of SRTA's assets (bond proceeds) and liabilities (bond debt). Certain assets purchased with bond proceeds are reported on the GDOT financial statements while SRTA reports the debt (bonds payable) on its financial statements. SRTA's net position will improve over time as this debt is extinguished.

Net assets are restricted when constraints are placed on them that are imposed by external parties, constitutional provisions or enabling legislation. Designations solely imposed by SRTA's management are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is SRTA's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance. Generally, fund balance represents the difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which SRTA is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

> **Nonspendable –** Fund balances are reported as "non-spendable" when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Net Position/Fund Balance Classification (Continued)

Nonspendable fund balance includes advances to other funds, inventories, prepaid items and long-term loan receivables. The Authority did not have any legally or contractually required amounts to be maintained intact. At June 30, 2015, SRTA's nonspendable fund balance was attributed to $241,443 in inventories, $1,965 in prepaid items, and $7,047,148 of long-term loan receivables.

Restricted - Fund balances are reported as "restricted" when there are limitations imposed on their use either through constitutional provisions or the enabling legislation adopted by SRTA or through external restrictions imposed by creditors, grantors or law or regulations of other governments. At June 30, 2015, SRTA's restricted fund balances were attributed to those reported in the debt service funds, GTIB, transportation projects, and intergovernmental agreements.

Committed - Fund balances are reported as "committed" when they can be used only for specific purposes pursuant to constraints imposed by formal action of the governing board of SRTA through the adoption of a resolution. Only the governing board of SRTA may modify or rescind the commitment by taking the same type of action it employed to previously commit the amounts (e.g., legislation). At June 30, 2015, SRTA reported no committed fund balances.

Assigned - Fund balances are reported as "assigned" when amounts are constrained by SRTA's intent to be used for specific purposes, but they are neither restricted nor committed. Through resolution, the governing board of SRTA has authorized SRTA's Executive Director to declare funds as assigned. At June 30, 2015, assigned fund balances represented the amounts that were intended for GTIB operating funds, a 90 day reserve and renewal and replacement not specified under other agreements.

Unassigned - The residual amount of fund balance is reported as unassigned for balances that do not meet any of the above constraints. SRTA reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Committed, assigned and unassigned fund balances are collectively considered to be unrestricted funds.

Fund Balance Flow Assumptions - When both restricted and unrestricted amounts are available for use for specific expenditures, it is SRTA's policy to use restricted amounts first and then unrestricted amounts as they are needed. It is SRTA's policy to use unrestricted fund balances in the following order:

a. Committed
b. Assigned
c. Unassigned

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Revenue and Expense Recognition

Toll revenues are recognized when vehicles use the toll road facilities. Expenses generally result from necessary costs incurred to provide toll services and include all expense transactions other than those related to other financing activities. Other financing sources represent funds from the FHWA and GDOT, and grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

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 obligations on goods sold or services rendered. As a general rule, the effect of interfund activity has been eliminated. 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.

Interfund transfers are reported as other financing sources. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented as advances on the financial statements.

NOTE 2. CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

In fiscal year 2015, SRTA implemented the following GASB Statements:

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

No. 69 *Government Combinations and Disposals of Government Operations*

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

The objective of Statement No. 68 is to improve the accounting and financial reporting by state and local governments of pensions and improve the 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.

The objective of Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

NOTE 2. CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (CONTINUED)

As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Authority had no combinations or disposals of government operations.

The objective of Statement No. 71 is to address the issue relating to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

In fiscal year 2016, the Authority will implement GASB Statement No. 72 *Fair Value Measurement and Application.*

The objective of Statement No. 72 is to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

NOTE 3. BUDGET

SRTA approves a budget for management purposes. The budget is not subject to review or approval by the Legislature of the State of Georgia and, therefore, is a non-appropriated budget. Budgets are adopted on the cash basis of accounting. SRTA's Board approves the budget annually in the spring for the following fiscal year.

The level of control (the level at which expenditures may not exceed the budget) for each adopted annual operating budget is at the individual program level. Budgetary control is exercised at the department level. All annual operating budgets lapse at fiscal year-end. Capital budgets lapse at the end of the project and may span multiple years.

The Director of Budget and Procurement is authorized to transfer budgeted amounts between departments within the same program. Any revisions, which increase total expenditures, must be approved by the Board. During the year, the Board approved an amendment to the original budget for additional funding received from GDOT to pre-fund FY 2016 Debt Service.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable budget, is employed as an extension of formal budgetary integration. Generally, operating encumbrances lapse at fiscal year-end, but capital encumbrances do not.

NOTE 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Bond Covenants

SRTA is subject to certain covenants with regard to the issuance of the aggregation of its revenue bonds issued and outstanding as of June 30, 2015.

Funds of the State of Georgia cannot be placed in a depository paying interest longer than 10 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 (OCGA) Section 50-17-59:

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

(2) Bonds, bills, certificates or indebtedness, notes, 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, the bonds have been duly validated and they are not in default.

(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, or debt obligations issued by or securities guaranteed 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 Corporation, or the Federal National Mortgage Association.

(6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

OCGA Section 45-8-11 provides that SRTA may waive the requirements for security in the case of operating funds placed in demand deposit checking accounts.

SRTA’s bond funds are properly collateralized in accordance with the terms of the applicable indentures.

NOTE 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Pledged Revenue

The toll revenues generated from the usage of the I-75 South Metro Express Lanes Project secure the State Road and Tollway Authority Toll Revenue Bonds Series 2014A and 2014B. Beginning in the first full Fiscal Year commencing at least 18 months after the Open to Tolling Date, the Indenture requires the Authority to establish, charge and collect Tolls for the privilege of traveling on the I-75 South Metro Express Lanes Project at rates sufficient to produce "Net Revenues" (Pledged Revenues after the deduction for Tolling Operating and Maintenance Expenses as set forth in the flow of funds) in each Fiscal Year that are at least:

- one hundred fifty percent (150%) of the Annual Debt Service with respect to all Outstanding Bonds for such Fiscal Year; and
- one hundred percent (100%) of (A) the Annual Debt Service with respect to all Outstanding Bonds for such Fiscal Year, plus (B) the amounts, if any, required to be deposited during such Fiscal Year in the Debt Service Reserve Fund.

The toll revenues generated from the usage of the I-75 Northwest Corridor Express Lanes Project secure the State Road and Tollway Authority TIFIA Loan with the United Stated Department of Transportation, dated as of November 14, 2013. Beginning in the first full Fiscal Year following the Substantial Completion Date, the TIFIA Loan Agreement requires the Authority to establish, charge, and collect Tolls for the privilege of traveling on the I-75 Northwest Corridor Express Lanes Project at rates sufficient to produce revenues that are at least:

- one hundred fifty percent (150%) of the Annual Debt Service with respect to all outstanding First Lien Bonds for such Borrower Fiscal Year;
- one hundred twenty-five percent (125%) of (i) the Annual Debt Service with respect to all outstanding First Lien Bonds for such Borrower Fiscal Year, plus (ii) the TIFIA Debt Service for such Borrower Fiscal Year; and
- one hundred percent (100%) of (i) the Annual Debt Service with respect to all outstanding First Lien Bonds for such Borrower Fiscal Year, plus (ii) the TIFIA Debt Service for such Borrower Fiscal Year, plus (iii) the amounts, if any, required to be deposited during such Borrower Fiscal Year in the First Lien Debt Service Reserve Fund and the TIFIA Debt Service Reserve Fund.

NOTE 5. DEPOSITS AND INVESTMENTS

Concentration of Credit Risk. Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. SRTA's Investment Policy does not limit the amount of funds that can be invested with any one financial institution or issuer. However, SRTA mitigates concentration of credit risk by depositing cash and purchasing investments among several financial institutions. The following schedule lists the allocation of cash and investments by financial institution as of June 30, 2015:

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Institution / Issuer		Bank Balances	% of Portfolio		Reconciled Balances	% of Portfolio
Bank of America, N.A.	$	8,029,492	4.14%	$	7,683,641	3.96%
The Bank of New York Mellon Trust Company N.A.		55,413	0.03%		55,410	0.03%
US Bank		164	0.00%		164	0.00%
Funds on Deposit with the Office of the State Treasurer						
Georgia Fund 1		186,077,442	95.84%		186,077,943	96.01%
Subtotal Cash and Cash Equivalents	$	194,162,511	100.00%	$	193,817,158	100.00%
Petty Cash					250	
Total Cash and Cash Equivalents				$	193,817,408	

Custodial Credit Risk - Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, SRTA's bank balances are properly collateralized.

Type of Custodial Credit Risk		Bank Balances
Uninsured and collateralized with securities held by the pledging financial institutions	$	7,779,492
Uninsured and collateralized with securities held by the pledging institution's trust departments or agents, but not in the entity's name		-
Total deposits exposed to custodial credit risk	$	7,779,492

Interest Rate Risk. Interest rate risk is the possibility that an interest rate change could adversely affect an investment's fair value. In accordance with applicable pronouncements, an acceptable method for reporting interest rate risk is specific identification. As of June 30, 2015, SRTA deposits excess cash with the Office of the State Treasurer (OST) in accordance with state practice.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, Restated June 30, 2014	Additions / Transfers	Deletions / Transfers	Balance June 30, 2015
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 8,982,936	$ -	$ -	$ 8,982,936
Construction in Progress, restated	2,764,673	2,748,032	(542,239)	4,970,466
	$ 11,747,609	$ 2,748,032	$ (542,239)	$ 13,953,402
Capital Assets Being Depreciated:				
Land Improvements	12,704	-	(12,704)	-
Equipment	17,931,006	169,731	(602,396)	17,498,341
Computer Software	8,930,909	-	(320,011)	8,610,898
Furniture and Fixtures	380,793	-	(380,793)	-
Total Capital Assets Being Depreciated	27,255,412	169,731	(1,315,904)	26,109,239
Less Accumulated Depreciation:				
Land Improvements	(12,704)	-	12,704	-
Equipment	(9,562,688)	(3,266,262)	469,688	(12,359,262)
Computer Software	(5,343,892)	(1,722,180)	177,351	(6,888,721)
Furniture and fixtures	(324,632)	-	324,632	-
Total Accumulated Depreciation	(15,243,916)	(4,988,442)	984,375	(19,247,983)
Total Capital Assets Being Depreciated, Net	12,011,496	(4,818,711)	(331,529)	6,861,256
Total Governmental Activities Capital Assets	$ 23,759,105	$ (2,070,679)	$ (873,768)	$ 20,814,658

NOTE 7. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BEGINNING BALANCES

A. Adoption of New Accounting Standards

During fiscal year 2015, SRTA made prior period restatements due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 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 $5,868,295 of which $6,466,636 is represented in Net Pension Liability and $598,341 is represented in deferred outflow.

B. Changes in Accounting Principles

It was determined that the projects previously reported in SRTA's enterprise and transportation funds should be aggregated in a single special revenue fund in fiscal year 2015 to better align with the way similar activities are reported by the primary government, including the resources (i.e., state motor fuel funds and Federal Highway Administration funds) that were received from GDOT and used for restricted or specific purposes and projects.

NOTE 7. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BEGINNING BALANCES (CONTINUED)

B. Changes in Accounting Principles (continued)

During the fiscal year, SRTA adopted the statewide accounting policy for capital assets. This change increased the capitalization threshold for software from $100,000 to $1,000,000 and broadened the range in each category for the number of years an asset may be depreciated. The adoption of the state policy gives more flexibility in the range for the number of years an asset should be depreciated. No changes were made to the number of years assets are being depreciated for assets purchased prior to fiscal year 2015. Assets less than the capitalization threshold were removed from capital assets as of June 30, 2015.

SRTA also adopted the statewide accounting policy for reporting the current portion of compensated absences. The calculation for the current portion of compensated absences was changed from fifty percent of the liability to the three year average method as of June 30, 2015. Note 10 reflects restated beginning balances for compensated absences.

C. Correction of Prior Year Errors

During the fiscal year, SRTA determined that prior year revenues were overstated by $11 million, resulting in an overstatement of fund balance/net position, as reported. The error was related to a portion of unspent grant funds that were provided by GDOT at the beginning of fiscal year 2014 for anticipated project costs. SRTA made an adjustment in fiscal year 2015 to decrease fund balance/net position to reflect correction to the prior year amounts.

During the fiscal year, SRTA determined that prior year construction in progress (CIP) was overstated by $161,597, resulting in an overstatement of net position, as reported. The beginning net position of governmental activities was decreased to reflect the correction of CIP.

NOTE 7. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BEGINNING BALANCES (CONTINUED)

Prior period adjustments to restate beginning fund balances /net position as of June 30, 2014 are as follows:

	6/30/2014 As Previously Reported	Adoption of New Accounting Standards	Change in Accounting Principles	Correction of Prior Year Errors	6/30/2014 (Restated)
Governmental Funds and Activities					
Governmental Funds					
General Fund	$ 28,931,433	$ -	$ 21,033,483	$ -	$ 49,964,916
Transportation Fund	63,440,942	-	(63,440,942)	-	-
Debt Service	81,898	-	-	-	81,898
GTIB Fund	48,997,456	-	-	-	48,997,456
Special Revenue Fund	-	-	41,375,007	(11,017,983)	30,357,024
Total Governmental Funds	$ 141,451,729	$ -	$ (1,032,452)	$ (11,017,983)	$ 129,401,294
Government-wide Adjustments					
Capital Assets, net of depreciation	$ 12,253,345	$ -	$ 11,663,357	$ (161,597)	$ 23,755,105
Deferred Outflows of Resources	5,834,220	598,341			6,432,561
Long-Term Liabilities	(1,367,365,589)	(6,466,636)	(319,027)	-	(1,374,151,252)
Other Noncurrent Assets and Liabilities	(7,933,008)	-	(48,380)	-	(7,981,388)
Total Governmental Funds and Activities	**$ (1,215,759,303)**	**$ (5,868,295)**	**$ 10,263,498**	**$ (11,179,580)**	**$ (1,222,543,680)**
Proprietary Funds and Business-type Activities					
I-85 Express Lane Fund	$ 3,713,091	$ -	$ (3,713,091)	$ -	$ -
Customer Service Center Fund	6,734,020	-	(6,734,020)	-	-
Total Proprietary Funds and Business-type Activities	**$ 10,447,111**	**$ -**	**$ (10,447,111)**	**$ -**	**$ -**

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund receivables and payables result from disbursements initially being made from the General Fund's main operating account. The other funds subsequently reimburse the General Fund. These interfund balances result from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables (Continued)

Interfund receivable and payable balances as of June 30, 2015 are as follows:

		Interfund Receivables
		Due From Other Funds
Interfund Payables		General Fund
Short-Term		
Due To Other Funds		
Special Revenue	$	1,229,137
Total Due From Other Funds	$	1,229,137
Long-Term		
Advances To Special Revenue	$	7,047,148
Total Advances To Other Funds	$	7,047,148
Total Interfund Payables	$	8,276,285

Interfund Transfers

Transfers are used to move assets, liabilities, revenues or expenditures between funds in accordance with budgetary authorization. During the year ended June 30, 2015, transfers were made to fund renewal and replacement reserves and for debt service trustee fees. Interfund transfers for the year ended June 30, 2015 are summarized as follows:

Transfers In		Transfers Out General Fund
Debt Service Fund	$	85,923
Special Revenue Funds		3,795,942
Total	$	3,881,865

NOTE 9. LEASES

Operating Leases

SRTA has entered into certain agreements to lease real property and equipment which are classified as operating leases. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, do not have future year commitments. Amounts are included only for multi-year leases and for cancelable leases for which an option to renew for the subsequent fiscal year has been exercised. Future minimum commitments for operating leases as of June 30, 2015, are as follows:

Fiscal Year Ended June 30, 2015		Amount
2016	$	12,495
2017		8,750
Total Minimum Commitments	$	21,245

Expenditures for rental of real property and equipment under operating leases for the year ended June 30, 2015 totaled $364,839.

Capital Leases

SRTA acquires certain equipment through a multi-year capital lease. In accordance with OCGA 50-5-64, the agreement shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. The agreement may only be renewed by a positive action taken by SRTA. The agreement shall terminate immediately at such time as otherwise unobligated funds are no longer available to satisfy the obligation of SRTA. The expense resulting from the amortization of assets recorded under a capital lease is included in depreciation expense.

		Governmental Activities
Machinery and Equipment	$	162,244
Less Accumulated Depreciation		(21,633)
Total Assets Held under Capital Lease	$	140,611

Fiscal Year Ended June 30, 2015		Principal		Interest
2016	$	91,944	$	4,975
2017		87,254		1,589
Total Minimum Commitments	$	179,198	$	6,564

NOTE 10. LONG-TERM DEBT

Long-term debt activity and obligations as of and for the year ended June 30, 2015 are as follows:

	June 30, 2014	Increases	Decreases	June 30, 2015	Amount Due Within One Year
Governmental Activities:					
Guaranteed revenue refunding bonds, series 2011A	$ 165,190,000	$ -	$ (15,340,000)	$ 149,850,000	$ 21,840,000
Premium on guaranteed refunding revenue bonds	16,668,332	-	(3,868,280)	12,800,052	3,509,061
Guaranteed revenue refunding bonds, series 2011B	153,085,000	-	-	153,085,000	15,960,000
Premium on guaranteed refunding revenue bonds	16,911,037	-	(3,213,847)	13,697,190	3,046,316
Guaranteed revenue bonds, series 2001	655,000	-	(290,000)	365,000	245,000
Premium on guaranteed revenue bonds	18,873	-	(10,802)	8,071	1,997
Guaranteed revenue bonds, series 2003	29,705,000	-	(5,895,000)	23,810,000	-
Premium on guaranteed revenue bonds	2,305,713	-	(358,618)	1,947,095	229,070
Revenue Bonds Sub-Total	$ 384,538,955	$ -	$ (28,976,547)	$ 355,562,408	$ 44,831,444
Grant anticipation revenue bonds, series 2006	$ 145,530,000	$ -	$ (33,765,000)	$ 111,765,000	$ 35,455,000
Premium on grant anticipation revenue bonds	2,812,700	-	(1,098,318)	1,714,382	843,493
Reimbursement revenue bonds, series 2006	35,400,000	-	(8,310,000)	27,090,000	8,655,000
Premium on reimbursement revenue bonds	171,969	-	(65,693)	106,276	55,040
Grant anticipation revenue bonds, series 2008A	276,550,000	-	(40,660,000)	235,890,000	42,690,000
Premium on grant anticipation revenue bonds	10,321,864	-	(2,834,064)	7,487,800	2,417,383
Reimbursement revenue bonds, series 2008A	67,425,000	-	(10,195,000)	57,230,000	10,550,000
Premium on reimbursement revenue bonds	1,261,846	-	(330,476)	931,370	642,007
Grant anticipation revenue bonds, series 2009A	311,605,000	-	(38,560,000)	273,045,000	40,245,000
Premium on reimbursement revenue bonds, series 2009A	18,758,512	-	(4,403,455)	14,355,057	3,916,800
Reimbursement revenue bonds, series 2009A	76,820,000	-	(9,660,000)	67,160,000	10,045,000
Premium on reimbursement revenue bonds	3,154,496	-	(740,984)	2,413,512	655,760
Garvee Bonds Sub-Total	$ 949,811,387	$ -	$ (150,622,990)	$ 799,188,397	$ 156,170,485
Georgia toll revenue bonds, series 2014A	$ 8,873,486	$ 593,337	$ -	$ 9,466,823	$ -
Georgia toll revenue bonds, series 2014B	17,196,754	1,245,902	-	18,442,656	-
Design Build Finance Loan	6,647,707	11,057,335	-	17,705,042	-
Capital Lease	-	251,795	(72,597)	179,198	91,944
Pension Liability	* 6,466,636		(1,067,696)	5,398,940	
Compensated absences	* 616,327	226,934	(226,627)	616,634	168,994
Governmental activities long-term liabilities	$ 1,374,151,252	$ 13,375,303	$ (180,966,457)	$ 1,206,560,098	$ 201,262,866

***** Restated Beginning Balances. See Note 7.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Governmental Activities

State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. On March 31, 2011, SRTA issued $191,335,000 of State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. Including bond premiums in the amount of $29,259,461, the bond proceeds amounted to $220,594,461. The bonds were issued for the purposes of (1) refunding $209,285,000 of the $226,690,000 in outstanding principal of the State of Georgia Guaranteed Revenue Bonds, Series 2001 and (2) to pay a portion of the costs of issuance of the bonds. Interest on these bonds is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 4% to 5%. These bonds mature on March 1, 2021. As of June 30, 2015, the outstanding principal balance is $149,850,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $29,633,225 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2011 A Bonds and the Series 2001 Bonds which are discussed below.

State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 B. On March 31, 2011, SRTA issued $153,085,000 of State of Georgia Guaranteed Revenue Refunding Bonds, series 2011 B. Including bond premiums in the amount of $26,561,505, the bond proceeds amounted to $179,646,505. The bonds were issued for the purposes of (1) refunding $162,370,000 of the $233,165,000 in outstanding principal of the State of Georgia Guaranteed Revenue Bonds, Series 2003 and (2) to pay a portion of the costs of issuance of the bonds. Interest on these bonds is payable semiannually on April 1 and October 1 of each year with an interest rate of 5%. These bonds mature on October 1, 2022. As of June 30, 2015 the outstanding principal balance is $153,085,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and SRTA. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $24,437,035 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2011 B Bonds the Series 2003 Bonds which are discussed below.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

State of Georgia Guaranteed Revenue Bonds, Series 2001. On December 1, 2001, SRTA issued $350,000,000 of State of Georgia Guaranteed Revenue Bonds, Series 2001, for the purposes of (1) financing a portion of the Governor's Road Improvement Program, which consists of additions, extensions and improvements to the portion of the state's highway system known as the Development Highway System, and to finance certain other road and bridge projects both on and off the state's highway system and (2) to pay the costs of issuance of the bonds. Interest on these bonds is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2.50% to 5.37%. The unrefunded portion of these bonds matures on March 1, 2017. On March 31, 2011, $209,285,000 of these bonds was advance refunded via the issuance of the State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. As of June 30, 2015, the outstanding principal balance is $365,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $29,633,225 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2001 Bonds and the Series 2011 A Bonds.

State of Georgia Guaranteed Revenue Bonds, Series 2003. On October 1, 2003, SRTA issued $309,140,000 of State of Georgia Guaranteed Revenue Bonds, Series 2003, for the purposes of (1) paying costs of certain road and bridge projects of the State of Georgia, (2) initially funding approximately five months of interest on the bonds, and (3) paying the costs of issuing the bonds. Interest on these bonds is payable semiannually on April 1 and October 1 of each year with interest rates ranging from 2.25% and 5.25%. These bonds mature on October 1, 2023. On March 31, 2011, $162,370,000 of these bonds was advance refunded via the issuance of the State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 B. As of June 30, 2015 the outstanding principal balance is $23,810,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and the State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $24,437,035 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2003 Bonds and the Series 2011 B Bonds.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

Federal Highway Grant Anticipation Revenue Bonds Series 2006 and Federal Reimbursement Revenue Bonds Series 2006. On August 8, 2006, SRTA issued Federal Highway Grant Anticipation Revenue Bonds Series 2006 and Federal Highway Reimbursement Revenue Bonds Series 2006 in the amounts of $360,000,000 and $90,000,000, respectively. These bond proceeds were used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2006 with interest rates ranging from 3.70% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2007 and maturing on June 1, 2018. As of June 30, 2015 the outstanding principal balances for the Series 2006 Grant Anticipation Revenue bonds and the Series 2006 Reimbursement Revenue Bonds are $111,765,000 and $27,090,000 respectively. These bonds are payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State of Georgia.

Federal Highway Grant Anticipation Revenue Bonds Series 2008 A and Federal Reimbursement Revenue Bonds Series 2008 A. On April 15 2008, SRTA issued Federal Highway Grant Anticipation Revenue Bonds Series 2008 A and Federal Highway Reimbursement Revenue Bonds 2008 A in the amounts of $480,000,000 and $120,000,000, respectively. These bond proceeds were used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2008, with interest rates ranging from 3.50% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2009 and maturing on June 1, 2020. As of June 30, 2015 the outstanding principal balances for the Series 2008 A Grant Anticipation Revenue Bonds and the Series 2008 A Reimbursement Revenue Bonds are $235,890,000 and $57,230,000 respectively. These bonds are payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State of Georgia.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

Federal Highway Grant Anticipation Revenue Bonds Series 2009 A and Federal Reimbursement Revenue Bonds Series 2009 A. On February 24, 2009, SRTA issued Federal Highway Grant Anticipation Revenue Bonds Series 2009 A and Federal Highway Reimbursement Revenue Bonds Series 2009 A in the amounts of $480,000,000 and $120,000,000, respectively. These bond proceeds were used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2009 with interest rates ranging from 2.50% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2010 and maturing on June 1, 2021. As of June 30, 2015 the outstanding principal balances for the Series 2009A Grant Anticipation Revenue Bonds and the Series 2009 A Reimbursement Revenue Bonds are $273,045,000 and $67,160,000 respectively. These bonds are payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State of Georgia.

State Road and Tollway Authority Toll Revenue Bonds Series 2014A (Capital Appreciation Bonds). On June 26, 2014, SRTA issued $8,873,486 of State Road and Tollway Authority Toll Revenue Bonds (I-75 South Metro Express Lanes Project), Series 2014A (Capital Appreciation Bonds) for the purpose of: (1) paying the costs of certain tolling infrastructure relating to the I-75 South Metro Express Lanes Project; (2) financing a debt service reserve; and, (3) paying the costs of issuance of the bonds. The Series 2014A Bonds were issued as private placement capital appreciation bonds. Interest on the Series 2014A Bonds compounds from the date of delivery. Interest on the Series 2014A Bonds will not be paid on a current basis, but will be added to the principal amount of such Series 2014A Bonds on each “Accretion Date,” which is each June 1 and December 1, commencing December 1, 2014. The principal amount of the Series 2014A Bonds plus all accumulated and compounded interest thereon at any particular time is the “Accreted Value” of such Series 2014A Bonds at such time. Interest will be treated as if accruing in equal daily amounts between Accretion Dates on the basis of a 360-day year consisting of twelve 30-day months, until payable at maturity or upon redemption prior to maturity. Interest on these bonds ranges from 6.25% to 6.75% and the final maturity is on June 1, 2034. As of June 30, 2015, the outstanding principal balance is $9,466,823.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

State Road and Tollway Authority Toll Revenue Bonds Series 2014B (Convertible Capital Appreciation Bonds). On June 26, 2014, SRTA issued $17,196,754 of State Road and Tollway Authority Toll Revenue Bonds (I-75 South Metro Express Lanes Project), Series 2014B (Convertible Capital Appreciation Bonds) for the purpose of: (1) paying the costs of certain tolling infrastructure relating to the I-75 South Metro Express Lanes Project; (2) financing a debt service reserve; and, (3) paying the costs of issuance of the bonds. The Series 2014B Bonds were issued as convertible capital appreciation bonds. Interest on the Series 2014B Bonds will compound from the date of delivery to the Conversion Date of June 1, 2024. Prior to the Conversion Date, interest on the Series 2014B Bonds will not be paid on a current basis, but will be added to the principal amount of such Series 2014B Bonds on each Accretion Date. The principal amount of the Series 2014B Bonds plus all accumulated and compounded interest thereon at any particular time prior to the Conversion Date is the “Accreted Value” of such Series 2014B Bonds at such time. On and after the Conversion Date, such amount is referred to as the “Conversion Value” of such Series 2014B Bonds. Interest will be treated as if accruing in equal daily amounts between Accretion Dates on the basis of a 360-day year consisting of twelve 30-day months, until payable at maturity or upon redemption prior to maturity. Interest on these bonds is 7.00% and the final maturity is on June 1, 2049. As of June 30, 2015, the outstanding principal balance is $18,442,656.

Design Build Finance Loan – NWC Project. The developer is solely responsible for satisfying a Developer Finance Obligation (“Obligation”) at its own risk and cost without risk and recourse to the Authority or GDOT. The Developer will pursue and maintain this Obligation in accordance with a Project Plan of Finance. The Obligation requires the Developer to self-finance a portion of the costs of the project in an amount not less than $59,853,386 (10% of the original DBF Contract Sum of $598,533,817), which is to be funded per a payment schedule in the DBFA. As of June 30, 2015, the outstanding principal balance is $17,705,042.

As work is performed on the project, the Developer remits payment requests to GDOT with a copy submitted to the Authority. GDOT contractually agreed to be the Authority’s project manager and must review and approve all Developer invoices prior to payment by the Authority. Thereafter, the Authority remits payment to the Developer for the portion of the requisition in excess of the amount of Developer Financing being contributed to the project during the payment period.

The portion of financing contributed by the Developer during development and construction is expected to be repaid fully at final acceptance of the Project with proceeds of first lien toll revenue bonds (expected to be issued in fiscal year 2019) and STIP funds.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Summary of Long-Term Debt

Revenue bonds outstanding as of June 30, 2015 are as follows:

Governmental activities:				
Guaranteed Revenue Refunding Bonds, Series 2011A	Refunding of Guaranteed Revenue Bonds, Series 2001	4.00-5.00%	$	149,850,000
Guaranteed Revenue Refunding Bonds, Series 2011 B	Refunding of Guaranteed Revenue Bonds, Series 2003	5.00%		153,085,000
Guaranteed Revenue Bonds, Series 2001	Governor's road improvement program	2.50-5.37%		365,000
Guaranteed Revenue Bonds, Series 2003	Improvement of roads and bridges	2.25-5.25%		23,810,000
Federal Highway Grant Anticipation Revenue Bonds, Series 2006	Improvement of roads and bridges	4.00-5.00%		111,765,000
Federal Highway Reimbursement Revenue Bonds, Series 2006	Improvement of roads and bridges	3.90-5.00%		27,090,000
Federal Highway Grant Anticipation Revenue Bonds, Series 2008A	Improvement of roads and bridges	5.00%		235,890,000
Federal Highway Reimbursement Revenue Bonds, Series 2008A	Improvement of roads and bridges	3.50-5.00%		57,230,000
Federal Highway Grant Anticipation Revenue Bonds, Series 2009A	Improvement of roads and bridges	3.00-5.00%		273,045,000
Federal Highway Reimbursement Revenue Bonds, Series 2009A	Improvement of roads and bridges	3.00-5.00%		67,160,000
Transportation Revenue Bonds, Series 2014A	I-75S	6.25-6.75%		9,466,823
Transportation Revenue Bonds, Series 2014B	I-75S	7.00%		18,442,656
			$	1,127,199,479

NOTE 10. LONG-TERM DEBT (CONTINUED)

Summary of Long-Term Debt (Continued)

Revenue bond debt service requirements to maturity are as follows as of June 30, 2015:

	Principal	Interest	Total
Government Activities - Revenue			
2016	$ 38,045,000	$ 15,956,135	$ 54,001,135
2017	39,965,000	14,033,755	53,998,755
2018	41,980,000	12,014,125	53,994,125
2019	44,105,000	9,892,500	53,997,500
2020	46,335,000	7,663,500	53,998,500
2021-2024	116,680,000	10,535,375	127,215,375
	$ 327,110,000	$ 70,095,390	$ 397,205,390
Government Activities - GARVEE			
2016	$ 147,640,000	$ 37,607,446	$ 185,247,446
2017	154,560,000	30,684,441	185,244,441
2018	162,085,000	23,161,410	185,246,410
2019	119,135,000	15,196,960	134,331,960
2020	125,045,000	9,286,470	134,331,470
2021-2023	63,715,000	3,070,700	66,785,700
	$ 772,180,000	$ 119,007,428	$ 891,187,428
Government Activities - Capital Lease			
2016	$ 91,944	$ 4,975	$ 96,919
2017	87,254	1,589	88,843
	$ 179,198	$ 6,564	$ 185,762

Government Activities - TRB, Series 2014A&B (I-75 South Metro Express Lanes Project)

Total Principal in the schedule below includes accreted interest of $27,495,171 (see Accretion Schedule on the next page) that will be recorded on the financial statements to increase bonds payable as the interest accretes.

	Principal	Interest	Total
2016	$ -	$ -	$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	848,231	-	848,231
2021-2025	7,814,171	2,383,850	10,198,021
2026-2030	5,477,207	11,919,250	17,396,457
2031-2035	6,715,803	11,919,250	18,635,053
2036-2040	8,265,000	10,369,800	18,634,800
2041-2045	11,590,000	7,043,400	18,633,400
2046-2050	12,855,000	2,357,950	15,212,950
	$ 53,565,411	$ 45,993,500	$ 99,558,911

Government Activities - Design-Build Finance Loan - I-75 Northwest Corridor Express Lanes Project			
2016	$ -	$ -	$ -
2017	-	-	-
2018	-	-	-
2019	17,705,042	-	17,705,042
	$ 17,705,042	$ -	$ 17,705,042

NOTE 10. LONG-TERM DEBT (CONTINUED)

Summary of Long-Term Debt (Continued)

2014 I-75S Bonds - Accretion Schedule

PERIOD ENDING June 30	6.25% CAB ANNUAL ACCRETED INTEREST	6.75% CAB ANNUAL ACCRETED INTEREST	TOTAL CABs ANNUAL ACCRETED INTEREST	7% CCAB ANNUAL ACCRETED INTEREST	TOTAL CABs and CCAB ANNUAL ACCRETED INTEREST
2015	$ 319,215	$ 274,122	$ 593,337	$ 1,245,902	$ 1,839,239
2016	$ 334,353	$ 288,412	$ 622,765	$ 1,313,445	$ 1,936,210
2017	$ 355,447	$ 308,023	$ 663,470	$ 1,407,266	$ 2,070,736
2018	$ 378,075	$ 329,354	$ 707,429	$ 1,507,303	$ 2,214,732
2019	$ 402,078	$ 351,889	$ 753,967	$ 1,614,576	$ 2,368,543
2020	$ 423,074	$ 375,936	$ 799,010	$ 1,729,966	$ 2,528,976
2021	$ 393,726	$ 401,875	$ 795,601	$ 1,852,961	$ 2,648,562
2022	$ 333,933	$ 429,460	$ 763,393	$ 1,984,867	$ 2,748,260
2023	$ 247,873	$ 458,963	$ 706,836	$ 2,126,337	$ 2,833,173
2024	$ 131,592	$ 490,406	$ 621,998	$ 2,075,624	$ 2,697,622
2025	$ -	$ 521,796	$ 521,796	$ -	$ 521,796
2026	$ -	$ 528,368	$ 528,368	$ -	$ 528,368
2027	$ -	$ 511,452	$ 511,452	$ -	$ 511,452
2028	$ -	$ 468,673	$ 468,673	$ -	$ 468,673
2029	$ -	$ 422,744	$ 422,744	$ -	$ 422,744
2030	$ -	$ 373,724	$ 373,724	$ -	$ 373,724
2031	$ -	$ 307,307	$ 307,307	$ -	$ 307,307
2032	$ -	$ 236,093	$ 236,093	$ -	$ 236,093
2033	$ -	$ 160,053	$ 160,053	$ -	$ 160,053
2034	$ -	$ 78,908	$ 78,908	$ -	$ 78,908
Total:	**$ 3,319,366**	**$ 7,317,558**	**$ 10,636,924**	**$ 16,858,247**	**$ 27,495,171**

Summary of Compensated Absences Long-Term Debt

A summary of the compensated absences liability for each of the past three years is provided below:

	Beginning of Year Liability	Increase	Decrease	End of Year Liability
Governmental:				
2013	$ 407,712	$ 98,884	$ (92,913)	$ 413,683
2014	$ 413,683	$ 390,086	$ (187,442)	$ 616,327
2015	$ 616,327	$ 226,934	$ (226,627)	$ 616,634

NOTE 11. RELATED PARTIES

The State Road and Tollway Authority and three other organizations are considered to be related parties due to certain common management personnel.

1) The Commissioner of the Department of Transportation serves as one of five (5) members of the State Road and Tollway Authority board of directors.
2) Georgia Regional Transportation Authority and the State Road and Tollway Authority share an executive director.
3) The Georgia Regional Transportation Authority Executive Director (who is also the SRTA Executive Director) serves as one of thirteen (13) members of the Metropolitan Atlanta Rapid Transit Authority board of directors.

NOTE 12. RISK MANAGEMENT

SRTA 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 Employee's Retirement System; consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor; and worker's 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 and/or Authority for injuries and property damage.

Financial information relative to self-insurance funds is presented in the financial reports of the Department of Administrative Services and the Employees' Retirement System for the year ended June 30, 2015.

For its employee health insurance coverage, SRTA is a participant in the State of Georgia's Health Benefit Plan (the Plan), a public entity risk pool operated by the state for the benefit of employees of the State of Georgia, county governments and local education agencies located within the state. The Plan is primarily a self-insured, self-funded plan that pays benefits out of the money contributed from members (through monthly premiums) and from monthly contributions from the employers that offer the Plan (e.g., state agencies and public school systems). The Georgia Department of Community Health (DCH) and its State Health Benefit Plan Division serve as the state's Plan Administrator of health insurance coverage for state employees, teachers, school system employees and retirees who continued coverage (including annuitants and former employees on extended coverage), and covered dependents. As the Plan Administrator, the DCH has delegated

NOTE 12. RISK MANAGEMENT (CONTINUED)

full responsibility for claims administration to the following Claims Administrators for the 2015 plan options:

- Blue Cross Blue Shield of Georgia (BCBSGa), United Health Care (UHC), or Kaiser Permanente (KP) for medical benefits;
- Express Scripts, Inc. (ESI) for pharmacy benefits; and
- Healthways, Inc. for well-being benefits and programs administration.

Effective January 1, 2015, ADP administers the SHBP plan options.

NOTE 13. RETIREMENT SYSTEMS

Employees' Retirement System of Georgia

Plan Description

Substantially all of SRTA employees participate in various retirement plans administered by the State of Georgia under the Employee's Retirement System of Georgia (ERS System). This system issues a separate, publicly available financial report that includes applicable financial statements and required supplementary information. The report may be obtained from the respective system office. The significant retirement plans that SRTA 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.

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the Teachers Retirement System (TRS) of Georgia. One of the ERS System plans, the Employee's Retirement System of Georgia (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

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

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Benefits (Continued)

The benefit structure of ERS is established by the ERS Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon state employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are "new plan" members subject to modified plan provisions. Effective January 1, 2009, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). Members of the GSEPS plan may also participate in the GSEPS 401(k) defined contribution component described below. ERS members hired prior to January 1, 2009 also have the option to change their membership to the GSEPS plan.

HB 764 provides for a mandatory automatic enrollment into the GSEPS with a before-tax deduction of 5% of all state employee new hires/re-hires effective 7/1/14. However, employees may opt out of participation in GSEPS and/or change their deduction. Five percent is the contribution threshold at which the state matches employee contributions. For additional information, please go to this link: http://www.legis.ga.gov/legislation/en-US/display/20132014/HB/764.

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

Retirement benefits paid to members are based upon 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, post-retirement 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.

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Contributions Required and Contributions Made

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to $4,200 plus 6% of annual compensation in excess of $4,200. Under the old plan, SRTA pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Authority 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. SRTA'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. 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.

Fiscal Year	Required Contribution	Percentage Contributed
2015	$ 704,630	100%
2014	$ 598,341	100%
2013	$ 460,862	100%

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

At June 30, 2015, the Authority reported a liability for its proportionate share of the net pension liability of $5,398,940. 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 Authority'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 Authority's proportion was 0.143948%, which was an increase of 0.010688 % from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Authority recognized pension expense of $529,191. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 1,317,716
Changes in proportion and differences between Authority contributions and proportionate share of contributions	319,170	-
Authority contributions subsequent to the measurement date	704,630	-
Total	$ 1,023,800	$ 1,317,716

Authority contributions subsequent to the measurement date of $704,630 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	$ (129,948)
2017	(209,740)
2018	(329,429)
2019	(329,429)
2020	-
Thereafter	-

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

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:

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Actuarial Assumptions (Continued)

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.

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the Authority'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 (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$ 7,872,725	$ 5,398,940	$ 3,293,172

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.

Payables to the Pension Plan

The Authority reported $64,151 for ERS and $340 for GDC payables at June 30, 2015 for June salaries. The payment was made on July 3, 2015 to ERS.

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 Authority 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.

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (ERS) (Continued)

GSEPS 401(k) Defined Contribution Component of ERS (Continued)

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 contribution percents two through five. 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 table below:

GSEPS Employer Contribution Vesting:

Years of Service	% Vested
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 contributions 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 $82,140 and SRTA's contributions were $32,494. 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.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS

SRTA participates in in the following State of Georgia other postemployment benefit (OPEB) plans:

Administered by Department of Community Health (DCH):

Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)

Administered by the System:

State Employees' Assurance Department (SEAD)

– For retired and vested inactive (SEAD-OPEB)

– For active employees (SEAD-Active)

Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)

The State OPEB Fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan and is reported as an employee benefit trust fund.

The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. It also pays administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board).

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

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund) (Continued)

projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers, including but not limited to State organizations, are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected pay-as-you-go financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The combined required contribution rates established by the Board for coverage in the active and retiree plans for the year ended June 30, 2015 were as follows:

June 2014	30.781% of covered payroll for July 2014 coverage
July 2014 - June 2015	30.454% of covered payroll for August 2014 - July 2015

No additional contribution was required by the Board for fiscal year 2015 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the state plan for other post-employment benefits and are subject to appropriation.

The following table summarizes SRTA's combined active and retiree contributions to the health insurance plans for the years ended June 30, 2015, 2014, and 2013

Fiscal Year	Required Contribution	Percentage Contributed
2015	$ 1,117,742	100%
2014	$ 1,162,423	100%
2013	$ 1,086,307	100%

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.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Employees' Assurance Department – OPEB

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 the Authority for fiscal year 2013 was estimated to be $5,735. 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.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2015, SRTA has contractual commitments on uncompleted contracts detailed below:

Commitments		Amounts
GA 400 - Ramps, Demo, Corridor	$	5,725,699
GA400/I-285 Interchange		17,000,000
I-85 Express Lanes Project		1,640,726
Administration		19,128
CSC		317,251
I-75 South Metro Express Lanes Project		7,647,725
I-75 Northwest Corridor Express Lanes Project		420,087,719
I-85 Express Lanes Extension Project		514,187
Total Commitments	$	452,952,436

GA 400/I-85 Connector Ramps Project

The GA 400/I-85 Connector Ramps Project constructed connector ramps between GA 400 and I-85 in the City of Atlanta. The project is approximately 0.34 miles in length. The ramps opened to traffic on June 24, 2014.

GA 400 Toll Plaza Demolition Project

A GA 400 'Toll Plaza Demolition Project' was formulated to involve demolition and removal of the toll plaza canopies and toll booths, sealing up redundant access points to the underground tunnel, reconstruction of the unfinished roadway beneath the toll plaza, and construction of three lanes in each direction. The final roadway section will match the existing three-lane configurations that currently exist before and after the toll plaza. The GA 400 Toll Operations building will be preserved.

Construction on the GA 400 'Toll Plaza Demolition Project' began in August 2013 with modifications to toll-related signage. In November 2013, SRTA ceased collection of tolls and all traffic was shifted away from the toll booth lanes so that the booths and canopy could be dismantled. From January to May of 2014, the canopy over the cash lanes was dismantled and the toll booths were removed. The redundant access points in the underground tunnel were sealed and the unfinished roadway beneath the toll canopy was completed. In May 2014, traffic was shifted to temporary travel lanes and the remaining canopy was dismantled. In September 2014, traffic was shifted back to its final lane placement. Ownership of the Toll Operations building was transferred to the Georgia Department of Transportation (GDOT) on June 1, 2014. Construction was completed in the fiscal year ending June 30, 2015.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

GA400 Corridor Projects

In April 2011, as permitted by Article IX, Section III, Paragraph I (a) of the Constitution of 1983, GDOT and SRTA entered into an agreement whereby GDOT would build, and SRTA would fund, a portion of certain transportation projects along the GA 400 corridor. The original SRTA commitment was $27,343,000. SRTA committed an additional $2,100,000 in the 2013 budget. Expenditures through June 30, 2015 are $19,499,782, with $5,775,988 being released for use on other projects. The remaining balance carried forward to fiscal year 2016 is $4,167,230.

I-85 Express Lanes Project

The Authority has been operating the I-85 Express Lanes Project as a part of the State's managed lane system plan since its opening in October 2011. The I-85 Express Lanes Project was a USDOT Congestion Reduction Demonstration program grant that provided for a HOV conversion to a HOT3+. It consists of 15.5 tolling miles, one lane in each direction with no barrier separation. The I-85 Express Lanes Project is dynamically priced with the goal of providing more reliable trip times for the traveling public.

Based on increasing congestion in the I-85 corridor, the Federal Highway Administration (FHWA) has asked SRTA to increase toll prices in the Express Lanes in order to maintain more reliability during the morning rush hour. SRTA has made an adjustment to the toll pricing algorithm to increase the maximum possible toll rate. SRTA will also continue to review all pricing and operational strategies currently in use on the I-85 HOT Lane and evaluate potential adjustments and improvements in consultation with the Georgia Department of Transportation.

I-85 Express Lanes Extension Project

The I-85 Express Lanes Extension Project ("I-85 Extension Project") will add one managed lane in each direction along I-85 in north metro Atlanta from just north of Old Peachtree Road in Gwinnett County to Hamilton Mill Road. South of I-985, the I-85 Extension Project will widen I-85 outside of the existing eight-lane mainline. While north of I-985, the I-85 Extension Project will widen the inside shoulder along the four-lane I-85 section. The I-85 Extension Project is approximately 10 miles in length and located entirely within Gwinnett County. The purpose of the managed lanes is to create travel time savings through the use of congestion priced tolling to manage volume in the lanes and maintain a minimum average speed within the managed lanes. The Authority anticipates construction to begin in fiscal year 2016 with the managed lanes opening to traffic by November 2018.

GDOT is responsible for the design and construction of the roadway portion of the I-85 Extension Project, and has entered into the Design-Build Contract with C.W. Matthews Contracting Company, Inc. GDOT will transfer the funds for the tolling infrastructure for the project to SRTA.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments (Continued)

I-75 Northwest Corridor Express Lanes Project

The I-75 Northwest Corridor Project ("NWC Project") will construct reversible managed lanes for approximately 2 center lane miles on I-285, 17 center line miles along I-75 and 11 center line miles along I-575 in Cobb and Cherokee Counties. Construction of the NWC Project is underway and is currently expected to be open to tolling in April 2018. This project begins on I-75 at Akers Mill Road at the end of the existing HOV system north of the Atlanta city limits with a one-lane access ramp to the managed lanes system. Single-lane ramps from both I-285 East and I-285 West will also be constructed to provide access. The ramps from I-75 and I-285 will join north of the I-75 and I-285 interchange to form a two-lane reversible managed lane system on the outside of the existing general purpose lanes and will be constructed using a mix of at-grade and elevated roadway sections.

The two new managed lanes run alongside I-75 to the I-575 split. In addition, one reversible managed lane will be added along I-75 from the I-75/I-575 split northerly to Hickory Grove Road and along I-575 to Sixes Road. These lanes will be at-grade and located in the existing median along the inside of the existing general purpose lanes. The managed lanes will be barrier-separated and reversible, with traffic flowing southbound in the mornings and northbound in afternoons and evenings.

The NWC Project is a joint effort among public and private entities, each with specific responsibilities as memorialized in various agreements. As the toll operator for the state, SRTA will be responsible for the design and implementation of the toll system and toll-related Intelligent Transportation System (ITS) for the project. SRTA also contracted with GDOT, whereby GDOT will serve as SRTA's agent with responsibility for the oversight of the design and construction of the Project, excluding the toll system. The Project was procured under GDOT's Public Private Partnership statute and is being constructed under a Design-Build-Finance project delivery methodology. The selected Developer, Northwest Express Roadbuilders (NWER) is a joint venture between Archer Western Contractors, LLC and Hubbard Construction Company, two of the largest transportation contractors in the southeastern United States. In addition, the designer, Parsons Transportation Group, Inc. is one of the top five nationally recognized transportation design/engineering firms in the United States. The Design-Build-Finance Agreement (DBFA) for the design, construction, and partial financing of the Project was executed by the Developer on October 21, 2014 and SRTA on November 14, 2013.

The NWC Project will be completed using multiple funding sources including a TIFIA Loan from the United States Department of Transportation, STIP funds, GDOT Motor Fuel Taxes, and Developer financing. The portion of the project costs that are financed by the Developer are expected to be repaid fully at final acceptance of the Project with proceeds of First Lien Toll Revenue Bonds (expected to be issued in fiscal year 2019) and from STIP Funds.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments (Continued)

I-75 Northwest Corridor Express Lanes Project (Continued)

On November 14, 2013, SRTA entered into a TIFIA Loan Agreement with the United States Department of Transportation for an amount not to exceed $275,000,000. SRTA expects to start drawing TIFIA funds in fiscal year 2017. The interest rate will be 3.79% per annum and the loan will compound on the outstanding TIFIA loan balance, as well as on any past due interest, on the basis of a 365-day year.

TIFIA is secured by a second lien on revenues from the NWC Project behind the First Lien Bonds to be issued at construction completion. The TIFIA loan is protected by an additional bonds test on the first lien bonds requiring 2 times historical coverage on first lien debt service, a prospective coverage of 1.75 times on total debt service coverage and 1.0 times total debt service and tolling expenses based on a traffic consultant report, and a cap of $25 million for completion bonds. A toll rate covenant requiring 1.50 times coverage on first lien debt service, 1.25 times on first and TIFIA lien service, and 1.0 times coverage for all debt service plus tolling expenses must be maintained once the project is open.

I-75 South Metro Express Lanes Project

The I-75 South Metro Express Lanes Project ("I-75 South Project") is a 12.24 mile reversible, barrier-separated managed lane system along Interstate Highway 75 from the State Route 155 (Zack Hinton Parkway, South) interchange in Henry County north to the State Route 138 interchange in Henry and Clayton counties. The I-75 South Project consists of two lanes which will be added in the center median of I-75 from SR 138 in southern Clayton County to just north of Jonesboro Road (Exit 221) and one lane, also in the center median, will extend from that point to SR 155 in Henry County. The managed lanes will be barrier-separated and reversible, with traffic flowing northbound in the mornings and southbound in afternoons and evenings. In addition to access from the general purpose lanes at SR 155 and SR 138, the managed lanes will be accessible from the general purpose lanes at Interstate Highway 675, near SR 20, and via a direct connector ramp at Jonesboro Road. Motorists will be able to utilize the managed lanes by choosing to participate in the Authority's Peach Pass program, which uses RFID transponders to assess variable-rate tolls based on traffic volumes and other factors. Construction of the 75 South Project is underway and is currently expected to be open to traffic in January 2017.

GDOT is responsible for the design and construction of the roadway portion of the I-75 South Project, and has entered into the Design-Build Contract with C.W. Matthews Contracting Company, Inc. The tolling infrastructure for the Project will be paid for by SRTA from the proceeds of the sale of the Toll Revenue Bonds, Series 2014, which were issued on June 26, 2014. These bonds will have accreted interest of $27,495,171 over the life of the bonds that will be added to the principal amount. See Note 10 in the Notes to the Financial Statements for further information on SRTA's outstanding debt.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments (Continued)

I-285 at SR 400 Interchange Reconstruction Project:

The proposed I-285 at SR 400 Interchange Reconstruction project aims to:

- Reduce the substantial amount of vehicular weaving (conflicts caused by travelers trying to move across one or more lanes) that occurs along I-285 in the vicinity of the I-285/SR 400 interchange due to the closely spaced interchanges in this area (Roswell Road, Glenridge Drive, SR 400, Peachtree Dunwoody Road, and Ashford Dunwoody Road).
- Improve ramp capacity at the I-285/SR 400 interchange.
- Improve deficiencies in the existing configuration of the I-285/SR 400 interchange.

Unlike the previously discussed projects, the I-285 at SR 400 interchange reconstruction project will not be tolled upon completion. SRTA is the contract holder, but the project is being delivered by the Georgia Department of Transportation. Similar to how SRTA manages bond proceeds for GDOT, SRTA will hold the contract on the I-285 at SR 400 project and will receive motor fuel tax funds from GDOT each year to be paid out to the respective entities charged with building the project.

Administration Program Projects:

The Administration Program includes internal SRTA projects that support SRTA's operations. These projects include the Microsoft Dynamics AX implementation and the Information Technology Refresh project. The Administration Program includes capital projects that improve SRTA's internal operations.

Customer Service Center Program Projects:

The Customer Service Center Program projects include the Peach Pass Back Office System and enhancements to that system including Interoperability with Florida and North Carolina, National Interoperability, Violation Process Enhancements, and other Back Office System improvements. These projects support the efficient operations of SRTA's Customer Service Center.

Litigation

Litigation, claims and assessments filed against SRTA, 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 year ended June 30, 2015.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments (Continued)

Georgia Transportation Infrastructure Bank (GTIB)

Pursuant to the Georgia Transportation Infrastructure Bank Act, O.C.G.A 32-10-120 et seq, the State Road and Tollway Authority has been authorized to create and operate the Georgia Transportation Infrastructure Bank (GTIB) program. Modeled after programs used in 32 other states, the GTIB was developed as a revolving infrastructure fund to provide grants and low-interest loans for local government transportation projects.

The GTIB was originally capitalized with a total of approximately $43,100,000 of funds from state motor fuel sources that were appropriated in the State of Georgia budgets in fiscal years ending June 30, 2009 and 2010, respectively. The GTIB received an additional $13,733,736 of funds from state motor fuel sources that were appropriated in the State of Georgia budget in fiscal year ending June 30, 2014 and the amended budget for fiscal year ending June 30, 2014. The GTIB received an additional $12,999,055 of funds from state motor fuel sources that were appropriated in the State of Georgia budget in fiscal year ending June 30, 2015.

The GTIB may provide loans and grants to government entities for transportation projects that demonstrate strong transportation merit, engineering merit, economic merit, project feasibility, innovative concepts and financial commitment. Eligible projects for the GTIB include highways, bridges, air transport and airport facilities, rails, or transit and bicycle facility projects which provide public benefits by enhancing mobility and safety, promoting economic development, or increasing the quality of life and general welfare of the public. Project eligibility may be further limited to comply with any special considerations associated with the GTIB's funding sources.

Eligible costs are those related to preliminary engineering, traffic and revenue studies, environmental studies, right of way acquisition, legal and financial services associated with the development of the qualified project, construction, construction management, facilities, and other costs necessary for the qualified project.

In accordance with applicable pronouncements, SRTA has restricted $55,954,167 of the GTIB fund balance. The following table is a summary of the cumulative activity from inception of the program in fiscal year 2009 through the fiscal year ended June 30, 2015:

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments (Continued)

Georgia Transportation Infrastructure Bank (GTIB) (Continued)

	Cumulative (From Program Inception) June 30, 2014	Activity for the Year Ended June 30, 2015	Cumulative (From Program Inception) June 30, 2015
Contributions from Motor Fuel Funds	$ 56,833,736	$ 12,999,055	$ 69,832,791
Contributions from SRTA	225,000	-	225,000
Net Earnings	355,517	85,226	440,743
Loan Receivable	20,000	1,530,027	1,550,027
Loan Interest Repayments	24	-	24
Loan Disbursements	-	(1,524,167)	(1,524,167)
Grant Disbursements	(8,491,803)	(6,078,448)	(14,570,251)
Restricted Fund Balance as of June 30	$ 48,942,474	$ 7,011,693	$ 55,954,167

During the fiscal year 2015, there were no additional grants or loans awarded to local governments and community improvement districts.

NOTE 16. SUBSEQUENT EVENT

The I-85 Express Lanes were converted to High Occupancy Toll (HOT) from High Occupancy Vehicle (HOV) lanes with a USDOT Congestion Reduction Demonstration program grant. Because of this grant, the Federal Highway Administration (FHWA) asks GDOT and SRTA to regularly report on average speeds and congestion levels. For the first time since the I-85 lanes opened in 2011, the average operating speed in the morning rush hour did not exceed 45 miles per hour at least 90 percent of the time over a 180-day period. This determination was made in October 2015 after FHWA reviewed data collected for March 2015 through August 2015. In response, FHWA asked SRTA to increase toll prices in the Express Lanes in order to maintain more reliability during the morning rush hour. SRTA made an adjustment to the toll pricing algorithm to increase the maximum possible toll rate. SRTA will also continue to review all pricing and operational strategies currently in use on the I-85 HOT Lane and evaluate potential adjustments and improvements in consultation with GDOT.

STATE ROAD AND TOLLWAY AUTHORITY

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REQUIRED SUPPLEMENTARY INFORMATION

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State Road and Tollway Authority

Schedule of Proportionate Share of the Net Pension Liability
Employees' Retirement System of Georgia
For the Year Ended June 30, 2015

	2015
Authority's proportion of the net pension liability	0.143948%
Authority's proportionate share of the net pension liability	$5,398,940
Authority's covered-employee payroll	3,489,093
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	154.74%
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.

State Road and Tollway Authority

Schedule of Contributions
Employees' Retirement System of Georgia
For the Year Ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 704,630	598,341	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	704,630	598,341	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered employee payroll	$ 3,413,651	3,489,093	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	20.64%	17.15%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

State Road and Tollway Authority

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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 amounts in the schedule of contributions are calculated as of June 30, 2012, 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
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	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

STATE ROAD AND TOLLWAY AUTHORITY

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SUPPLEMENTARY INFORMATION

STATE ROAD AND TOLLWAY AUTHORITY

SCHEDULE OF CASH AND CASH EQUIVALENTS
JUNE 30, 2015

	Governmental Unrestricted	Governmental Restricted
Bank of America N.A.		
SRTA Toll Road User Account	$ -	$ 1,534,466
SRTA Non Toll Deposit Account	43,915	-
Toll Patron Refund Account	-	8,669
SRTA Violations Processing Account	41,675	-
Pay n Go Reload Account	-	27,918
Pay n Go Kit Account	-	271,548
SRTA MAIN Operating	5,611,278	-
Payroll Account	(17,837)	-
GTIB Operating	162,009	-
The Bank of New York Mellon Trust Company N.A.		
Money Market Accounts		
Dreyfus Government Cash Management Institutional Shares		
Dreyfus Government Cash Management #289 Institutional Money Market Fund		
Transportation Revenue Bond Covenant Accounts		
Covenant Accounts		
I-75S Toll Revenue Bonds		
SRTA I-75 S TRB Debt Service Reserve Fund 2014A/B	-	24
Grant Anticipation and		
Reimbursement Revenue Bond		
Covenant Accounts		
GARBs 2006 Revenue Account	-	737
GARBs 2006 Debt Service Account	-	87
RIBs 2006 Revenue Account	-	15,323
RIBs 2006 Debt Service Account	-	25
GARBs 2008A Revenue Account	-	104
GARBs 2008A Debt Service Account	-	226
RIBs 2008A Revenue Account	-	19,587
RIBs 2008A Debt Service Account	-	69
GARBs 2009A Revenue Account	-	101
GARBs 2009A Debt Service Account	-	63
RIBs 2009A Revenue Account	-	19,048
RIBs 2009A Debt Service Account	-	16
US Bank		
Money Market Accounts		
Guaranteed Revenue Bond Covenant		
Accounts		
2003 GRB Sinking Fund Account	-	164

	Governmental Unrestricted	Governmental Restricted
Office of the State Treasurer		
Georgia Fund 1		
2001 GRB Sinking Fund	$ -	$ 28,734
General Authority Holding Account	2,562,665	-
GDOT Transfer Account	-	5,595,929
Renewal & Replacement Account		1,063,909
SRTA Capital Account	-	722,059
Escheatment	-	109,472
GTIB State & Local Roadway Non-Grant Account	-	13,720,463
GTIB State & Local Roadway Grant Account	-	40,718,348
I85 Holding Account	5,068,068	-
CSC Investment Account	2,691,008	-
SRTA Toll Patron Investment Account	-	4,654,597
CSC Capital Account	-	1,304,160
CSC R&R Account	-	5,283,376
I-85 Capital Account	-	1,269,157
I-85 R&R Account	-	4,404,808
Transportation Capital Account	-	7,605,473
I75-S Holding Account	11	-
I75-S Capital Account	-	13
Reserves Account	-	4,070,813
I75-NWC Holding Account	12	-
I75-NWC NWER Account	-	42,676,057
I75-NWC Capital Account	-	10,313,424
I85-Ext Holding Account	1	-
I85-Ext Capital Account	-	5,862,860
DPS	-	856,128
SRTA I-75 S TRB Debt Service Reserve Fund 2014A/B	-	2,610,651
SRTA I-75 S TRB Project Fund 2014A/B	-	22,885,747
Other		
Cash on Hand	250	-
Total Cash and Cash Equivalents	$ 16,163,055	$ 177,654,353

Summary Reconciliation of Cash and Cash Equivalents to Financial Statements:

	Governmental Unrestricted	Governmental Restricted
General	$ 16,001,046	
GTIB Designated	162,009	
Total Governmental Unrestricted	$ 16,163,055	
Debt Service Restricted		$ 8,289,105
GTIB Restricted		54,438,811
General Restricted		114,926,437
Total Governmental Restricted		$ 177,654,353

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET POSITION

I-75 NORTHWEST CORRIDOR EXPRESS LANES PROJECT

JUNE 30, 2015

		Total
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	12
Accounts Receivable, Net		16,551
Restricted Current Assets		
Cash and Cash Equivalents		52,989,481
Total Current Assets	$	53,006,044
NONCURRENT ASSETS		
Capital Assets		
Non-Depreciable		
Construction in Progress	$	2,617,505
Total Capital Assets	$	2,617,505
Total Noncurrent Assets	$	2,617,505
Total Assets	$	55,623,549

		Total
LIABILITIES		
CURRENT LIABILITIES		
Contracts Payable	$	12,572,618
Retainages Payable		57,220
Current Liabilities Payable from Restricted Assets		
Unearned Revenues, GDOT		39,451,025
Total Current Liabilities	$	52,080,863
NONCURRENT LIABILITIES		
Notes Payable, Due in More Than One Year		17,705,042
Total Noncurrent Liabilities	$	17,705,042
Total Liabilities	$	69,785,905
NET POSITION		
NET POSITION		
Net Investment in Capital Assets	$	2,617,505
Restricted for		
Transportation Projects		908,618
Unrestricted (Deficit)		(17,688,479)
Total Net Position	$	(14,162,356)
Total Liabilities and Net Position	$	55,623,549

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

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STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
I-75 NORTHWEST CORRIDOR EXPRESS LANES PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Total
OPERATING EXPENSES		
Other Operating	$	36,915
Contracts		16,551
Total Operating Expenses	$	53,466
Operating Income (Loss)	$	(53,466)
OTHER FINANCING SOURCES (USES)		
Interest and Investment Revenue	$	204,826
Roadway Improvement Grants per the MOU with GDOT		(121,613,397)
Total Nonoperating Revenues (Expenses)	$	(121,408,571)
Income (Loss) Before Capital Contributions and Transfers	$	(121,462,037)
CAPITAL CONTRIBUTIONS		
Georgia Department of Transportation (GDOT)	$	112,992,891
TRANSFERS		
Interfund Transfers Out	$	(500,000)
Total Transfers	$	(500,000)
Changes in Net Position	$	(8,969,146)
Total Net Position - Beginning of Year as restated	$	(5,193,210)
Total Net Position - End of Year	$	(14,162,356)

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

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COMPLIANCE SECTION

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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 State Road and Tollway Authority
and
Mr. Christopher Tomlinson, Executive Director and Board Secretary

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 of the State Road and Tollway Authority, 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 State Road and Tollway Authority's basic financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State Road and Tollway Authority'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 the State Road and Tollway Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the State Road and Tollway Authority'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. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as finding FS-927-15-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Road and Tollway Authority'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*.

State Road and Tollway Authority's Response to Findings

The State Road and Tollway Authority's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs.* The State Road and Tollway Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Griffin
State Auditor

October 30, 2015
GSG: dw

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

FS-927-15-01 Inadequate Financial Accounting System

Control Category: Financial Reporting and Disclosure
Internal Control Impact: Significant Deficiency
Compliance Impact: None

The State Road and Tollway Authority (SRTA) could not produce accurate financial reports during the fiscal year without significant manual effort by management due to deficiencies within its financial accounting system.

Background:
SRTA utilizes several stand-alone systems to track its financial transactions. The financial data from these systems is summarized and manually entered into the main financial accounting system that generates SRTA's trial balance. Several manual reconciliation procedures are required to ensure the information in the main financial accounting system agrees to the various stand-alone systems.

On May 1, 2014, SRTA implemented a new financial accounting system for fiscal year 2015.

Criteria:
SRTA is responsible for maintaining an adequate financial accounting system and designing and following internal controls to ensure that accounting transactions are properly processed and recorded into its primary accounting system. Effective internal controls related to financial reporting include changes to accounting information systems, logical access to those systems, and providing appropriate monitoring of controls. These controls ensure the reliability of financial reporting and compliance with applicable laws and regulations.

Condition:
We identified many instances where financial system functionality limitations were inhibiting SRTA's ability from improving the efficiency and reliability of its financial reporting process, including implementing and maintaining process-level IT application controls supporting financial data processing and reporting. Some of the financial system limitations lead to extensive manually intensive and redundant procedures to process transactions, to verify accuracy of data and to prepare the financial statements as more fully described below.

SRTA discovered these limitations when the new financial accounting system was placed into production. As a result, SRTA had difficulty processing transactions within the system, implementing application controls, and monitoring logical access. In addition, the system produced instances of inaccurate and unreliable financial reports due to errors that were caused by system generated transactions.

Subsequent to identifying the system issues, management took steps to mitigate the data processing errors and resolved a majority of the underlying system deficiencies by the end of the fiscal year. Management also initiated additional manual reconciliations between the trial balance and the supporting source data and made adjusting entries to correct the reporting errors identified. SRTA is still addressing additional issues related to system generated transactions and is developing a process for performing logical access reviews.

Cause:
In discussing this condition with management, the system testing that was performed in development did not detect any of the deficiencies that were discovered when the financial accounting system was placed into production. In addition, some of the solutions that were implemented to correct the system deficiencies during the fiscal year created new problems according to management.

Effect or Potential Effect:
The manual effort involved in preparing the financial statements and the lack of continuous monitoring of logical access exposed SRTA to unnecessary risk and could have led to inaccurate financial reporting within its financial statements. The conditions noted above, collectively limit SRTA's ability to process, store, and report financial data in a manner to ensure accuracy, integrity and availability. Some of the weaknesses may result in significant errors in SRTA's financial data that are not detected in a timely manner through the normal course of business. In addition, because of IT control and financial system functionality weaknesses, there is added pressure on mitigating controls to operate effectively. Because mitigating controls were often more manually focused, there is an increased risk of human error that could significantly affect the financial statements.

Recommendation:
We recommend management continue its efforts to address the system issues that were not fully resolved during the year and implement a process for performing logical access reviews and monitoring application controls to ensure that they are operating effectively within the financial accounting system. Also, we do recognize that SRTA has non-system mitigating controls in place to further enhance its control environment. Regarding these additional controls, we recommend that SRTA ensure there is an established audit trail which demonstrates adequate support, proper segregation of duties, and the necessary reviews and approvals for those processes.

Views of Responsible Officials and Planned Corrective Action:
We concur. The Authority will continue to address system issues. The Authority is working with a new audit tool to implement warnings and generate reports to perform logical access reviews and monitor application controls. This tool will also establish audit trails that are not available within the accounting system. We will also prepare detailed flow charts to support segregation of duties within accounting functions.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted