

April 8, 2016

Marlene H. Dortch  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Room TW-A325  
Washington, DC 20554

Re: Refiling of the USAC Annual Report to the FCC

Dear Ms. Dortch:

USAC is refiling our 2015 Annual Report to reflect a correction on page 43 of the High Cost Program, regarding the Total Authorized Support by Component from 1998-2015. The total was erroneously reported and now reflects the correct grand total of \$64,074,913. No other information has been added or modified.

If you have any questions or comments, please contact me ([chenderson@usac.org](mailto:chenderson@usac.org); (202) 776-0200) or USAC Vice President of Stakeholder Engagement Kate Hays ([khays@usac.org](mailto:khays@usac.org); (202) 423-2660).

Sincerely,



Chris Henderson  
Chief Executive Officer

BUILDING THE

# FOUNDATION

2015 ANNUAL REPORT



## MISSION

The Universal Service Administrative Company (USAC) is dedicated to achieving universal service. This important principle suggests that all Americans deserve accessible, affordable, and pervasive telephone and high-speed connectivity.

# TABLE OF CONTENTS

4	LETTER FROM CHAIRMAN
5	LETTER FROM CEO
6	FUND OPERATIONS
8	HIGH COST PROGRAM
10	LIFELINE PROGRAM
12	RURAL HEALTH CARE PROGRAM
14	SCHOOLS AND LIBRARIES PROGRAM
16	MANAGEMENT'S DISCUSSION AND ANALYSIS
26	INDEPENDENT AUDITOR'S REPORT
40	2015 UNIVERSAL SERVICE PROGRAM STATISTICS
52	BOARD OF DIRECTORS



# LETTER FROM THE CHAIRMAN

At the end of 2014, with new CEO Chris Henderson at the helm, USAC began laying the strategic groundwork to support an ambitious set of modernization orders from the FCC. The USAC Board of Directors fully supports this direction and believes in the positive impact this will have on USAC's ultimate goal to support the FCC's goals to achieve universal service.

Now, at the end of 2015, we look back in this report at what we accomplished in 2015. USAC worked hard to develop a strategy and agenda for supporting program transformation, driven by stakeholder needs. This strategy has required new thinking, processes, and systems. A strong leadership team challenged each other and the entire team to enhance program integrity, make the best use of Universal Service Fund (USF) data, improve stakeholders' experiences, and make IT systems more intuitive for program participants.

At the same time, USAC continues in its efforts to ensure universal service funds are used for their intended purpose. The universal service programs continue to operate with integrity and, in 2015, additional investments of time and effort further enhanced the efficiency of that system of controls.

On behalf of the USAC Board of Directors, I salute the effort and accomplishments that have resulted from a year of hard work. The new lens through which we look at and use our data, the way our systems are working together, our renewed dedication to stakeholder success, and our system of controls have built a sturdy foundation for continued support of the FCC's modernization of universal service. Improving our performance is neither easy nor fast, but it is critical if we are to succeed in making sustainable change that will have very real effects on our universal service stakeholders and across communities nationwide.

Sincerely,

A handwritten signature in black ink that reads "B. L. Talbott".

Dr. Brian L. Talbott  
Chairman of the Board

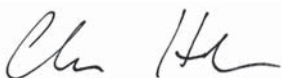
In 2015 we launched a number of new initiatives that together will have a transformative effect on our organization and our ability to fulfill its mission. Our aim is to support the FCC's ambitious goals for the Universal Service Fund programs by fully investing in program and stakeholder success. To do this well, we identified four key areas where USAC needed to strengthen our capabilities:

1. Enhance the effectiveness of our audit processes;
2. Increase our understanding of the stakeholder experience;
3. Improve our online tools through these stakeholder insights; and
4. Organize, share, and analyze our data to inform our operations, our stakeholders, and the public.

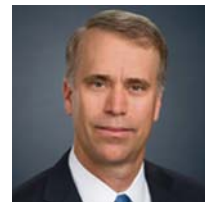
We achieved some quick wins in the past year through some key priority-focused initiatives. We've simplified audit reports to help those receiving them better understand our goals and we've built a new approach to managing audits going into 2016. We've used direct stakeholder feedback to shape and inform the development of applicant tools and forms. We revamped our approach to Lifeline Program recertification, making the process more consumer-friendly. As a result, our recertification percentage was almost double what it was last year. We've also built the foundation of a data capability that will change the way we operate and inform critical stakeholders, such as the FCC, program participants, and the American public.

The program updates in the following pages detail the impact of the universal service programs in 2015. Specifically, you will learn how the funds transform the way people work, learn, heal, and find jobs with the benefit of the essential broadband and telecommunication connections the USF provides. Our 2015 updates review each program's goals and how USAC is working to maximize the impact of each fund dollar.

Ultimately, we will be successful if we are able to use our role as administrator of the USF to support the achievement of the FCC's ambitious vision to connect the 34 million people living in the United States who don't yet have access to high speed broadband.<sup>1</sup> We look forward to building on the foundation we set in 2015 in ways that will be increasingly apparent and beneficial to the stakeholders we serve.



Chris Henderson  
Chief Executive Officer



## LETTER FROM THE CEO

<sup>1</sup> <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2016-broadband-progress-report>

# FUND OPERATIONS

Operations sit at the core of USAC’s strategic plan to enable stakeholder success. Collecting and disbursing the Universal Service Fund (USF) is a significant operational challenge, and we rely on our stakeholder feedback to help us know how we are doing and where we can improve. Our charge is to transform resources, data inputs, and processes into results that deliver real and lasting value to our stakeholders—and help fulfill the goals of universal service.

Starting in 2014, and continuing in 2015, USAC, together with the FCC, began to analyze USAC operations with fresh perspective. We assessed processes, asked questions, and gathered data from stakeholders, our FCC partners, and our own systems. This led us to questions such as:

- Are we structured in a way that is conducive to providing a seamless stakeholder experience?
- Have we fully aligned our internal processes and coordination efforts?

- How can we use our data to improve stakeholder outcomes?
- How should we present information to yield the best results for our stakeholders?

From this analysis, four key operations initiatives emerged: **enhancing our audit processes, improving our stakeholder engagement, building better digital experiences, and leveraging data for the benefit of our operations, program participants, and the general public.** Though unique, they

share basic best practices: providing information that is clear, timely, and helpful, and establishing application processes that are informed, intuitive, and well-designed. Each of these initiatives represents a challenge, which will not be completed quickly or easily, but each is also critical as we strive to improve our operations for our stakeholders.

## ENHANCE AUDIT PROCESSES

USAC partnered with the FCC and devised a more informed process by which beneficiaries were selected to

be audited based on clearer risk factors for fraud, waste, and abuse. USAC, continuing its commitment to transparency, gathered information on the top audit findings for all four programs and contributing carriers and shared that information on the website as guidance on how to prevent audit findings. USAC also conducted root cause analysis for findings to determine what appropriate actions should be taken to decrease the findings.

### **IMPROVE STAKEHOLDER ENGAGEMENT**

Together, USAC and the FCC realized that the best way to improve operations was to ask for feedback from our stakeholders—and that the best way to improve our stakeholders' experiences was to improve our operations. Seeing as these goals go hand-in-hand, in 2015, we conducted surveys, focus groups, and polls in order to change our communication practices and our processes. For the Rural Health Care Program (RHC), we conducted user testing of online systems and interviews about what stakeholders would like to see on future FCC RHC Program forms.

This process supported the FCC RHC Program team in ensuring we are collecting the right data in the most intuitive way possible. USAC will use the findings to build better products and to generate more targeted outreach, with the goal of delivering the right information for the right audiences. We are building the capability as a team to support the programs through deeper input from and understanding of our stakeholders.

### **BUILD BETTER DIGITAL EXPERIENCES**

As USAC and the FCC analyzed stakeholders' behaviors, we realized that USAC fundamentally operates as a digital business. Stakeholders conduct core transactions, such as filing a form or researching a commitment, online. It is important that the tools are well-designed, intuitive, simple, and clear. In 2015, we began several key processes to gather user feedback for experience design—specifically in the RHC Program and in the Schools and Libraries (E-rate) Program. We also began the roll out of a new application experience in the

Schools and Libraries Program, which we will continue to evolve and strengthen.

### **LEVERAGE DATA FOR THE BENEFIT OF OUR OPERATIONS, PROGRAM PARTICIPANTS, AND THE GENERAL PUBLIC**

Through our operations, USAC collects data that can provide insight into the highly complex system of delivering broadband connectivity. Together with the FCC, we want to make the most of that data at both the macro level—to ensure we are connecting our communities—and at the micro level—helping an individual school, for example, receiving universal service know if it is being offered the best price for a service. In 2015, we laid the groundwork for an enhanced Enterprise Data Strategy, building toward better reporting for internal and external users and an open data strategy.

In 2016, we will continue to build on these four initiatives to create meaningful impact for the universal service programs and stakeholders. ■



# HIGH COST PROGRAM



The High Cost Program is dedicated to preserving and advancing voice and broadband service, both fixed and mobile, in rural areas of the United States.

The High Cost Program ensures that rates for broadband and voice services are reasonably comparable in every region of the U.S. Like all USAC programs, the administration of the High Cost Program has undergone significant modernization in the last several years to increase innovation and ensure beneficiaries have access to updated technology.

In 2015, the High Cost Program continued to implement changes resulting from the Connect America Fund Transformation Order. In the November 2011 Order, the FCC reformed and modernized the universal service and intercarrier compensation systems to maintain voice service and extend broadband-capable infrastructure. In the Order, the FCC mandated availability for homes, business, and community anchor institutions.

The transition from the legacy High Cost Program to the modernized Connect America Fund (CAF) required high-quality support from USAC. We spent much of 2015 redesigning processes and systems and gaining a deeper understanding of our stakeholders' needs; in 2015 we engaged in new partnerships to gather this feedback.

Program highlights from 2015:

### CONNECT AMERICA FUND PHASE II

2015 marked the beginning of CAF Phase II. This fund will provide support determined by the Connect America Cost Model and competitive

bidding. This model determines the cost to provide voice and broadband in high-cost areas where unsubsidized carriers are not providing voice and broadband sufficient to meet the FCC's definition. Carriers that accepted Phase II model-based support must provide at least 10/1 Mbps broadband throughout their accepted areas by 2020. In 2015, USAC disbursed CAF Phase II support in the amount of \$1,159,239,609 to 10 price cap carriers in 45 states and one U.S. territory.

### MOBILITY FUND PHASE I

The Mobility Fund Phase I, which provides support for the expansion of mobile broadband networks in areas that might not otherwise be served, saw significant activity in 2015. In 2015, carriers serving 388 study areas filed data supporting their buildout of 3G and 4G networks in Tribal and non-Tribal areas. USAC assessed the progress carriers made on delivering mobile broadband service by collecting data through drive tests. The total Mobility Fund Phase I support disbursed to non-Tribal areas was \$77,070,028. In addition, USAC issued the first Tribal Mobility Fund disbursements, reaching 80 study areas. These payments brought the total amount of Tribal Mobility support disbursed to \$16,602,291.

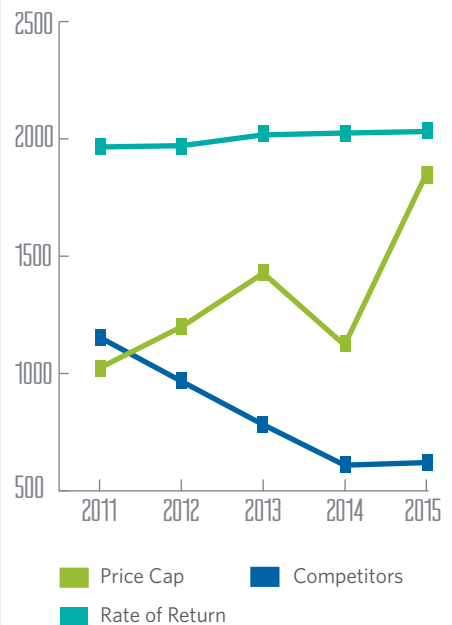
### DATA TRANSPARENCY

We know that data transparency is critical to improving program effectiveness and addressing gaps in service. Our goal is to better leverage our data to extend that reach. In 2015, to ensure the integrity of the program, we did a thorough review to assess where data gaps were present and began more detailed analysis to validate

the data submitted by the carriers. Through renewed partnerships with stakeholder groups, a new approach to data, two-way conversations about improvement and effective management of funds, and modernization of systems and processes, the foundation has been built for the CAF to continue to support the evolving goals of universal service. ■

## AUTHORIZED SUPPORT BY CARRIER TYPE

(in millions)



#### Note:

In 2013 Price Cap Support increased due to Incremental Support Phase I – Round 2.

In 2014 Price Cap support decreased due to no Incremental Support payments.

In 2015 Price Cap support increased due to commencement of CAF Phase II support.

# LIFELINE PROGRAM



In 2015, USAC focused on two major Lifeline Program goals. We enhanced program integrity by continuing to make measurable and vital progress towards reducing program inefficiencies and waste. We also committed to supporting the needs of Lifeline Program stakeholders through a more detailed understanding of their challenges.

### ENHANCE PROGRAM INTEGRITY

The National Lifeline Accountability Database (NLAD) helped USAC uphold the integrity of the Lifeline Program as it continued to eliminate duplicative claims. To combat fraud, waste, and abuse, USAC reviews the NLAD processes regularly to increase compliance and identify avenues for operational improvements. For example, within NLAD, we enhanced the duplicate checking methodology, deployed a new dispute resolution process that minimizes user error, and made other important system improvements to tighten standards and minimize abuse. In addition to the validation processes associated with NLAD, USAC continued to improve and refine program controls, such as audit processes.

### SUPPORT LIFELINE STAKEHOLDERS

The Lifeline Program team worked to better understand the unique circumstances and needs of those most directly impacted by the successful implementation of this program. To do this, USAC has focused on data analytics to improve customer service and outreach approaches. NLAD has yielded insight into the demographics of Lifeline Program subscribers such as median age, duration of benefit, and the qualifying program under

which these subscribers enroll. With this data, we see an opportunity to not only increase the reach and effectiveness of the program, but a chance to better serve stakeholders through tailored customer service and engagement.

USAC also worked closely with Lifeline Program providers to support their efforts to educate Lifeline Program subscribers and reduce fraud, waste, and abuse. Annually, Lifeline Program providers need to recertify subscribers' eligibility and intent to participate in the program. Some Lifeline Program providers request USAC to recertify subscribers, and we quickly identified this process as an area where USAC could improve engagement and support. With a deeper understanding of Lifeline Program subscribers, their needs, and their past challenges with recertification, we employed targeted outreach campaigns that dramatically improved recertification outcomes. As a result, we saw an increase in the overall response rates from subscribers. In 2013 and 2014, USAC's recertification rate, or the percentage of subscribers successfully recertifying their continued eligibility and desire to participate in the Lifeline Program, was 33 and 39 percent, respectively. In 2015, USAC increased the rate significantly, to over 72 percent.

Looking to the future, we hope that leveraging new and existing data sources and supporting providers and subscribers will allow us to better support the FCC as it considers modernization of the Lifeline Program to close the technology gap that exists today in so many communities across the United States. ■

## TYPICAL SUBSCRIBER<sup>1</sup>



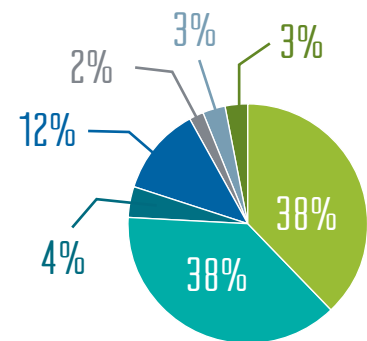
LOCATION: CITY  
 AGE: 49  
 ENROLLED: 1.75 YEARS  
 ELIGIBILITY: SNAP OR MEDICAID  
 SUPPORT FOR: WIRELESS SERVICE

## AVERAGE AGE OF SUBSCRIBERS<sup>1</sup>

Carrier Type	Wireline	Wireless
Total Subscribers	570K	9.8M
18-39 Years	8%	35%
40-65 Years	36%	50%
65+ Years	56%	14%

Note: Wireline subscribers are, on average, older than wireless subscribers.

## ELIGIBILITY OF SUBSCRIBERS<sup>1</sup>



- Approved by State Administrator
- Misc.
- SNAP
- Medicaid
- Eligibility Based on Income
- Supplemental Security Income (SSI)
- State Assistance Programs

<sup>1</sup> Data based on NLAD subscribers as of November 2015 and excludes data from the five NLAD opt-out states.



# RURAL HEALTH CARE PROGRAM

In 2015, the Rural Health Care (RHC) Program team continued working towards expanding health care provider access to broadband services through the implementation of the Healthcare Connect Fund (HCF) Program. In rural areas, the formation of state and regional broadband networks allow critical resources from non-rural health care providers, such as hospitals, to be shared with their rural partners. These networks continued to grow as more consortium participants joined the HCF Program in 2015. To support that growth, we have made robust system enhancements intended to improve both the information collected and the customer experience.

Over the past year, our focus has been on ensuring that changes to our tools are in line with the needs of the different types of participants in both the HCF and Telecommunications (Telecom) programs. Feedback from our stakeholders has directly impacted system enhancements that allow for both more efficient review cycles and easier processes for the end user.

To gather this feedback, we launched targeted outreach campaigns, leveraging relationships with current applicants. We also reached out to new and existing partner organizations, such as state offices of rural health, in an effort to reach potential applicants. Our strengthened relationships with current applicants have given us valuable insight into the overall successes of the program and highlighted where gaps exist, better positioning us to support the FCC with evolving program guidance.

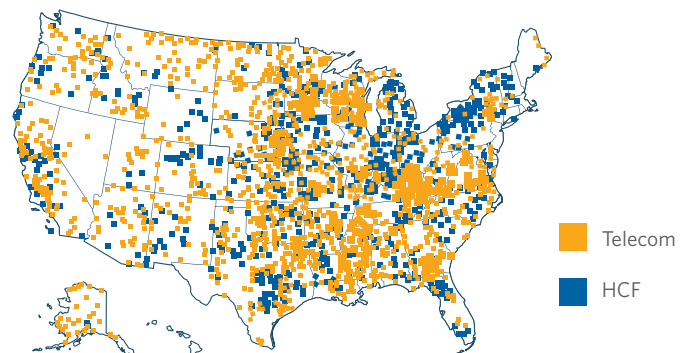
Through relationship building with stakeholders, we get an opportunity to learn about instances of program success. One such example of an applicant demonstrating success in the RHC Program is a rural health system, originally selected as a Pilot Program project several years ago. This consortium now participates in the HCF Program with several dozen sites. The consortium's network has made it possible for quality care to reach even the smallest towns in its state. This has significantly enhanced the range of treatments patients can receive close to home.

These rural health system sites are receiving funding that is critical for the increased bandwidth necessary to

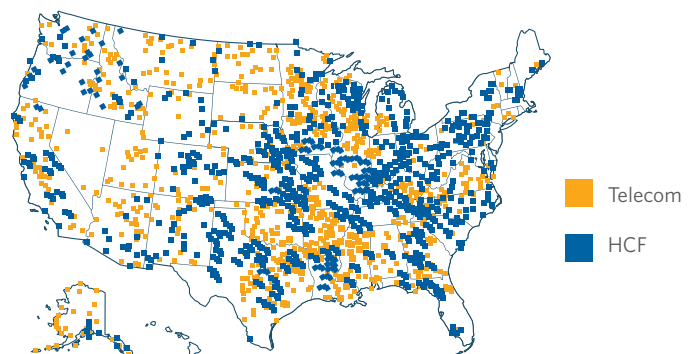
support telemedicine. They are also using their learning and the dollars they have saved to help bring cutting edge solutions to rural areas. Through HCF Program network connections, treatments being developed through major urban research institutions are now being implemented more quickly in rural areas.

This success is one example of how we hope RHC Program funds will be used to impact the health of people in rural regions across the United States. In 2016, we will continue to ensure that universal service program funds better support the communications needs of health care providers in rural areas. ■

## RHC PROGRAM COMMITMENTS IN 2015



## RHC PROGRAM AUTHORIZED SUPPORT IN 2015





# SCHOOLS AND LIBRARIES PROGRAM

The E-rate Modernization Orders of 2014 created aggressive goals for the Schools and Libraries (E-rate) Program, and 2015 was a critical year for bringing this modernization to fruition.

The Orders charged USAC to support the three goals of E-rate modernization:

1. Ensure affordable access to high speed broadband
2. Maximize cost effectiveness to make the funds go further
3. Simplify E-rate Program processes

Ensuring USAC is doing its part to help the E-rate Program meet these goals required us to improve our processes, systems, and communications dramatically, putting the program on track to more effectively provide broadband funding for millions of school children and library patrons.

### ENSURE AFFORDABLE ACCESS TO HIGH SPEED BROADBAND

The E-rate Modernization Orders focus on broadband to and within schools and libraries to support a modern and dynamic learning environment for all students. Under the FCC’s new program rules, schools and libraries now have more flexible options for purchasing Wi-Fi and a set budget to ensure cost-effective purchasing of Wi-Fi services needed for education today.

USAC’s role was to adjust our application processes and outreach support to ensure that schools and libraries are able to understand and apply for these services.

As of December 30, 2015, USAC committed \$23.7 million of FY2015 E-rate Program funding for Wi-Fi and another \$1.1 billion for broadband connectivity to schools and libraries (100 megabytes and above).

### MAKE FUNDS GO FURTHER

The FCC Modernization Orders required USAC to provide pricing transparency for products and services beginning in FY2015. In 2015, we focused on data integrity and transparency to help schools and libraries make more cost-effective decisions in the future. Through a robust data cleanup effort conducted by USAC, we substantially improved the quality of the data associated with FY2015 applications. We also built an online reporting tool that allows users to download application information from the FCC Form 471 including state, equipment, connectivity levels, and product and service pricing. By using this information to compare offers, our stakeholders can make more efficient use of E-rate Program funds.

Through more rigorous financial analysis, USAC also identified \$1.575 billion of unused funds available from previous years, and made these funds available in FY2015.

### SIMPLIFY E-RATE PROCESSES

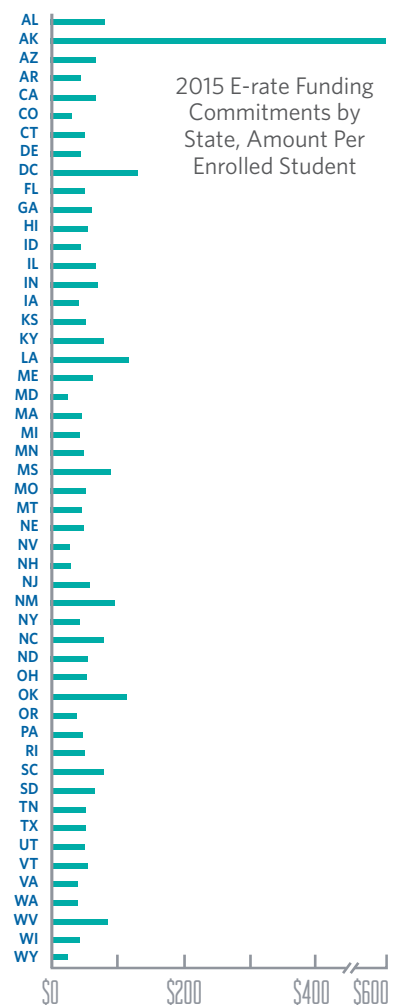
In 2015, USAC tackled one of the most challenging E-rate Program processes—the application system for the program. In June 2015, we launched a new account and application management portal called the E-rate Productivity Center (EPC). Applicants, consultants, and service providers use this tool to manage program processes, file forms, and communicate with USAC. In its end-state, EPC will guide applicants more intuitively through the application process, allow USAC to speed up application processing, and make funding decisions more quickly.

Our roll-out is an iterative process. In July, the FY2016 FCC Form 470 launched in EPC. We recognized the need to engage stakeholders


more fully in the development of FCC Form 471 application process, so stakeholders gave feedback in several rounds of user testing. They helped us identify critical usability issues, which have been addressed in both system changes and outreach. We will continue to evolve the system and make improvements in 2016 and beyond, to simplify and streamline the process for applicants.

In 2016, we will continue to focus on these three goals. By doing so, we will make a meaningful impact on schools and libraries across the United States and territories through access to affordable broadband connectivity. ■

### CURRENT STATE OF E-RATE PROGRAM DISBURSEMENTS







# MANAGEMENT'S DISCUSSION & ANALYSIS

## MISSION AND STRUCTURE

USAC is a not-for-profit corporation that was formed in 1997 to administer the federal universal service support programs and the USF in accordance with FCC rules.

USAC collects and distributes funds, works to protect the integrity of the universal service programs—High Cost, Lifeline, Rural Health Care, and Schools and Libraries—promotes compliance among program participants, and provides information about universal service to Congress, the FCC, program audiences, and the general public.

In all these tasks, USAC strives to provide efficient, responsible stewardship of the programs, a key national asset in making important telecommunications and Internet services available to consumers, health care providers, schools, and libraries throughout the United States.

FCC regulations governing USAC are found in Part 54 of Title 47 of the Code of Federal Regulations (47 CFR Part 54). These regulations require USAC to establish three program divisions: High Cost and Low Income, Rural Health Care, and Schools and Libraries. The program divisions are supported by additional USAC personnel in Finance, General Counsel, Human Resources and Operations, Information Systems, Internal Audit, and Stakeholder Engagement. Consistent with FCC rules, USAC does not make policy for or interpret unclear provisions of statutes or the FCC's rules.

## PERFORMANCE MEASURES

USAC is required to report quarterly to the FCC on performance measures pursuant to a Memorandum of Understanding signed in September 2008. This information pertains to USAC's administration of the programs and the USF.

FUND ADMINISTRATION	1st QTR	2nd QTR	3rd QTR	4th QTR
<b>USF CONTRIBUTOR STATISTICS</b>				
Number of USF contributors	3,132	3,135	3,164	3,117
Total contributions to the USF (in thousands)	\$ 2,179,451	\$ 2,225,558	\$ 2,106,705	\$ 2,131,760
Total delinquencies or past due payments (in thousands)	\$ 240,217	\$ 219,639	\$ 185,592	\$ 178,367
<b>AVERAGE TIME TO PROCESS PAYMENTS (IN DAYS)</b>				
High Cost Program	9	7	7	7
Lifeline Program	29	29	29	29
Rural Health Care Program (Funding Year 2014)	6	7	7	7
Schools and Libraries Program (Funding Year 2014)	5	7	5	7
<b>USAC COMPLAINT &amp; INQUIRY STATISTICS</b>				
Complaints about USAC	9	9	10	23
Average number of business days to resolve complaints	0.7	1.6	2.5	5.2
Inquiries received	46,198	37,487	35,790	43,313

<b>HIGH COST PROGRAM</b>	<b>1st QTR</b>	<b>2nd QTR</b>	<b>3rd QTR</b>	<b>4th QTR</b>
Total amount disbursed (in thousands)	\$ 934,465	\$ 998,677	\$ 1,445,634	\$ 1,121,183
Number of requests for support payments	1,762	1,712	1,753	1,755

<b>LIFELINE PROGRAM</b>	<b>1st QTR</b>	<b>2nd QTR</b>	<b>3rd QTR</b>	<b>4th QTR</b>
Total amount disbursed (in thousands)	\$ 350,307	\$ 388,334	\$ 373,642	\$ 397,558
Number of program beneficiaries (ETCs)	2,149	2,121	2,140	2,114

<b>RURAL HEALTH CARE PROGRAM*</b>	<b>1st QTR</b>	<b>2nd QTR</b>	<b>3rd QTR</b>	<b>4th QTR</b>
-----------------------------------	----------------	----------------	----------------	----------------

#### **APPLICATION TYPES**

(all numbers cumulative for funding year)

##### **Funding Year 2015**

Telecom	183	592	1,939	2,782
Internet	0	0	0	0

##### **Funding Year 2014**

Telecom	3,982	6,437	6,447	6,454
Internet	5	5	5	5

#### **APPLICATION OUTCOMES**

(all numbers cumulative for funding year)

##### **Funding Year 2015**

Submitted	183	592	1,939	2,782
Granted	N/A	398	1,731	2,687
Rejected	N/A	5	30	45

##### **Funding Year 2014**

Submitted	3,987	6,442	6,452	6,459
Granted	3,648	5,166	6,011	6,221
Rejected	132	174	212	213

#### **INVOICES FUNDING YEAR 2014**

(all numbers cumulative for funding year)

Invoices received	177	576	1,094	1,281
Invoices paid	143	552	1,069	1,251
Invoices rejected	1	2	2	2

#### **APPEALS**

Current appeals (new appeals received in each quarter)	17	14	16	16
Average calendar days to resolve appeals	165	118	50	42

\* Note: Does not include Healthcare Connect Fund Program or Pilot Program data.

SCHOOLS AND LIBRARIES PROGRAM	1st QTR	2nd QTR	3rd QTR	4th QTR
<b>APPLICATION OUTCOMES</b> (all numbers cumulative for funding year)				
<b>Funding Year 2015</b>				
Submitted	N/A	48,728	48,775	48,800
Granted	N/A	13,684	37,823	43,823
Rejected	N/A	63	452	1,077
<b>Funding Year 2014</b>				
Submitted	48,041	48,042	48,041	48,041
Granted	36,816	36,993	37,172	37,235
Rejected	8,637	8,711	8,718	8,786
<b>INVOICES FUNDING YEAR 2014</b> (all numbers cumulative for funding year)				
Invoices received	248,524	387,738	511,719	579,053
Invoices paid	476,098	480,927	482,766	483,570
Invoices rejected	12,146	22,204	27,543	35,081
<b>APPEALS</b>				
Current appeals (new appeals received in each quarter)	322	291	447	1,191
Average calendar days to resolve appeals	60	82	110	79

## SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

USAC has a formal internal controls structure and review process consistent with U.S. Office of Management and Budget (OMB) Circular A-123 guidance, titled "Management's Responsibility for Internal Control," including Appendix A, titled "Internal Control over Financial Reporting." In 2015, USAC's internal controls group continued to enhance USAC's overall internal controls framework with a documentation and assessment program, including maintaining up-to-date policies and procedures. In addition to annual internal controls assessments, USAC contracts with an independent audit firm to perform an annual audit of its financial statements as well as agreed upon procedures

in compliance with the requirements in 47 CFR Part 54. The FCC's auditors also audit the Universal Service Fund (USF) as part of the annual FCC financial audit. USAC's current financial management system is a widely used and commercially accepted accounting system. However, as the administrator of universal service, it is the responsibility of USAC's management to be in compliance with laws and regulations applicable to the USF. In the most recent FCC audit for the fiscal year ending September 30, 2015, the FCC's auditors noted a material weakness in the internal controls relating to the USF's budgetary accounting. USAC has implemented several corrective measures to remediate and correct this material weakness.

## FINANCIAL INFORMATION

The accompanying USAC unaudited financial statements and tables are the responsibility of USAC management and reflect all necessary adjustments and reclassifications that are necessary for fair presentation of the period presented. The results for the year ended December 31, 2015, are not considered final until the 2015 financial statement audit is completed by our independent auditors. These unaudited financial statements and tables should be used in conjunction with the audited financial statements and the notes thereto for the years ended December 31, 2014, and 2013, included herein.

This table presents selected data about USAC's staffing and operations for 2015 and 2014.

## FINANCIAL INFORMATION (dollars in thousands)

Item	2015 <sup>1</sup>	2014
Number of Employees at year end	411	393
Personnel Costs	\$ 53,479	\$ 47,703
Overall General and Administrative Expenses	\$ 46,024	\$ 30,608
Contract Expenses	\$ 39,098	\$ 36,485

<sup>1</sup>2015 figures based on unaudited financial statement in this annual report.

## USAC ADMINISTRATIVE EXPENSES (in thousands)

Year	USAC Administrative Expenses	Total Deductions	Expense Rate <sup>2</sup>
2011	\$ 106,747	\$ 8,278,092	1.29%
2012	\$ 110,880	\$ 8,855,009	1.25%
2013	\$ 106,869	\$ 8,514,767	1.26%
2014	\$ 118,797	\$ 7,892,725	1.51%
2015 <sup>1</sup>	\$ 143,568	\$ 8,483,722	1.69%

<sup>1</sup>2015 USAC administrative expenses and deductions based on unaudited financial statement data in this annual report.

<sup>2</sup>Expense Rate percentage shows USAC administrative expenses divided by total deductions.

## 2015 USAC CONTRACTORS RECEIVING PAYMENTS GREATER THAN \$1 MILLION

Contractor/Vendor	Type Of Goods/Service	Procurement Method
Solix, Inc.	RHC-SL Operational Support Services	Competitive Bid
Cigna	Employee Benefits	Competitive Bid
KPMG LLP	Beneficiary and Contributor Audit Program	Competitive Bid
Appian Corporation	Schools and Libraries Division Systems Transformation	Competitive Bid
2000 L Owner LLC	Office Space Lease	Competitive Bid
Cotton & Company LLP	Payment Quality Assurance Support Services and Beneficiary/Contributor Audit Program	Competitive Bid
HireStrategy	Information Technology Temporary Staffing Services	Competitive Bid
Ernst & Young LLP	Risk Assessment Services	Competitive Bid
LexisNexis Risk Solutions Inc.	Third Party Independent Verification Services	Competitive Bid
DP George & Company, LLC	Financial Statement Audit and Agreed Upon Procedures Review/Beneficiary and Contributor Program	Competitive Bid
Bank of America	Banking and Investment Management Services	Competitive Bid
Clearpath Solutions Group LLC	Information Technology Hardware and Software Support	Competitive Bid
Equinix, Inc.	Information Technology Services	Competitive Bid
CostQuest Associates, Inc.	Connect America Fund Cost Model	Sole Source

Dollar Range:  +\$5 million  \$2 million - \$5 million  \$1 million - \$2 million

## STATEMENT OF FINANCIAL POSITION OF USAC

As of December 31, 2015 (Unaudited | in thousands)

	2015
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 8,198
Receivable from the Federal USF	4,827
Prepaid expenses and other current assets	7,173
Assets held for the Federal USF	6,587,646
<b>Total Current Assets</b>	<b>6,607,844</b>
Fixed Assets, net, held for Federal USF	12,710
Other Assets	552
Assets held for the Federal USF	2,158,269
<b>TOTAL</b>	<b>\$ 8,779,375</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 16,400
Advance from the Federal USF	13,024
Liabilities related to assets held for the Federal USF	6,587,646
<b>Total Current Liabilities</b>	<b>6,617,070</b>
Deferred rent and other liabilities	4,036
Liabilities related to assets held for the Federal USF	2,158,269
<b>TOTAL</b>	<b>\$ 8,779,375</b>
<b>NET ASSETS</b>	<b>0</b>

## STATEMENT OF OPERATIONS AND CHANGE IN UNRESTRICTED NET ASSETS

For the Year Ended December 31, 2015 (Unaudited | in thousands)

	2015
<b>REVENUE</b>	<b>\$ 143,568</b>
<b>Operating Expenses:</b>	
Contractual expenses	39,098
Personnel and related expense	53,479
General and administrative	46,024
Depreciation, amortization, and gain/loss on retirements	4,967
<b>Total Operating Expenses</b>	<b>143,568</b>
<b>CHANGE IN NET ASSETS</b>	<b>0</b>
<b>NET ASSETS — Beginning of year</b>	<b>0</b>
<b>NET ASSETS — End of year</b>	<b>\$ 0</b>

## STATEMENT OF CASH FLOWS OF USAC

For the Year Ended December 31, 2015 (Unaudited | in thousands)

2015

### CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from the Federal USF and other parties	\$ 149,824
Cash paid for operating expenses and employees	(140,672)
Interest received	2
<b>Net cash provided by operating activities</b>	<b>9,154</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(5,100)
----------------------	---------

### INCREASE (DECREASE) IN CASH

4,054

CASH — Beginning of year

4,144

CASH — End of year

\$ 8,198

### RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Change in net assets	\$ 0
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>	
Depreciation and amortization	4,361
Loss on retirement/valuation adjustment of fixed assets	606
Changes in operating assets and liabilities:	
(Increase) in prepaid expense and other assets	(3,876)
(Increase) in assets held for the Federal USF	(272,410)
Decrease in receivable from the Federal USF	4,046
Increase in accounts payable and accrued liabilities	5,383
(Decrease) in deferred revenue	(1,516)
Increase in deferred rent	150
Increase in liabilities related to assets held for the Federal USF	272,410
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 9,154</b>

### Supplemental disclosure of non-cash information:

Capital expenditures included in accounts payable/accrued expenses	\$ 4,634
--	----------

## COMBINING SUPPLEMENTAL SCHEDULES OF ASSETS AND LIABILITIES APPLICABLE TO THE FEDERAL USF

As of December 31, 2015 (Unaudited | in thousands)

							2015
	Schools and Libraries	High Cost	High Cost Broadband	Lifeline	Rural Health Care	Common Assets	Total USF
<b>ASSETS</b>							
Cash and cash equivalents	(\$ 1,543,087)	\$ 205,599	\$ 2,011,768	\$ 76,631	\$ 402,515	\$ 0	\$ 1,153,426
Investments	6,842,558	0	0	0	0	0	6,842,558
Receivables	226,491	9,888	0	14,368	1,093	904,007	1,155,847
Allowance for doubtful accounts	(224,486)	(9,279)	0	(13,391)	(1,085)	(170,319)	(418,560)
Interest receivable	0	0	0	0	0	12,644	12,644
<b>Assets held for the Federal USF</b>	<b>5,301,476</b>	<b>206,208</b>	<b>2,011,768</b>	<b>77,608</b>	<b>402,523</b>	<b>746,332</b>	<b>8,745,915</b>
Receivable from USAC	3,569	6,983	0	2,290	182	0	13,024
<b>TOTAL</b>	<b>5,305,045</b>	<b>213,191</b>	<b>2,011,768</b>	<b>79,898</b>	<b>402,705</b>	<b>746,332</b>	<b>8,758,939</b>
<b>LIABILITIES</b>							
Payable to service providers	(24,476)	(134,163)	0	(4,198)	(72)	0	(162,909)
Accrued liabilities	(8,928)	(255,247)	0	(139,639)	(1,093)	0	(404,907)
<b>TOTAL</b>	<b>(\$ 33,404)</b>	<b>(\$ 389,410)</b>	<b>\$ 0</b>	<b>(\$ 143,837)</b>	<b>(\$ 1,165)</b>	<b>\$ 0</b>	<b>(\$ 567,816)</b>

Note: This schedule represents assets and liabilities of the Federal USF as of December 31, 2015, for each of the support programs.

## COMBINING SUPPLEMENTAL SCHEDULES OF CHANGES IN NET ASSETS APPLICABLE TO THE FEDERAL USF

For the Year Ended December 31, 2015 (Unaudited | in thousands)

						2015
	Schools and Libraries	High Cost	Lifeline	Rural Health Care	Total	
<b>ADDITIONS:</b>						
Amounts billed to contributors	\$ 2,422,220	\$ 4,503,983	\$ 1,481,315	\$ 270,661	\$ 8,678,179	
Non-exchange revenue bad debt	(215)	(687)	(759)	16	(1,645)	
Interest income	25,178	10,875	668	1,893	38,614	
<b>Total Additions</b>	<b>2,447,183</b>	<b>4,514,171</b>	<b>1,481,224</b>	<b>272,570</b>	<b>8,715,148</b>	
<b>DEDUCTIONS:</b>						
Amount paid and due to service providers	2,082,424	4,500,127	1,485,575	277,329	8,345,455	
Bad debt expenses	(303)	6,425	(2,876)	257	3,503	
Operating expenses	83,698	26,826	16,016	11,191	137,731	
Unrealized/realized gain or loss	(2,949)	(15)	(1)	(2)	(2,967)	
<b>Total deductions</b>	<b>2,162,870</b>	<b>4,533,363</b>	<b>1,498,714</b>	<b>288,775</b>	<b>8,483,722</b>	
<b>CHANGES IN NET ASSETS</b>	<b>\$ 284,313</b>	<b>(\$ 19,192)</b>	<b>(\$ 17,490)</b>	<b>(\$ 16,205)</b>	<b>\$ 231,426</b>	

Note: This schedule reflects the changes in net assets of the Federal USF for the year ended December 31, 2015, for each of the support programs.



## COMBINING SUPPLEMENTAL SCHEDULES OF CASH FLOWS APPLICABLE TO THE FEDERAL USF

For the Year Ended December 31, 2015 (Unaudited | in thousands)

					2015
	Schools and Libraries	High Cost	Lifeline	Rural Health Care	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from contributors	\$ 2,404,736	\$ 4,502,425	\$ 1,497,318	\$ 286,627	\$ 8,691,106
Interest received	43,891	11,987	660	1,871	58,410
Cash paid to service providers	(2,074,593)	(4,435,952)	(1,510,010)	(277,417)	(8,297,972)
Cash paid for administrative costs	(87,730)	(28,118)	(16,788)	(11,730)	(144,366)
<b>Net cash provided by (used in) operating activities</b>	<b>286,304</b>	<b>50,342</b>	<b>(28,819)</b>	<b>(649)</b>	<b>307,178</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Redemption of investments	8,896,535	0	0	0	8,896,535
Purchase of investments	(8,485,996)	0	0	0	(8,485,996)
<b>Net cash used in investing activities</b>	<b>410,539</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>410,539</b>
<b>INCREASE (DECREASE) IN CASH EQUIVALENTS</b>	<b>696,843</b>	<b>50,342</b>	<b>(28,819)</b>	<b>(649)</b>	<b>717,717</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	(2,239,930)	2,167,025	105,450	403,164	435,709
<b>END OF YEAR</b>	<b>(\$ 1,543,087)</b>	<b>\$ 2,217,367</b>	<b>\$ 76,631</b>	<b>\$ 402,515</b>	<b>\$ 1,153,426</b>
<b>RECONCILIATION OF CHANGES IN NET ASSETS PROVIDED BY (USED IN) CASH FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 284,313	(\$ 19,192)	(\$ 17,490)	(\$ 16,205)	\$ 231,426
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>					
Bad debt expense	(88)	7,112	(2,117)	241	5,148
Amortized discount or premium	15,610	0	0	0	15,610
Unrealized/realized gain or loss	2,949	15	1	2	2,967
<i>Changes in operating assets and liabilities:</i>					
Decrease (increase) in interest receivable	(26,766)	(4,713)	16,280	16,450	1,251
Decrease (increase) in accounts receivable	3,989	6,261	37	(847)	9,440
Decrease (increase) in receivable from USAC	0	0	0	0	0
Increase (decrease) in liabilities	6,296	60,859	(25,530)	(289)	41,336
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 286,304</b>	<b>\$ 50,342</b>	<b>(\$ 28,819)</b>	<b>(\$ 649)</b>	<b>\$ 307,178</b>

Note: This schedule represents the cash flows of the Federal USF for the year ended December 31, 2015, for each of the support programs.



# INDEPENDENT AUDITOR'S REPORT

**DP George & Company** 

2121 Eisenhower Avenue, Suite 100  
Alexandria, VA 22314  
(703) 229-4441

To the Board of Directors of Universal Service Administrative Company:

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Universal Service Administrative Company (the Company), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of operations and change in unrestricted net assets, and cash flows for the years then ended, and the related notes to the financial statements.

## 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

## OPINION

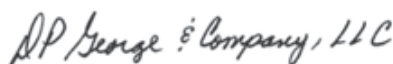
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional supplemental schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Company's management. Such schedules have not been subject to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on them.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters for the year ended December 31, 2014. 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 the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.



DP George & Company, LLC  
Alexandria, VA , June 11, 2015

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and 2013 (in thousands)

	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 4,144	\$ 5,895
Receivable from the Federal USF	8,872	7,131
Prepaid expenses and other current assets	3,333	1,838
Assets held for the Federal USF (Note 3)	2,877,532	2,568,418
<b>Total Current Assets</b>	<b>2,893,881</b>	<b>2,583,282</b>
Fixed Assets, net, held for Federal USF (Note 4)	7,943	8,020
Other Assets	516	503
Assets held for the Federal USF (Note 3)	5,595,973	5,126,399
<b>TOTAL</b>	<b>\$ 8,498,313</b>	<b>\$ 7,718,204</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 6,382	\$ 5,334
Advance from the Federal USF	13,024	13,024
Deferred revenue	1,516	1,038
Liabilities related to assets held for the Federal USF	2,877,532	2,568,418
<b>Total Current Liabilities</b>	<b>2,898,454</b>	<b>2,587,814</b>
Deferred rent	3,886	3,991
Liabilities related to assets held for the Federal USF	5,595,973	5,126,399
Commitments and contingencies (Note 7)	0	0
<b>TOTAL</b>	<b>\$ 8,498,313</b>	<b>\$ 7,718,204</b>
<b>NET ASSETS</b>	<b>\$ 0</b>	<b>\$ 0</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENTS OF OPERATIONS AND CHANGE IN UNRESTRICTED NET ASSETS

For the Years Ended December 31, 2014 and 2013 (in thousands)

	2014	2013
<b>REVENUE</b>	<b>\$ 118,797</b>	<b>\$ 106,869</b>
<b>OPERATING EXPENSES</b>		
Contractual expenses	36,485	39,419
Personnel and related expense	47,703	41,620
General and administrative	30,608	23,207
Depreciation, amortization and gain/loss on retirements	4,001	2,623
<b>Total Operating Expenses</b>	<b>118,797</b>	<b>106,869</b>
<b>CHANGE IN NET ASSETS</b>		
<b>NET ASSETS — Beginning of Year</b>	<b>0</b>	<b>0</b>
<b>NET ASSETS — End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013 (in thousands)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from the Federal USF and other parties	\$ 117,533	\$ 109,377
Cash paid for operating expenses and employees	(114,006)	(103,442)
<b>Net cash provided by operating activities</b>	<b>3,527</b>	<b>5,935</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(5,278)	(3,939)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(1,751)</b>	<b>1,996</b>
<b>CASH — Beginning of year</b>	<b>5,895</b>	<b>3,899</b>
<b>CASH — End of year</b>	<b>\$ 4,144</b>	<b>\$ 5,895</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	\$ 0	\$ 0
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,998	2,619
Loss on retirement of fixed assets	3	4
Changes in operating assets and liabilities:		
Decrease (Increase) in prepaid expense and other assets	(1,508)	867
(Increase) in assets held for the Federal USF	(778,688)	(323,838)
Decrease (Increase) in receivable from the Federal USF	(1,741)	1,994
(Decrease) Increase in accounts payable and accrued liabilities	2,402	(888)
Increase in deferred revenue	478	514
(Decrease) Increase in deferred rent	(105)	825
Increase in liabilities related to assets held for the Federal USF	778,688	323,838
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,527</b>	<b>\$ 5,935</b>
Supplemental disclosure of non-cash information:		
Capital expenditures included in accounts payable	\$ 0	\$ 1,354

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

### 1. ORGANIZATION AND BASIS OF PRESENTATION

The Universal Service Administrative Company (“USAC” or the “Company”) was incorporated, effective September 17, 1997, as a not-for-profit, independent, wholly-owned subsidiary of the National Exchange Carrier Association, Inc. (“NECA”), and appointed by the Federal Communications Commission (“FCC”) to administer the Universal Service Fund (“USF”) and the universal service support mechanisms. USAC’s Board of Directors consists of independent directors representing a cross-section of stakeholders in the USF and the universal support mechanisms. Pursuant to 47 C.F.R. § 54.703(a), USAC’s Board of Directors is separate from NECA’s Board of Directors and NECA is prohibited from participating in USAC’s functions.

The FCC, in its Report and Order in CC Docket Nos. 96-45 and 97-21 (“Universal Service Order”) released May 8, 1997 and November 20, 1998, respectively, determined that USAC should serve as the permanent administrator of the High Cost, Low Income, Rural Health Care, and Schools and Libraries Universal Service Support Mechanisms, collectively referred to herein as the “Programs,” established pursuant to Section 254 of the Communications Act of 1934, as amended.

USAC, as the administrator of the USF, performs billing, collection, and disbursement functions. It also collects information regarding contributing entities’ and end-user telecommunications revenues, and submits projections of demand, administrative expenses for the Programs, and quarterly universal service contribution data to the FCC.

The functions of USAC as the administrator of the USF also include, but are not limited to, development of applications and associated instructions as needed for the Programs, administering the application process consistent with applicable FCC rules and related operational infrastructure for such processes, performing outreach and public education functions, performing audits of contributing telecommunications carriers reporting information to USAC as required under 47 C.F.R. Part 54, Subpart H, performing audits of telecommunications carriers receiving High Cost and/or

Low Income Program benefits, and schools, libraries, and rural health care providers and beneficiaries receiving program benefits, and development and implementation of other functions unique to the Programs.

Funds collected by USAC from telecommunications carriers required to contribute to the USF pursuant to 47 U.S.C. § 254 and 47 C.F.R. § 54.706 are restricted as to their intended use related to the Programs discussed above. The cash and other financial assets USAC holds and administers for the benefit of the USF are reported at fair value in the Statements of Financial Position as assets held for the Federal USF, with an equal amount recorded as liabilities related to assets held for the Federal USF. Activities related to the USF are not presented in USAC’s Statements of Operations and Change in Unrestricted Net Assets and Statements of Cash Flows.

NECA, a related party to USAC, performs data collection functions for the High Cost Program pursuant to FCC rules and bills USAC for the associated costs. NECA is compensated by USAC in accordance with NECA’s Cost Accounting and Procedures Manual. For the years ended December 31, 2014 and 2013, the expense recognized for services rendered by NECA was \$465,580 and \$371,110, respectively. These expenses are included in contractual expenses in the accompanying Statements of Operations and Change in Unrestricted Net Assets. At December 31, 2014 and 2013, amounts due to NECA were \$97,822 and \$43,307, respectively.

The accompanying financial statements have been prepared on the accrual basis of accounting, in conformity with the accounting principles generally accepted in the United States of America.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **FIXED ASSETS**

Fixed assets consist of office furniture, office equipment, computer hardware, computer software and leasehold improvements. These assets are carried at cost, net of accumulated depreciation and amortization. Projects in progress consist primarily of development costs of internal use software. If an asset acquired has a cost exceeding \$3,500 and a useful life exceeding one year, it is capitalized. Bulk purchases made in a single transaction are capitalized when a quantity of similar items individually cost \$500 or more and less than \$3,500 and where the total acquisition cost is greater than \$18,000. Capitalizable bulk purchase items include furniture and fixtures and exclude personal computers. Depreciation of furniture and equipment is calculated on a straight-line basis over the seven-year estimated useful lives of those assets. Depreciation and amortization of hardware and software are calculated on a straight-line basis over the three-to five-year estimated lives of those assets. Amortization of leasehold improvements is calculated on a straight-line basis over the shorter of the remaining period of the respective leases or estimated useful lives of the improvements. Maintenance and repairs are expensed to operations as incurred.

## **RECEIVABLE FROM THE FEDERAL USF**

USAC bills the USF monthly on the basis of net cash disbursements. Collections against the receivable are collected in full from the USF by USAC at the beginning of the subsequent month.

## **ADVANCE FROM THE FEDERAL USF**

Represents cash advanced by the USF that allows USAC to make operating disbursements without placing USAC in a negative cash position. The amount is subject to adjustment to account for expected increases or decreases in cash-flow requirements.

## **DEFERRED REVENUE**

Represents the portion of revenues billed and/or collected through the Receivable from the Federal USF process where the corresponding expense is being recognized on the accrual basis and lags behind the disbursement used to bill revenue. Deferred revenue is typically generated by capital or prepaid disbursements.

## **REVENUE**

USAC, as the administrator of the USF, recognizes revenue when services are rendered. Revenues are equal to the cost of providing administrative support to the USF

and the Programs, and to other FCC fund administrators. Such costs are paid by USF and by the other FCC fund administrators to USAC. These transactions are considered exchange transactions in accordance with the AICPA's *Audit and Accounting Guide for Not-for-Profit Entities*. The other FCC fund administrators provide administrative support for the Telecommunications Relay Services ("TRS"), North American Numbering Plan ("NANP"), and Local Number Portability ("LNP") programs. USAC invoices these administrators for direct and indirect charges it incurs each month for the data collection and management functions on their behalf.

## **CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject USAC, as the administrator of the USF, to concentration of credit risk consist principally of cash, cash equivalents, short-term and long-term investments, and receivables from contributors. USAC, as the administrator of the USF, places its cash, cash equivalents, and short-term and long-term investments with high quality credit institutions. USAC maintains its cash and cash equivalents with financial institutions which are federally insured under the Federal Depository Insurance Corporation Act ("FDIC"). The total deposits at these institutions are generally in excess of federally insured amounts. Deposits in excess of federally insured amounts are fully collateralized. Collateral assets consist of Category 1 (Obligations issued and fully insured or guaranteed by the United States Government or a United States Government agency) and Category 2 assets (Obligations of United States Government-Sponsored Enterprises (GSEs) and Government-Sponsored Corporations (GSCs)) as defined in 31 CFR 203. USAC has not experienced any losses on its cash and cash equivalents. In the normal course, USAC also has invested cash held for the benefit of the USF in U.S. Treasury securities, which are classified under Assets held for the Federal USF.

## **3. ACTIVITIES RELATED TO THE FEDERAL USF**

As discussed in Note 1, the cash and other financial assets of the USF, which USAC administers and acts as an intermediary for, are reported at fair value in the Statements of Financial Position as assets held for the Federal USF, with an equal amount recorded as liabilities related to assets held for the Federal USF. The summary of assets applicable to the USF included below provides additional detail with respect to these amounts.



DECEMBER 31		
ASSETS (In thousands)	2014	2013
<b>Current Assets</b>		
Cash and cash equivalents	\$ 435,709	\$ 699,612
Investments	1,676,069	1,096,620
Accounts receivable	1,238,644	1,271,726
Allowance for doubtful accounts	(486,785)	(510,550)
Interest receivable	13,895	11,010
<b>Total Current Assets held for the Federal USF</b>	<b>\$ 2,877,532</b>	<b>\$ 2,568,418</b>
Fixed Assets	7,943	8,020
Investments	5,595,973	5,126,399
<b>Total Assets Held for Federal USF</b>	<b>\$ 8,481,448</b>	<b>\$ 7,702,837</b>

### CASH AND CASH EQUIVALENTS

USAC, as the administrator of the USF, considers all highly liquid securities with an original maturity of three months or less as of the financial statement date to be cash equivalents.

### SHORT-TERM INVESTMENTS

USAC, as the administrator of the USF, considers all securities purchased with an original maturity of greater than three months and a current maturity of less than or equal to one year to be short-term investments. Short-term investments consist solely of United States Treasury securities with readily determinable fair values. USAC, as the administrator of the USF, accounts for its investments in accordance with investment accounting standards for not-for-profit organizations. At December 31, 2014 and 2013, there were \$1.68 billion and \$1.10 billion in short-term investments, respectively.

### LONG-TERM INVESTMENTS

USAC, as the administrator of the USF, considers all securities purchased with a current maturity of greater than one year to be long-term investments. These investments are accounted for in accordance with fair value measurement accounting standards. Long-term investments consist primarily of United States Treasury debt securities with readily determinable fair values, none of which have maturities greater than three years. At December 31, 2014 and 2013, there were \$5.60 billion and \$5.13 billion in long-term investments, respectively.

### ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

USAC, as the administrator of the USF, recognizes accounts receivable arising from amounts billed to contributors and the recovery of funds from service providers and beneficiaries, which remain unpaid. Accounts receivable are recorded at invoiced amounts and generally do not bear interest. Based on the Debt Collection Improvement Act ("DCIA"), all receivables from contributors over 90-days delinquent are transferred to the United States Treasury for collection, except for receivables where the debtor has appealed the validity of the amount owed or the debtor has sought protection under Chapter 7 or 11 of the United States Bankruptcy Code. The DCIA receivable balances transferred to the Treasury remain as USF receivables. All receipts of DCIA transferred receivables are held by USAC for the benefit of the USF and, if collected by the FCC, are transferred to USAC for the benefit of the USF.

Gross receivables are reduced to net realizable value by the allowance for doubtful accounts, which reflects the Company's estimate of exposure to risk of nonpayment of billed balances, determined principally on the basis of its collection experience. The allowance includes reserves for amounts on appeal, identified bankruptcies, identified inactive contributors, delinquent amounts that are referred to the United States Treasury for collection, and other items. Management periodically reviews such estimates and management's assessment of recoverability may change based on actual results.

Accounts receivable write-offs are periodically submitted by USAC to the FCC for approval. USF write-off policy is determined based on the FCC Policies and Procedures Manual, Chapter 4: Accounts Receivable and Revenues, Section 360: Cancellation, Termination, Write-Off and Close-out Policy of Delinquent Debt. The Commission's authority to write-off is set forth in 31 U.S.C. § 3711, and 31 C.F.R. Parts 902-904, Federal Claims Collection Standards ("FCCS").

## 4. FIXED ASSETS

Fixed Assets as of December 31, 2014 and 2013 are as follows:

DECEMBER 31		
FIXED ASSETS (In thousands)	2014	2013
Office furniture	\$ 2,441	\$ 2,517
Office equipment	203	225
Computer hardware	7,644	7,809
Computer software	28,262	23,047
Leasehold improvements	1,886	2,602
Projects in progress	0	2,390
<b>Total Fixed Assets</b>	<b>\$ 40,436</b>	<b>\$ 38,590</b>
Less accumulated depreciation and amortization	(32,493)	(30,570)
<b>Net Fixed Assets</b>	<b>\$ 7,943</b>	<b>\$ 8,020</b>

Depreciation and amortization expense was \$3,998 and \$2,619 for the years ended December 31, 2014 and 2013, respectively.

## 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement accounting standards establish a common definition for fair value to be applied to accounting principles generally accepted in the United States requiring use of fair value. These standards establish a framework for measuring fair value and expand disclosures about such fair value measurements. These standards also clarify that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering assumptions, fair value measurement accounting standards establish a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. Fair value measurement accounting standards require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

### LEVEL 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access;

### LEVEL 2

Inputs, other than quoted prices in active markets for similar assets or liabilities, that are observable either directly or indirectly; and

### LEVEL 3

Unobservable inputs for which there is little or no market data, requiring the reporting entity to develop its own assumptions (i.e., separate accounts tailored and managed by a portfolio manager).

USAC utilizes the best information available in measuring fair value, and financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The following table summarizes the valuation of the investments according to the fair value measurement classifications as of December 31, 2014:

(In thousands)	US Treasuries
Active Markets for Identical Assets (Level 1)	\$ 7,272,042
Observable Inputs (Level 2)	0
Unobservable Inputs (Level 3)	0
<b>Total</b>	<b>\$ 7,272,042</b>

The following table summarizes the valuation of the investments according to the fair value measurement classifications as of December 31, 2013:

(In thousands)	US Treasuries
Active Markets for Identical Assets (Level 1)	\$ 6,223,019
Observable Inputs (Level 2)	0
Unobservable Inputs (Level 3)	0
<b>Total</b>	<b>\$ 6,223,019</b>

## 6. INCOME TAXES

USAC is a not-for-profit corporation subject to income taxes, including those that arise from the permanent and temporary differences between financial and tax accounting related to meals and entertainment expense, compensated absences and depreciation. Income taxes for 2014 and 2013 are not material and are included as a component of general and administrative expenses.

## 7. COMMITMENTS AND CONTINGENCIES

### FIXED CONTRACT COMMITMENTS

#### Bank of America Agreement

On June 10, 2013, USAC entered into an agreement with Bank of America ("Bank of America Agreement") for

banking and investment management services. The Bank of America Agreement is a two-year contract that runs from July 1, 2013 to June 30, 2015, with an additional three option years that can be exercised at the discretion of USAC. Under the agreement, Bank of America provides banking and investment management services for a fixed monthly contractual amount. Fees for banking and investment management services under the arrangement total \$1.5 million per year. The Bank of America contract is a cancellable agreement.

### Solix Agreement

Solix, Inc. provides to USAC contracted program operations services for the Schools and Libraries and Rural Health Care Programs. On March 27, 2012, USAC signed a contract extension with Solix for a period of two years or until June 30, 2014. On March 27, 2014, USAC signed a contract extension with Solix for a period of two years or until June 30, 2016. The future contractual required payments for the period January 1, 2015 through June 30, 2016, under the Agreement for the Schools and Libraries Program total \$50.6 million.

### Appian Agreement

On February 27, 2015, USAC signed an agreement with Appian Corporation for the development, integration and operation of a Cloud Based System and for professional consulting services for its Schools and Libraries Program. Under the agreement, future required payments total \$3.5 million in 2015, \$7.3 million in 2016 and \$1.5 million in 2017.

### Lease Commitments

USAC leases its office space under an operating lease agreement expiring on November 30, 2020. At December 31, 2014, the future minimal rental payments under these leases are as follows (in thousands):

2015	\$ 3,443
2016	3,972
2017	4,071
2018	4,172
2019	4,277
2020	4,015
<b>TOTAL</b>	<b>\$ 23,950</b>

Rent expenses under operating leases were \$3.6 million and \$3.4 million for the years ended December 31, 2014 and 2013, respectively.

### Legal Disputes

The Company (USAC) is involved in various legal proceedings and claims incidental to the normal conduct of its business. The Company reports matters herein where the value of a claim asserted by or against the Company exceeds \$450,000 or more for an individual matter, or for matters relating to the same plaintiff or defendant that in the aggregate amount to \$450,000 or more. The Company reports the following matters:

A complaint was filed against the Company by a former employee on July 7, 2014 alleging discrimination based on gender and perceived disability under the D.C. Human Rights Act in D.C. Superior Court. Plaintiff seeks damages in excess of \$1,000,000 or an amount to be proved at trial.

The Company is vigorously defending the matters described above. Although it is impossible to predict the outcome of these or any of the other outstanding legal proceedings involving the Company, the Company believes that such outstanding legal proceedings and claims, individually and in the aggregate, are not likely to have a material effect on its financial position or results of operations.

## 8. RETIREMENT PLANS

USAC has a 401(k) Retirement Savings Plan covering all USAC employees. The plan is both contributory and noncontributory and all contributions are subject to certain limitations as prescribed by the plan document and government regulations. Employees are immediately vested in the employer contribution, which is funded on a current basis. Employer contributions charged to operations were \$3.7 million and \$3.3 million through December 31, 2014 and 2013, respectively.

## 9. SUBSEQUENT EVENTS

USAC has performed an evaluation of subsequent events through June 11, 2015, which is the date the financial statements were available to be issued.

## COMBINING SUPPLEMENTAL SCHEDULES OF ASSETS AND LIABILITIES APPLICABLE TO THE FEDERAL USF

As of December 31, 2014 (Unaudited | in thousands)

							2014
ASSETS	Schools and Libraries	High Cost	High Cost Broadband	Lifeline	Rural Health Care	Shared Costs	Total USF
Cash and cash equivalents	\$ (2,239,930)	\$ 218,610	\$ 1,948,415	\$ 105,450	\$ 403,164	\$ 0	\$ 435,709
Investments	7,272,042	0	0	0	0	0	7,272,042
Receivables	230,513	9,611	0	13,514	1,054	983,952	1,238,644
Allowance for doubtful accounts	(224,584)	(2,854)	0	(13,391)	(829)	(245,127)	(486,785)
Interest receivable	0	0	0	0	0	13,895	13,895
<b>Assets held for the Federal USF</b>	<b>5,038,041</b>	<b>225,367</b>	<b>1,948,415</b>	<b>105,573</b>	<b>403,389</b>	<b>752,720</b>	<b>8,473,505</b>
Receivable from USAC	3,569	6,983	0	2,290	182	0	13,024
<b>TOTAL</b>	<b>5,041,610</b>	<b>232,350</b>	<b>1,948,415</b>	<b>107,863</b>	<b>403,571</b>	<b>752,720</b>	<b>8,468,529</b>
<b>LIABILITIES</b>							
Payable to service providers	(14,750)	(1,991)	0	(22,675)	(364)	0	(39,780)
Accrued liabilities	(10,823)	(323,245)	0	(145,598)	(887)	0	(480,553)
<b>TOTAL</b>	<b>(\$ 25,573)</b>	<b>(\$ 325,236)</b>	<b>\$ 0</b>	<b>(\$ 168,273)</b>	<b>(\$ 1,251)</b>	<b>\$ 0</b>	<b>(\$ 520,333)</b>

Note: This schedule represents assets and liabilities of the Federal USF at December 31, 2014, for each of the support programs.

## COMBINING SUPPLEMENTAL SCHEDULES OF ASSETS AND LIABILITIES APPLICABLE TO THE FEDERAL USF

As of December 31, 2013 (Unaudited | in thousands)

							2013
ASSETS	Schools and Libraries	High Cost	High Cost Broadband	Lifeline	Rural Health Care	Shared Costs	Total USF
Cash and cash equivalents	\$ (1,223,347)	\$ 252,646	\$ 1,202,319	\$ 115,594	\$ 352,400	\$ 0	\$ 699,612
Investments	6,223,019	0	0	0	0	0	6,223,019
Receivables	225,777	17,775	0	13,554	830	1,013,790	1,271,726
Allowance for doubtful accounts	(218,908)	0	0	0	(554)	(291,088)	(510,550)
Interest receivable	0	0	0	0	0	11,010	11,010
<b>Assets held for the Federal USF</b>	<b>5,006,541</b>	<b>270,421</b>	<b>1,202,319</b>	<b>129,148</b>	<b>352,676</b>	<b>733,712</b>	<b>7,694,817</b>
Receivable from USAC	3,569	6,983	0	2,290	182	0	13,024
<b>TOTAL</b>	<b>5,010,110</b>	<b>277,404</b>	<b>1,202,319</b>	<b>131,438</b>	<b>352,858</b>	<b>733,712</b>	<b>7,707,841</b>
<b>LIABILITIES</b>							
Payable to service providers	(20,400)	(3,844)	0	(26,480)	(185)	0	(50,909)
Accrued liabilities	(22,919)	(454,877)	0	(182,311)	(2,291)	0	(662,398)
<b>TOTAL</b>	<b>(\$ 43,319)</b>	<b>(\$ 458,721)</b>	<b>\$ 0</b>	<b>(\$ 208,791)</b>	<b>(\$ 2,476)</b>	<b>\$ 0</b>	<b>(\$ 713,307)</b>

Note: This schedule represents assets and liabilities of the Federal USF at December 31, 2013, for each of the support programs.

## COMBINING SUPPLEMENTAL SCHEDULES OF CHANGES IN NET ASSETS APPLICABLE TO THE FEDERAL USF

For the Year Ended December 31, 2014 (Unaudited | in thousands)

					2014
ADDITIONS	Schools and Libraries	High Cost	Lifeline	Rural Health Care	Total
Amounts billed to contributors	\$ 2,379,826	\$ 4,533,465	\$ 1,676,035	\$ 242,203	\$ 8,831,529
Non exchange revenue bad debt	(324)	(561)	(124)	(27)	(1,036)
Interest income	19,407	6,118	533	1,352	27,410
<b>Total additions</b>	<b>2,398,909</b>	<b>4,539,022</b>	<b>1,676,444</b>	<b>243,528</b>	<b>8,857,903</b>
DEDUCTIONS					
Amount paid and due to service providers	2,268,924	3,672,201	1,632,488	192,232	7,765,845
Bad debt expenses	7,430	(369)	904	274	8,239
Operating expenses	66,172	21,808	18,820	12,313	119,113
Unrealized/realized gain or loss	(472)	0	0	0	(472)
<b>Total deductions</b>	<b>2,342,054</b>	<b>3,693,640</b>	<b>1,652,212</b>	<b>204,819</b>	<b>7,892,725</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 56,855</b>	<b>\$ 845,382</b>	<b>\$ 24,232</b>	<b>\$ 38,709</b>	<b>\$ 965,178</b>

Note: This schedule reflects changes in net assets of the Federal USF at December 31, 2014, for each of the support programs.

## COMBINING SUPPLEMENTAL SCHEDULES OF CHANGES IN NET ASSETS APPLICABLE TO THE FEDERAL USF

For the Year Ended December 31, 2013 (Unaudited | in thousands)

					2013
ADDITIONS	Schools and Libraries	High Cost	Lifeline	Rural Health Care	Total
Amounts billed to contributors	\$ 2,355,953	\$ 4,543,701	\$ 1,635,156	\$ 176,453	\$ 8,711,263
Non exchange revenue bad debt	(1,459)	(2,834)	635	(120)	(3,778)
Interest income	15,839	3,722	708	1,118	21,387
<b>Total additions</b>	<b>2,370,333</b>	<b>4,544,589</b>	<b>1,636,499</b>	<b>177,451</b>	<b>8,728,872</b>
DEDUCTIONS					
Amount paid and due to service providers	2,202,058	4,251,125	1,789,139	157,180	8,399,502
Bad debt expenses	2,881	0	483	0	3,364
Operating expenses	64,276	20,679	9,699	12,558	107,212
Unrealized/realized gain or loss	4,703	(9)	(2)	(3)	4,689
<b>Total deductions</b>	<b>2,273,918</b>	<b>4,271,795</b>	<b>1,799,319</b>	<b>169,735</b>	<b>8,514,767</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 96,415</b>	<b>\$ 272,794</b>	<b>(\$ 162,820)</b>	<b>\$ 7,716</b>	<b>\$ 214,105</b>

Note: This schedule reflects changes in net assets of the Federal USF at December 31, 2013, for each of the support programs.

## COMBINING SUPPLEMENTAL SCHEDULES OF CASH FLOWS APPLICABLE TO THE FEDERAL USF

For the Year Ended December 31, 2014 (Unaudited | in thousands)

					2014
CASH FLOWS FROM OPERATING ACTIVITIES	Schools and Libraries	High Cost	Lifeline	Rural Health Care	Total
Cash received from contributors	\$ 2,371,163	\$ 4,537,384	\$ 1,679,142	\$ 254,995	\$ 8,842,684
Interest paid	36,041	4,620	23	1,271	41,955
Cash paid to service providers	(2,287,004)	(3,808,137)	(1,670,490)	(193,189)	(7,958,820)
Cash paid for administrative costs	(66,172)	(21,807)	(18,819)	(12,313)	(119,111)
<b>Net cash provided by (used in) operating activities</b>	<b>54,028</b>	<b>712,060</b>	<b>(10,144)</b>	<b>50,764</b>	<b>806,708</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Redemption of investments	1,094,690	0	0	0	1,094,690
Purchase of investments	(2,165,301)	0	0	0	(2,165,301)
<b>Net cash used in investing activities</b>	<b>(1,070,611)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,070,611)</b>
<b>INCREASE (DECREASE) IN CASH EQUIVALENTS</b>	<b>(1,016,583)</b>	<b>712,060</b>	<b>(10,144)</b>	<b>50,764</b>	<b>(263,903)</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	(1,223,347)	1,454,965	115,594	352,400	699,612
<b>END OF YEAR</b>	<b>(\$ 2,239,930)</b>	<b>\$ 2,167,025</b>	<b>\$ 105,450</b>	<b>\$ 403,164</b>	<b>\$ 435,709</b>
<b>RECONCILIATION OF CHANGES IN NET ASSETS PROVIDED BY (USED IN) CASH FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 56,855	\$ 845,382	\$ 24,232	\$ 38,709	\$ 965,178
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Bad debt expense	7,754	192	1,028	301	9,275
Amortized discount or premium	44,232	0	0	0	44,232
Unrealized/realized gain or loss	(472)	0	0	0	(472)
Changes in operating assets and liabilities:					
Decrease (increase) in interest receivable	(797)	(1,498)	(510)	(80)	(2,885)
Decrease (increase) in accounts receivable	(11,361)	(6,768)	(2,993)	(712)	(21,834)
Decrease (increase) in receivable from USAC	0	0	0	0	0
Increase (decrease) in liabilities	(42,183)	(125,248)	(31,901)	12,546	(186,786)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 54,028</b>	<b>\$ 712,060</b>	<b>(\$ 10,144)</b>	<b>\$ 50,764</b>	<b>\$ 806,708</b>

Note: This schedule represents the cash flows of the Federal USF at December 31, 2014, for each of the support programs.

## COMBINING SUPPLEMENTAL SCHEDULES OF CASH FLOWS APPLICABLE TO THE FEDERAL USF

For the Year Ended December 31, 2013 (Unaudited | in thousands)

2013					
CASH FLOWS FROM OPERATING ACTIVITIES	Schools and Libraries	High Cost	Lifeline	Rural Health Care	Total
Cash received from contributors	\$ 2,401,504	\$ 4,493,148	\$ 1,694,773	\$ 176,685	\$ 8,766,110
Interest paid	(13,206)	(7,344)	979	1,137	(18,434)
Cash paid to service providers	(2,185,010)	(4,165,519)	(1,781,297)	(155,373)	(8,287,199)
Cash paid for administrative costs	(151,037)	51,770	13,843	(21,788)	(107,212)
<b>Net cast provided by (used in) operating activities</b>	<b>52,251</b>	<b>372,055</b>	<b>(71,702)</b>	<b>661</b>	<b>353,265</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Redemption of investments	4,779,226	0	0	0	4,779,226
Purchase of investments	(5,081,779)	0	0	0	(5,081,779)
<b>Net cash used in investing activities</b>	<b>(302,553)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(302,553)</b>
<b>INCREASE (DECREASE) IN CASH EQUIVALENTS</b>	<b>(246,981)</b>	<b>368,734</b>	<b>(71,702)</b>	<b>661</b>	<b>50,712</b>
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	(976,366)	1,086,231	187,296	351,739	648,900
<b>END OF YEAR</b>	<b>(\$ 1,223,347)</b>	<b>\$ 1,454,965</b>	<b>\$ 115,594</b>	<b>\$ 352,400</b>	<b>\$ 699,612</b>
<b>RECONCILIATION OF CHANGES IN NET ASSETS PROVIDED BY (USED IN) CASH FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 96,415	\$ 272,794	(\$ 162,820)	\$ 7,716	\$ 214,105
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Bad debt expense	4,340	2,834	(152)	120	7,142
Amortized discount or premium	(33,840)	0	0	0	(33,840)
Unrealized/realized gain or loss	4,703	(9)	(2)	(3)	4,689
Changes In Operating Assets and Liabilities:					
Decrease (increase) in interest receivable	4,795	(11,066)	271	19	(5,981)
Decrease (increase) in accounts receivable	45,551	(50,553)	59,617	232	54,847
Decrease (increase) in receivable from USAC	(86,761)	72,449	23,542	(9,230)	0
Increase (decrease) in liabilities	17,048	85,606	7,842	1,807	112,303
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 52,251</b>	<b>\$ 372,055</b>	<b>(\$ 71,702)</b>	<b>\$ 661</b>	<b>\$ 353,265</b>

Note: This schedule represents the cash flows of the Federal USF at December 31, 2013, for each of the support programs.

To the Board of Directors of Universal Service Administrative Company:

## INDEPENDENT AUDITOR'S REPORT

We have audited, in accordance with the 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 Universal Service Administrative Company (the Company) which comprise the statement of financial position as of December 31, 2014, and the related statements of operations and change in unrestricted net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2015.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Company'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

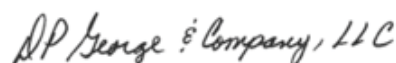
We noted certain additional matters involving internal control over financial reporting that we will report to the Company's management in a separate letter.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DP George & Company, LLC  
Alexandria, Virginia, June 11, 2015





# 2015 UNIVERSAL SERVICE PROGRAM STATISTICS

The following pages contain data from the four universal service programs administered by USAC. To better understand the data, please note the difference between authorized support and funding commitments as well as funding year versus calendar year.

## FUNDING YEAR

For the Rural Health Care and Schools and Libraries programs, a funding year runs from July 1 to June 30 of the following year.

## CALENDAR YEAR

The High Cost and Lifeline programs disburse funds on a calendar year basis. Data in these tables are for calendar year 2015.

## AUTHORIZED SUPPORT

Authorized support represents funding that has been approved for disbursement for January through December 2015. It does not include recoveries from audits, appeals, or other enforcement actions during that timeframe.

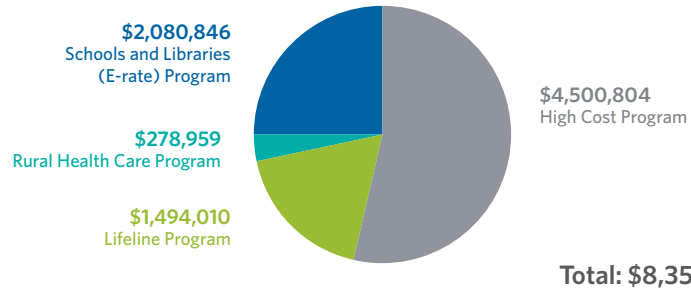
## FUNDING COMMITMENTS

Funding commitments are not disbursements. Funding commitments are issued by the Rural Health Care and Schools and Libraries programs via commitment letters that approve what will be funded through support for a particular funding year.

Commitments made in calendar year 2015 may be for applications filed during previous funding years and/or the current funding year.

## 2015 AUTHORIZED SUPPORT BY PROGRAM

Unaudited (in thousands)



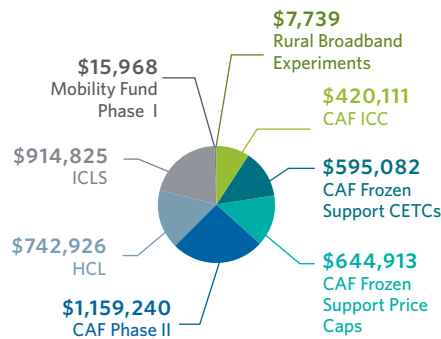
## HIGH COST PROGRAM

Authorized Support By Year



## 2015 High Cost Authorized Support

(in thousands)



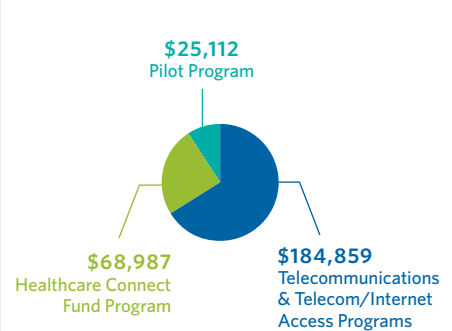
## RURAL HEALTH CARE PROGRAM

Authorized Support By Year



## 2015 Rural Health Care Authorized Support

(in thousands)

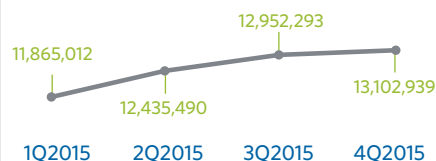


## LIFELINE PROGRAM

Authorized Support By Year



Subscribers Supported



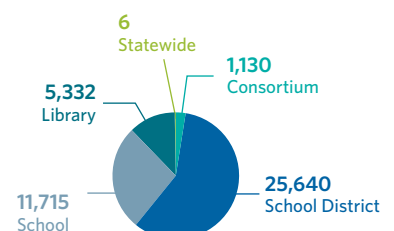
Note: Quarterly numbers are averages.

## SCHOOLS AND LIBRARIES PROGRAM

Authorized Support By Year



Applications Funded, Funding Year 2015



## HIGH COST PROGRAM Authorized Support by Component, 2015 (Unaudited | in thousands)

### CONNECT AMERICA FUND

State	Frozen Support CETCs	Frozen Support Price Caps	Intercarrier Compensation	Connect America Fund Phase II	Rural Broadband Experiments
Alabama	\$ 5,039	\$ 26,087	\$ 11,608	\$ 20,539	\$ 0
Alaska	105,404	19,683	10,689	0	0
American Samoa	1,619	0	283	0	0
Arizona	5,266	8,117	6,010	15,455	0
Arkansas	2,951	22,461	10,224	46,040	0
California	38	23,923	3,022	61,291	0
Colorado	6,048	22,743	1,855	14,533	0
Connecticut	0	193	0	268	0
Delaware	0	228	0	0	0
District of Columbia	0	0	0	0	0
Florida	3,143	31,011	8,072	16,872	0
Georgia	244	18,140	16,267	35,137	0
Guam	5,405	0	110	0	0
Hawaii	5,163	1,148	2,714	3,276	0
Idaho	4,066	6,231	5,563	11,485	137
Illinois	8,628	9,294	10,210	40,883	1,600
Indiana	58	7,321	5,802	43,807	0
Iowa	30,663	4,904	17,889	47,671	2,067
Kansas	20,447	5,086	8,391	30,853	295
Kentucky	16,254	14,580	27,683	39,994	0
Louisiana	25,405	17,240	2,086	30,150	0
Maine	6,661	4,572	2,792	8,717	0
Maryland	0	2,303	191	0	0
Massachusetts	0	1,467	611	0	0
Michigan	4,408	5,042	6,019	55,470	0
Minnesota	1,353	9,491	18,686	80,404	85
Mississippi	87,478	50,653	6,217	29,985	0
Missouri	10,065	15,637	13,664	76,155	0
Montana	5,206	7,880	5,787	8,370	0
Nebraska	10,825	5,281	11,954	17,929	1,187
Nevada	1,243	6,805	2,373	3,016	0
New Hampshire	131	830	2,866	3,546	0
New Jersey	0	151	344	300	0
New Mexico	7,779	7,323	5,325	12,621	0
New York	1,464	13,154	6,366	16,443	0
North Carolina	1,789	17,840	16,460	15,028	0
North Dakota	25,857	234	11,312	5,423	433
Northern Mariana Islands	581	399	0	2,229	0
Ohio	0	6,506	11,187	52,503	0
Oklahoma	26,022	7,710	17,620	5,097	80
Oregon	11,354	10,254	9,329	14,362	740
Pennsylvania	178	33,390	11,757	26,787	0
Puerto Rico	79,183	36,054	0	0	0
Rhode Island	0	30	0	0	0
South Carolina	1,579	5,824	18,867	12,606	0
South Dakota	1,856	600	12,829	8,517	0
Tennessee	680	8,453	10,347	26,615	0
Texas	9,698	32,190	13,003	71,241	1,111
Utah	88	1,377	4,833	3,064	0
Vermont	0	5,015	4,752	3,774	0
Virgin Islands	67	16,361	0	0	0
Virginia	1,493	40,906	18,678	9,862	4
Washington	18,482	15,062	6,596	22,516	0
West Virginia	8,678	12,034	1,978	25,768	0
Wisconsin	19,223	12,803	15,063	82,636	0
Wyoming	5,818	12,889	3,827	0	0
<b>Total</b>	<b>\$ 595,082</b>	<b>\$ 644,913</b>	<b>\$ 420,111</b>	<b>\$ 1,159,240</b>	<b>\$ 7,739</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions. Authorized Support over the \$4.5 billion cap is attributable to CAF mechanisms and is paid through the CAF reserve account.

<sup>2</sup> Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

Mobility Fund Phase I	High Cost Loop	Interstate Common Line Support	Authorized Support <sup>1</sup> 2015	Total Support <sup>2</sup> 1998-2015	State
\$ 0	\$ 9,020	\$ 14,624	\$ 86,917	\$ 1,739,354	Alabama
13,805	21,582	25,206	196,368	2,502,457	Alaska
0	0	1,159	3,062	41,859	American Samoa
0	23,593	15,105	73,545	1,164,564	Arizona
0	17,983	15,672	115,331	1,932,934	Arkansas
0	24,937	21,445	134,656	1,630,327	California
0	12,925	8,726	66,831	1,266,945	Colorado
0	0	0	461	19,378	Connecticut
0	0	0	228	7,316	Delaware
0	0	0	0	0	District of Columbia
0	1,584	4,049	64,731	1,208,956	Florida
0	18,918	29,758	118,464	1,955,026	Georgia
0	0	5,473	10,989	185,850	Guam
0	3,513	1,915	17,730	513,455	Hawaii
0	7,959	9,693	45,133	850,427	Idaho
0	17,226	20,556	108,398	1,091,656	Illinois
0	29,808	27,586	114,383	1,117,128	Indiana
0	29,039	42,325	174,560	1,730,069	Iowa
0	65,966	43,802	174,839	2,710,052	Kansas
0	20,502	28,501	147,514	1,497,349	Kentucky
0	11,337	12,526	98,744	1,925,927	Louisiana
0	604	6,018	29,364	519,977	Maine
0	0	1,046	3,540	61,308	Maryland
0	0	212	2,291	70,410	Massachusetts
0	3,758	10,656	85,355	889,299	Michigan
0	23,916	42,238	176,174	1,756,308	Minnesota
0	4,525	6,989	185,847	3,533,678	Mississippi
0	24,263	24,649	164,433	1,681,251	Missouri
9	35,516	31,929	94,697	1,316,160	Montana
357	22,780	22,059	92,371	1,195,415	Nebraska
0	3,327	5,110	21,874	437,101	Nevada
0	109	5,282	12,766	174,910	New Hampshire
0	0	312	1,107	33,833	New Jersey
690	31,162	19,015	83,914	1,089,444	New Mexico
0	1,253	10,593	49,273	860,032	New York
0	4,612	23,640	79,370	1,248,384	North Carolina
351	26,556	36,408	106,574	1,252,612	North Dakota
0	0	0	3,209	40,682	Northern Mariana Islands
0	4,803	10,400	85,399	671,634	Ohio
0	35,266	37,185	128,981	2,050,574	Oklahoma
0	14,631	16,489	77,160	1,231,330	Oregon
0	364	7,217	79,693	1,008,131	Pennsylvania
0	0	0	115,237	2,528,137	Puerto Rico
0	0	0	30	642	Rhode Island
0	21,574	47,177	107,627	1,492,407	South Carolina
756	30,668	32,496	87,722	1,136,966	South Dakota
0	9,930	33,664	89,689	986,827	Tennessee
0	80,633	63,040	270,914	3,885,861	Texas
0	4,640	13,422	27,425	371,181	Utah
0	387	6,139	20,067	424,520	Vermont
0	0	0	16,428	391,390	Virgin Islands
0	1,130	10,280	82,354	1,213,760	Virginia
0	5,375	9,288	77,319	1,421,626	Washington
0	1,499	3,307	53,264	1,109,982	West Virginia
0	23,764	39,950	193,439	2,076,923	Wisconsin
0	9,986	10,493	43,014	821,191	Wyoming
<b>\$ 15,968</b>	<b>\$ 742,926</b>	<b>\$ 914,825</b>	<b>\$ 4,500,804</b>	<b>\$ 64,074,913</b>	<b>Total</b>

**HIGH COST PROGRAM** Authorized Support by Carrier Type, 2015 (Unaudited | in thousands)

**INCUMBENT CARRIERS**

State	Competitive Carriers	Price Cap/Rate of Return Affiliates	Rate of Return	Authorized Support <sup>1</sup> 2015
Alabama	\$ 5,039	\$ 47,179	\$ 34,700	\$ 86,917
Alaska	119,208	19,683	57,477	196,368
American Samoa	1,619	0	1,442	3,062
Arizona	5,266	23,572	44,708	73,545
Arkansas	2,951	69,908	42,472	115,331
California	38	85,337	49,280	134,656
Colorado	6,048	37,291	23,492	66,831
Connecticut	0	461	0	461
Delaware	0	228	0	228
District of Columbia	0	0	0	0
Florida	3,143	51,586	10,002	64,731
Georgia	244	57,782	60,438	118,464
Guam	5,405	0	5,584	10,989
Hawaii	5,163	4,424	8,142	17,730
Idaho	4,203	17,715	23,214	45,133
Illinois	10,228	50,870	47,300	108,398
Indiana	58	51,128	63,196	114,383
Iowa	32,730	54,413	87,417	174,560
Kansas	20,742	35,939	118,158	174,839
Kentucky	16,254	61,155	70,105	147,514
Louisiana	25,405	47,390	25,949	98,744
Maine	6,661	13,289	9,414	29,364
Maryland	0	2,303	1,237	3,540
Massachusetts	0	1,467	823	2,291
Michigan	4,408	60,512	20,434	85,355
Minnesota	1,439	91,728	83,008	176,174
Mississippi	87,478	80,967	17,402	185,847
Missouri	10,065	93,170	61,198	164,433
Montana	5,215	16,250	73,232	94,697
Nebraska	12,369	24,227	55,775	92,371
Nevada	1,243	9,821	10,810	21,874
New Hampshire	131	4,377	8,258	12,766
New Jersey	0	450	656	1,107
New Mexico	8,469	20,424	55,021	83,914
New York	1,464	30,371	17,437	49,273
North Carolina	1,789	37,384	40,197	79,370
North Dakota	26,641	5,657	74,276	106,574
Northern Mariana Islands	581	2,627	0	3,209
Ohio	0	62,615	22,784	85,399
Oklahoma	26,102	14,018	88,861	128,981
Oregon	12,094	24,617	40,449	77,160
Pennsylvania	178	65,279	14,237	79,693
Puerto Rico	79,183	36,054	0	115,237
Rhode Island	0	30	0	30
South Carolina	1,579	18,828	87,221	107,627
South Dakota	2,612	9,117	75,993	87,722
Tennessee	680	35,068	53,942	89,689
Texas	10,808	106,658	153,448	270,914
Utah	88	4,442	22,895	27,425
Vermont	0	8,789	11,278	20,067
Virgin Islands	67	16,361	0	16,428
Virginia	1,497	51,033	29,824	82,354
Washington	18,482	38,441	20,396	77,319
West Virginia	8,678	37,803	6,784	53,264
Wisconsin	19,223	95,439	78,777	193,439
Wyoming	5,818	12,889	24,306	43,014
<b>Total</b>	<b>\$ 618,790</b>	<b>\$ 1,848,566</b>	<b>\$ 2,033,448</b>	<b>\$ 4,500,804</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions. Authorized Support over the \$4.5 billion cap is attributable to CAF mechanisms and is paid through the CAF reserve account.

**LIFELINE PROGRAM** Authorized Support by Component, 2015 (Unaudited | in thousands)

State	Lifeline	Tribal Link Up	Total Authorized Support <sup>1</sup> 2015	Total Support <sup>2</sup> 1998-2015
Alabama	\$ 21,715	\$ 0	\$ 21,715	\$ 253,345
Alaska	10,395	16	10,411	214,546
American Samoa	77	0	77	1,048
Arizona	47,123	205	47,328	393,525
Arkansas	11,850	0	11,850	182,494
California	229,262	0	229,262	4,358,341
Colorado	9,331	0	9,331	70,632
Connecticut	12,917	0	12,917	130,337
Delaware	3,594	0	3,594	23,196
District of Columbia	4,637	0	4,637	37,029
Florida	89,586	0	89,586	863,030
Georgia	50,347	0	50,347	571,217
Guam	176	0	176	4,952
Hawaii	3,181	0	3,181	21,475
Idaho	1,617	0	1,617	51,253
Illinois	53,701	0	53,701	497,682
Indiana	21,741	0	21,741	156,920
Iowa	6,325	0	6,325	81,700
Kansas	6,509	0	6,509	72,964
Kentucky	26,295	0	26,295	202,646
Louisiana	25,406	0	25,406	379,517
Maine	4,750	0	4,750	149,513
Maryland	21,697	0	21,697	226,249
Massachusetts	25,178	0	25,178	365,100
Michigan	59,674	0	59,674	566,269
Minnesota	11,390	0	11,390	120,276
Mississippi	16,362	0	16,362	174,763
Missouri	17,137	0	17,137	191,230
Montana	1,574	15	1,589	44,455
Nebraska	1,017	0	1,017	30,521
Nevada	14,010	0	14,010	109,967
New Hampshire	1,992	0	1,992	19,765
New Jersey	27,108	0	27,108	307,673
New Mexico	17,284	147	17,431	192,684
New York	98,845	0	98,845	1,319,914
North Carolina	35,786	0	35,786	474,351
North Dakota	1,717	9	1,726	42,885
Northern Mariana Islands	169	0	169	2,215
Ohio	59,375	0	59,375	779,411
Oklahoma	108,214	35	108,249	1,211,623
Oregon	7,339	0	7,339	101,867
Pennsylvania	50,234	0	50,234	462,967
Puerto Rico	60,852	0	60,852	410,689
Rhode Island	5,539	0	5,539	86,153
South Carolina	23,762	0	23,763	187,185
South Dakota	1,008	9	1,017	52,496
Tennessee	33,221	0	33,221	347,716
Texas	81,637	0	81,637	1,252,312
Utah	3,784	7	3,791	58,520
Vermont	1,281	0	1,281	46,316
Virgin Islands	348	0	348	1,784
Virginia	19,462	0	19,462	186,945
Washington	17,973	0	17,973	291,154
West Virginia	8,805	0	8,805	73,263
Wisconsin	19,171	1	19,172	209,724
Wyoming	85	0	85	8,160
<b>Total</b>	<b>\$ 1,493,565</b>	<b>\$ 446</b>	<b>\$ 1,494,010</b>	<b>\$ 18,673,963</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.

<sup>2</sup> Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

**LIFELINE PROGRAM** Authorized Support by Carrier Type, 2015 (Unaudited | in thousands)

State	ILEC vs. CETC		SERVICE CATEGORY		Total Authorized Support <sup>1</sup> 2015
	Incumbent Carriers	Competitive Carriers	Wireline	Wireless	
Alabama	\$ 1,233	\$ 20,482	\$ 1,697	\$ 20,018	\$ 21,715
Alaska	1,466	8,945	1,589	8,822	10,411
American Samoa	56	21	56	21	77
Arizona	1,863	45,465	1,927	45,402	47,328
Arkansas	679	11,170	697	11,153	11,850
California	73,092	156,170	79,820	149,441	229,262
Colorado	586	8,745	586	8,745	9,331
Connecticut	352	12,564	390	12,527	12,917
Delaware	39	3,555	39	3,555	3,594
District of Columbia	106	4,530	106	4,530	4,637
Florida	4,134	85,452	4,240	85,346	89,586
Georgia	1,846	48,501	1,868	48,479	50,347
Guam	156	21	156	21	176
Hawaii	342	2,839	342	2,839	3,181
Idaho	693	923	694	923	1,617
Illinois	1,253	52,448	1,278	52,423	53,701
Indiana	644	21,097	644	21,097	21,741
Iowa	811	5,514	915	5,410	6,325
Kansas	709	5,800	885	5,624	6,509
Kentucky	2,157	24,139	2,354	23,941	26,295
Louisiana	514	24,891	617	24,789	25,406
Maine	1,323	3,427	1,323	3,427	4,750
Maryland	246	21,451	246	21,451	21,697
Massachusetts	2,004	23,174	2,004	23,174	25,178
Michigan	1,173	58,501	1,201	58,472	59,674
Minnesota	1,942	9,448	2,043	9,346	11,390
Mississippi	772	15,590	918	15,443	16,362
Missouri	1,614	15,523	1,680	15,457	17,137
Montana	1,202	387	1,212	377	1,589
Nebraska	637	380	803	214	1,017
Nevada	672	13,339	695	13,315	14,010
New Hampshire	169	1,823	169	1,823	1,992
New Jersey	2,656	24,452	2,656	24,452	27,108
New Mexico	2,352	15,079	2,421	15,010	17,431
New York	9,144	89,702	10,818	88,028	98,845
North Carolina	2,473	33,312	2,491	33,295	35,786
North Dakota	983	743	1,023	703	1,726
Northern Mariana Islands	169	0	169	0	169
Ohio	3,574	55,801	3,670	55,705	59,375
Oklahoma	5,107	103,142	17,697	90,552	108,249
Oregon	2,337	5,002	2,397	4,942	7,339
Pennsylvania	2,811	47,422	2,811	47,422	50,234
Puerto Rico	3,627	57,225	3,627	57,225	60,852
Rhode Island	331	5,209	658	4,881	5,539
South Carolina	1,402	22,360	1,427	22,336	23,763
South Dakota	618	399	711	306	1,017
Tennessee	1,631	31,591	1,702	31,519	33,221
Texas	11,584	70,053	11,985	69,652	81,637
Utah	662	3,129	662	3,129	3,791
Vermont	1,268	14	1,268	14	1,281
Virgin Islands	33	315	33	315	348
Virginia	530	18,932	552	18,910	19,462
Washington	3,472	14,501	3,477	14,497	17,973
West Virginia	282	8,523	282	8,523	8,805
Wisconsin	1,563	17,609	1,583	17,589	19,172
Wyoming	65	20	72	13	85
<b>Total</b>	<b>\$ 163,159</b>	<b>\$ 1,330,852</b>	<b>\$ 187,389</b>	<b>\$ 1,306,622</b>	<b>\$ 1,494,010</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.

**RURAL HEALTH CARE PROGRAM** Commitments, 2015 (Unaudited | in thousands)

**CALENDAR YEAR 2015**

State	Telecommunications & Telecom/Internet Access Programs	Healthcare Connect Fund Program	Total Commitments 2015	Total Commitments 1998-2015
Alabama	\$ 2,889	\$ 817	\$ 3,721	\$ 12,135
Alaska	126,847	338	128,686	566,311
American Samoa	0	0	0	1,512
Arizona	1,770	896	2,706	27,136
Arkansas	4,581	11,005	15,623	30,590
California	9,423	7,888	17,852	87,292
Colorado	563	2,165	2,749	23,585
Connecticut	3	23	24	54
Delaware	0	0	0	1
District of Columbia	0	0	0	18
Florida	606	3,901	4,411	8,921
Georgia	8,175	1,926	10,256	37,454
Guam	0	47	47	814
Hawaii	0	7	7	7,230
Idaho	1,120	962	2,094	6,041
Illinois	2,376	3,213	5,647	43,976
Indiana	2,804	3,591	6,471	28,589
Iowa	403	4,989	5,541	30,599
Kansas	2,118	1,236	3,522	10,311
Kentucky	2,968	3,435	6,471	19,758
Louisiana	1,520	865	2,409	21,052
Maine	15	47	63	25,933
Maryland	19	251	278	1,374
Massachusetts	16	1,185	1,201	2,199
Michigan	768	2,998	3,904	42,779
Minnesota	2,189	1,329	3,524	38,035
Mississippi	8,996	2,897	11,932	20,161
Missouri	2,844	3,151	6,049	17,401
Montana	608	284	882	27,293
Nebraska	2,134	603	2,708	38,459
Nevada	707	236	945	2,198
New Hampshire	12	261	279	564
New Jersey	0	0	0	0
New Mexico	971	3,918	4,895	28,444
New York	247	3,710	3,970	25,782
North Carolina	1,269	11,349	12,707	39,442
North Dakota	1,586	886	2,498	14,751
Northern Mariana Islands	0	6	6	48
Ohio	662	2,004	2,742	36,020
Oklahoma	6,080	7,931	14,140	33,384
Oregon	512	2,139	2,662	41,801
Pennsylvania	33	1,788	1,848	12,466
Puerto Rico	0	45	45	45
Rhode Island	0	0	0	0
South Carolina	19	1,808	1,833	17,723
South Dakota	319	100	419	19,135
Tennessee	4,554	801	5,393	11,995
Texas	18,598	3,734	22,702	65,442
Utah	404	28	489	18,425
Vermont	0	207	208	1,037
Virgin Islands	0	0	0	852
Virginia	5,196	3,733	8,966	24,324
Washington	341	1,394	1,750	3,847
West Virginia	564	650	1,236	15,289
Wisconsin	6,422	3,681	10,141	72,818
Wyoming	149	331	493	4,333
<b>Total</b>	<b>\$ 234,398</b>	<b>\$ 110,786</b>	<b>\$ 349,140</b>	<b>\$ 1,667,176</b>

Note: Numbers may not add due to rounding. No Pilot Program commitments were made during calendar year 2015.



**RURAL HEALTH CARE PROGRAM** Authorized Support,<sup>1</sup> 2015 (Unaudited | in thousands)

**CALENDAR YEAR 2015**

State	Telecommunications & Telecom/Internet Access Programs	Healthcare Connect Fund Program	Pilot Program	Total Authorized Support 2015	Total Support <sup>2</sup> 1998-2015
Alabama	\$ 1,758	\$876	\$0	\$2,634	\$9,448
Alaska	97,727	194	0	97,921	500,564
American Samoa	0	0	0	0	1,419
Arizona	1,357	293	853	2,502	21,692
Arkansas	3,759	5,554	657	9,971	23,074
California	7,888	10,138	4,440	22,466	56,584
Colorado	569	3,276	0	3,845	18,889
Connecticut	0	16	0	16	46
Delaware	0	0	0	0	1
District of Columbia	0	0	0	0	9
Florida	621	275	0	896	4,657
Georgia	5,891	3,431	0	9,321	31,408
Guam	98	10	0	108	772
Hawaii	0	2	74	76	4,605
Idaho	935	468	0	1,403	4,774
Illinois	2,149	1,975	1,913	6,037	38,406
Indiana	723	1,624	1,276	3,623	20,011
Iowa	557	1,113	0	1,670	24,988
Kansas	1,509	1,070	0	2,578	8,449
Kentucky	2,057	2,192	178	4,428	14,171
Louisiana	1,009	805	0	1,814	4,792
Maine	11	41	2,762	2,814	23,437
Maryland	12	198	0	210	330
Massachusetts	2	542	0	544	1,527
Michigan	1,015	1,944	650	3,609	39,473
Minnesota	2,447	553	666	3,666	34,406
Mississippi	6,121	799	0	6,921	13,838
Missouri	1,919	2,281	114	4,314	12,870
Montana	726	162	255	1,143	24,269
Nebraska	1,566	362	0	1,928	36,429
Nevada	580	228	0	808	1,958
New Hampshire	24	242	0	266	481
New Jersey	0	0	0	0	0
New Mexico	1,037	1,449	2,475	4,962	20,252
New York	269	1,485	2,063	3,817	16,371
North Carolina	848	2,959	2,861	6,668	19,863
North Dakota	1,955	33	0	1,988	12,983
Northern Mariana Islands	0	0	0	0	21
Ohio	912	1,785	0	2,696	34,252
Oklahoma	7,228	2,334	0	9,562	23,136
Oregon	432	3,220	97	3,749	24,830
Pennsylvania	87	1,873	764	2,723	9,317
Puerto Rico	0	0	0	0	0
Rhode Island	0	0	0	0	0
South Carolina	38	1,865	0	1,903	11,719
South Dakota	618	1,193	0	1,811	17,936
Tennessee	2,582	706	899	4,186	8,712
Texas	14,993	2,819	0	17,812	41,219
Utah	524	8	739	1,271	15,517
Vermont	20	128	0	148	929
Virgin Islands	0	0	0	0	846
Virginia	2,847	1,543	168	4,558	15,601
Washington	263	524	0	786	2,431
West Virginia	334	555	1,210	2,098	8,926
Wisconsin	6,646	3,559	0	10,205	65,250
Wyoming	200	285	0	485	4,066
<b>Total</b>	<b>\$ 184,859</b>	<b>\$68,987</b>	<b>\$25,112</b>	<b>\$278,959</b>	<b>\$1,331,953</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for calendar year 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.

<sup>2</sup> Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

**SCHOOLS AND LIBRARIES PROGRAM** Commitments and Authorized Support, 2015 (Unaudited | in thousands)

State	COMMITMENTS			AUTHORIZED SUPPORT <sup>1</sup>		
	Funding Year 2015*	Calendar Year 2015	Total Commitments 1998-2015	Funding Year 2015*	Calendar Year 2015	Total Support <sup>2</sup> 1998-2015
Alabama	\$ 61,247	\$ 61,950	\$ 729,151	\$ 6,063	\$ 37,499	\$ 572,795
Alaska	72,140	95,839	532,311	5,389	57,810	405,542
American Samoa	1,601	1,601	38,344	0	1,809	30,048
Arizona	69,166	73,869	1,083,638	4,527	46,407	776,013
Arkansas	22,064	43,696	436,264	2,724	21,853	282,626
California	413,521	456,082	6,299,140	36,341	302,143	4,446,499
Colorado	26,615	28,140	405,598	2,361	20,278	303,552
Connecticut	27,042	27,695	440,089	2,080	15,912	343,294
Delaware	5,981	6,322	41,131	76	1,703	28,170
District of Columbia	8,319	9,888	221,368	144	5,636	138,525
Florida	110,320	113,895	1,419,503	9,425	68,089	1,104,452
Georgia	101,345	105,735	1,422,278	14,495	68,992	1,113,817
Guam	712	712	27,413	8	687	19,717
Hawaii	10,111	12,784	94,142	1,191	3,154	46,725
Idaho	11,772	12,329	133,266	1,830	7,975	93,663
Illinois	137,338	142,121	1,872,641	7,487	86,682	1,360,521
Indiana	73,498	76,638	648,233	15,930	51,656	442,778
Iowa	20,441	21,001	241,473	3,826	15,517	176,883
Kansas	26,103	26,119	306,968	3,542	18,052	231,859
Kentucky	53,408	58,904	694,999	6,933	32,065	487,681
Louisiana	81,957	84,747	898,200	16,664	47,747	696,494
Maine	11,498	11,507	136,107	1,395	7,441	102,307
Maryland	20,374	20,680	395,927	751	25,540	298,475
Massachusetts	43,046	43,858	599,781	6,401	30,057	432,740
Michigan	54,112	55,401	1,039,122	4,815	40,140	762,254
Minnesota	42,731	42,869	487,676	5,296	29,450	365,178
Mississippi	43,599	43,699	621,162	2,621	23,282	453,452
Missouri	46,781	79,711	752,197	4,864	49,638	556,911
Montana	6,011	6,011	81,998	1,541	5,189	64,731
Nebraska	15,483	15,576	165,108	3,934	11,174	136,383
Nevada	7,312	11,965	122,220	331	5,989	80,254
New Hampshire	5,395	5,395	47,454	167	3,037	31,949
New Jersey	73,852	84,756	1,076,863	3,696	56,449	755,970
New Mexico	33,416	47,566	684,218	1,766	24,114	470,624
New York	110,646	126,125	4,588,117	7,876	100,846	2,938,001
North Carolina	117,371	117,719	1,100,351	20,137	78,161	848,939
North Dakota	5,580	5,581	74,823	1,110	3,355	58,358
Northern Mariana Islands	1,300	1,300	17,776	50	737	13,954
Ohio	86,005	94,086	1,386,585	8,696	75,440	1,022,735
Oklahoma	77,465	78,169	945,196	12,490	49,259	697,339
Oregon	21,626	21,645	275,504	1,125	16,200	203,949
Pennsylvania	83,421	85,531	1,367,425	11,295	63,814	1,077,338
Puerto Rico	28,053	104,863	502,524	3,723	21,912	275,338
Rhode Island	6,730	6,977	125,516	1,251	6,395	101,233
South Carolina	60,791	61,286	805,194	4,505	39,443	603,710
South Dakota	8,367	8,435	102,860	689	3,112	68,152
Tennessee	47,058	52,779	951,241	7,188	39,556	711,909
Texas	264,874	368,416	4,306,020	22,690	201,931	3,185,603
Utah	29,159	29,270	337,078	184	19,570	206,010
Vermont	5,217	5,250	45,150	345	3,567	29,257
Virgin Islands	365	365	84,847	37	2,419	74,039
Virginia	48,590	48,603	600,303	5,443	35,764	468,677
Washington	41,547	49,802	528,645	2,389	33,505	392,250
West Virginia	22,193	22,679	260,508	669	18,993	177,187
Wisconsin	36,147	42,653	547,372	2,595	41,847	409,525
Wyoming	2,004	2,100	63,903	222	1,853	46,997
<b>Total</b>	<b>\$ 2,842,819</b>	<b>\$ 3,262,696</b>	<b>\$ 43,212,923</b>	<b>\$ 293,324</b>	<b>\$ 2,080,846</b>	<b>\$ 31,223,382</b>

\* Funding Year data as of 12/31/2015. Funding Year 2015: July 1, 2015 - June 30, 2016.

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for calendar year 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.

<sup>2</sup> Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

**SCHOOLS AND LIBRARIES PROGRAM** Commitments by Discount Band, Funding Year 2015\* (Unaudited | in thousands)

Discount Band	CATEGORY ONE			CATEGORY TWO			Total	% of Total
	Telecom Services	Internet Access	Voice Services	Internal Connections	Managed Internal Broadband Services	Basic Maintenance of Internal Connections		
1-19%			\$ 14				\$ 14	0.00%
20-29%	\$ 275	\$ 1,163	14,018	\$ 339	\$ 19	\$ 9	\$ 15,824	0.56%
30-39%	31	0	21,198	0	0	0	21,229	0.75%
40-49%	13,018	27,053	38,443	20,004	439	231	99,187	3.49%
50-59%	30,827	33,651	25,148	42,530	415	430	133,001	4.68%
60-69%	67,443	52,596	153,715	80,955	897	743	356,348	12.54%
70-79%	98,981	63,997	169,508	47,112	1,070	970	381,639	13.42%
80-89%	234,605	223,196		863,700	20,962	23,750	1,366,213	48.06%
90%	235,921	233,444					469,365	16.51%
<b>Total</b>	<b>\$ 681,100</b>	<b>\$ 635,100</b>	<b>\$ 422,044</b>	<b>\$ 1,054,640</b>	<b>\$ 23,801</b>	<b>\$ 26,133</b>	<b>\$ 2,842,819</b>	<b>100.00%</b>

Note: Numbers may not add due to rounding.

\* Funding Year data as of 12/31/2015. Funding Year 2015: July 1, 2015 - June 30, 2016.

**SCHOOLS AND LIBRARIES PROGRAM** Commitments by Applicant Type, Funding Year 2015\* (Unaudited)

Applicant Type	Applications Funded	Commitments (in thousands)	% of Applications	% of Total
Consortium	1,130	\$ 250,512	2.58%	8.81%
Library	5,332	99,007	12.17%	3.48%
School	11,715	180,890	26.73%	6.36%
School District	25,640	2,294,010	58.51%	80.69%
Statewide	6	18,401	0.01%	0.65%
<b>Total</b>	<b>43,823</b>	<b>\$ 2,842,819</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Numbers may not add due to rounding.

\* Funding Year data as of 12/31/2015. Funding Year 2015: July 1, 2015 - June 30, 2016.

**SCHOOLS AND LIBRARIES PROGRAM** Rollover from Unused Funds, as of December 31, 2015 (Unaudited | in thousands)

	FY2010	FY2011	FY2012	FY2013	FY2014
Amount Authorized and Collected	\$ 2,270,250	\$ 2,290,680	\$ 2,338,790	\$ 2,380,310	\$ 2,413,820
Rollovers from Previous Funding Years	1,150,000	850,000	1,050,000	450,000	200,000
<b>Total Funds Available</b>	<b>\$ 3,420,250</b>	<b>\$ 3,140,680</b>	<b>\$ 3,388,790</b>	<b>\$ 2,830,310</b>	<b>\$ 2,613,820</b>
Amounts Rolled Over Into Subsequent Funding Years	\$ 668,570	\$ 595,810	\$ 295,120	\$ 18,000	\$ 0
Additional Amounts Available for Future Rollover	4,310	17,000	540,000	850,000	290,000
<b>Total Amounts Not Used</b>	<b>\$ 672,880</b>	<b>\$ 612,810</b>	<b>\$ 835,120</b>	<b>\$ 868,000</b>	<b>\$ 290,000</b>

Note: There are several reasons why applicants may not use the full amount of their commitment. Applicants may overestimate the cost of the services requested, change the scope of a project after a commitment has been issued by USAC, or turnover leads to lack of staff expertise in filing requirements.

**UNIVERSAL SERVICE FUNDING** Authorized Support<sup>1</sup> by Program, 2015 (Unaudited | in thousands)

State	High Cost Program	Lifeline Program	Rural Health Care Program	Schools and Libraries Program	Total Authorized Support 2015	Total Support <sup>2</sup> 1998-2015
Alabama	\$ 86,917	\$ 21,715	\$ 2,634	\$ 37,499	\$ 148,766	\$ 2,574,942
Alaska	196,368	10,411	97,921	57,810	362,510	3,623,109
American Samoa	3,062	77	0	1,809	4,947	74,374
Arizona	73,545	47,328	2,502	46,407	169,782	2,355,794
Arkansas	115,331	11,850	9,971	21,853	159,005	2,421,128
California	134,656	229,262	22,466	302,143	688,527	10,491,751
Colorado	66,831	9,331	3,845	20,278	100,286	1,660,018
Connecticut	461	12,917	16	15,912	29,305	493,055
Delaware	228	3,594	0	1,703	5,524	58,683
District of Columbia	0	4,637	0	5,636	10,272	175,563
Florida	64,731	89,586	896	68,089	223,302	3,181,095
Georgia	118,464	50,347	9,321	68,992	247,123	3,671,468
Guam	10,989	176	108	687	11,959	211,291
Hawaii	17,730	3,181	76	3,154	24,141	586,260
Idaho	45,133	1,617	1,403	7,975	56,127	1,000,117
Illinois	108,398	53,701	6,037	86,682	254,818	2,988,265
Indiana	114,383	21,741	3,623	51,656	191,403	1,736,837
Iowa	174,560	6,325	1,670	15,517	198,072	2,013,640
Kansas	174,839	6,509	2,578	18,052	201,978	3,023,324
Kentucky	147,514	26,295	4,428	32,065	210,302	2,201,847
Louisiana	98,744	25,406	1,814	47,747	173,711	3,006,730
Maine	29,364	4,750	2,814	7,441	44,369	795,234
Maryland	3,540	21,697	210	25,540	50,987	586,362
Massachusetts	2,291	25,178	544	30,057	58,070	869,777
Michigan	85,355	59,674	3,609	40,140	188,777	2,257,295
Minnesota	176,174	11,390	3,666	29,450	220,679	2,276,168
Mississippi	185,847	16,362	6,921	23,282	232,412	4,175,731
Missouri	164,433	17,137	4,314	49,638	235,522	2,442,262
Montana	94,697	1,589	1,143	5,189	102,618	1,449,615
Nebraska	92,371	1,017	1,928	11,174	106,491	1,398,748
Nevada	21,874	14,010	808	5,989	42,682	629,280
New Hampshire	12,766	1,992	266	3,037	18,061	227,105
New Jersey	1,107	27,108	0	56,449	84,664	1,097,476
New Mexico	83,914	17,431	4,962	24,114	130,421	1,773,004
New York	49,273	98,845	3,817	100,846	252,781	5,134,318
North Carolina	79,370	35,786	6,668	78,161	199,984	2,591,537
North Dakota	106,574	1,726	1,988	3,355	113,643	1,366,838
Northern Mariana Islands	3,209	169	0	737	4,114	56,872
Ohio	85,399	59,375	2,696	75,440	222,911	2,508,032
Oklahoma	128,981	108,249	9,562	49,259	296,052	3,982,672
Oregon	77,160	7,339	3,749	16,200	104,448	1,561,976
Pennsylvania	79,693	50,234	2,723	63,814	196,465	2,557,753
Puerto Rico	115,237	60,852	0	21,912	198,001	3,214,164
Rhode Island	30	5,539	0	6,395	11,964	188,028
South Carolina	107,627	23,763	1,903	39,443	172,736	2,295,021
South Dakota	87,722	1,017	1,811	3,112	93,662	1,275,550
Tennessee	89,689	33,221	4,186	39,556	166,653	2,055,164
Texas	270,914	81,637	17,812	201,931	572,294	8,364,995
Utah	27,425	3,791	1,271	19,570	52,057	651,228
Vermont	20,067	1,281	148	3,567	25,064	501,022
Virgin Islands	16,428	348	0	2,419	19,195	468,059
Virginia	82,354	19,462	4,558	35,764	142,138	1,884,983
Washington	77,319	17,973	786	33,505	129,583	2,107,461
West Virginia	53,264	8,805	2,098	18,993	83,160	1,369,358
Wisconsin	193,439	19,172	10,205	41,847	264,663	2,761,422
Wyoming	43,014	85	485	1,853	45,437	880,414
<b>Total</b>	<b>\$ 4,500,804</b>	<b>\$ 1,494,010</b>	<b>\$ 278,959</b>	<b>\$ 2,080,846</b>	<b>\$ 8,354,619</b>	<b>\$ 115,304,211</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule).

It does not include recoveries from audits, appeals, or other enforcement actions.

<sup>2</sup> Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

The background of the cover is a solid blue color. On the right side, there is a graphic consisting of numerous parallel, diagonal lines of varying lengths and shades of blue, creating a sense of depth and movement. The text is centered on the left side of the page.

# USAC BOARD OF DIRECTORS 2015

## SCOTT K. BERGMANN<sup>1</sup>

Assistant Vice President,  
Regulatory Affairs  
CTIA - The Wireless Association  
Washington, DC

## ROBERT BOCHER<sup>2</sup>

State Broadband and E-rate  
Support Manager  
Wisconsin Department of  
Public Instruction  
Monona, WI

## RONALD A. BRISÉ

Commissioner  
Florida Public Service Commission  
Tallahassee, FL

## ERIC BROWN

President & Chief Executive Officer  
California Telehealth Network  
Sacramento, CA

## ANNE CAMPBELL<sup>3</sup>

Retired  
National City Public Library  
National City, CA

## DR. DANIEL A. DOMENECH

Executive Director  
American Association of School  
Administrators  
Alexandria, VA

## GEOFF FEISS

General Manager  
Montana Telecommunications  
Association  
Helena, MT

## MATTHEW GERST<sup>2</sup>

Director, Regulatory Affairs  
CTIA - The Wireless Association  
Washington, DC

## JOSEPH GILLAN

Consultant  
Gillan Associates  
Merritt Island, FL

## CHRIS HENDERSON

Chief Executive Officer  
Universal Service  
Administrative Company  
Washington, DC

## ELLIS JACOBS

Secretary, USAC Board of Directors  
Senior Attorney  
Advocates for Basic Legal  
Equality, Inc.  
Dayton, OH

## JOSE M. JIMENEZ

Executive Director, Regulatory Affairs  
Cox Communications, Inc.  
Atlanta, GA

## ROCHELLE D. JONES<sup>1</sup>

Vice President, Regulatory  
Level 3 Communications, LLC  
Broomfield, CO

## WAYNE R. JORTNER

Treasurer, USAC Board of Directors  
CAPI Attorney  
Vermont Department of  
Public Service  
Montpelier, VT

## JOEL LUBIN

Vice Chairman, USAC  
Board of Directors  
Consultant  
AT&T  
Rockville, MD

## KENNETH F. MASON

Vice President, Government &  
Regulatory Affairs  
Frontier Communications Corporation  
Rochester, NY

## RAQUEL NORIEGA<sup>3</sup>

Vice President, Public Policy  
Connected Nation, Inc.  
Washington, DC

## ATILLA TINIC<sup>2</sup>

Vice President, Information  
Technology  
Level 3 Communications, LLC  
Lone Tree, CO

## JULIE TRITT SCHELL

State E-Rate Coordinator  
Pennsylvania Department  
of Education  
Mechanicsburg, PA

## DR. BRIAN L. TALBOTT

Chairman, USAC Board of Directors  
Executive Director, Emeritus  
Association of Educational  
Service Agencies  
Chewelah, WA

## OLIVIA WEIN

Senior Attorney  
National Consumer Law Center  
Washington, DC

## DR. KATHARINE HSU WIBBERLY

Director, Mid-Atlantic Telehealth  
Resource Center  
University of Virginia  
Center for Telehealth  
Charlottesville, VA

<sup>1</sup> Served through October 31, 2015

<sup>2</sup> Began service November 1, 2015

<sup>3</sup> Resigned

**[www.usac.org](http://www.usac.org)**

2000 L Street NW, Suite 200, Washington, DC 20036

The Universal Service Administrative Company (USAC) is an independent, not-for-profit corporation designated by the Federal Communications Commission (FCC) as the administrator of the Universal Service Fund.