



AUDIT REPORT • FISCAL YEAR 2023

George L. Smith, II – Georgia World Congress Center Authority

A Component Unit of the State of Georgia

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY

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SECTION I
FINANCIAL

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INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of the George L. Smith, II Georgia World Congress Center Authority
and
Mr. Frank Poe, Executive Director

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the George L. Smith, II Georgia World Congress Center Authority (Authority), a component unit of the State of Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2023, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin
State Auditor

December 29, 2023

GEORGE L SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The following is a discussion and analysis of the George L. Smith, II Georgia World Congress Center Authority's (Authority) financial performance, providing an overview of the activities for the fiscal year which ended June 30, 2023, and comparing them to fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Authority's financial performance. Readers should review this analysis in conjunction with the Authority's basic financial statements, which follow this section, and include notes to the financial statements to enhance their understanding of the Authority's financial performance.

Georgia World Congress Center Authority, which manages Georgia World Congress Center (GWCC), Centennial Olympic Park (COP), and Savannah Convention Center (SCC), is a vital component of Georgia's economy, contributing to job creation, tax revenue, business development, and tourism. With an unrivaled package of facilities, its role as a hub for large-scale events and gatherings such as trade shows, sporting events, conventions, and other special events, has far-reaching economic benefits that extend well beyond the boundaries of its championship campus, making it a key driver for economic growth in the state. Fiscal year 2023 featured key milestones tied to future revenue, including the Signia by Hilton Atlanta topping off ceremony, the announcement of Atlanta hosting the 2025 College Football Playoff National Championship, and the extension of GWCCA's management agreement of SCC through 2027. The future looks bright for the Authority.

HIGHLIGHTS

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2023, are as follows:

- The Authority's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) was \$1.2 billion on June 30, 2023. Of this amount, \$16.4 million represents a restricted net position and \$1.2 billion represents its investment in capital assets. The deficit unrestricted net position is primarily due to noncurrent liabilities for Other Post Employment Benefit (OPEB) and Pension, totaling \$46.1 million.
- The Authority's net position decreased by \$37.9 million with depreciation and amortization expense of \$53.7 million offset by \$15.3 million in State of Georgia appropriations for capital improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are reported as a special purpose governmental entity (component unit of the State of Georgia) engaged in business-type activities and are comprised of financial statements for proprietary (enterprise) funds which provide both a short-term and long-term view of the Authority's financial activities and financial position. The Authority uses fund accounting to reflect results of operations and to ensure and demonstrate compliance with financial-related legal requirements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Proprietary Fund

The Authority uses an Enterprise Fund, a type of Proprietary Fund, to account for activities of the GWCC and COP. Enterprise Funds utilize accrual accounting, the same method used by private sector businesses and report activities that provide supplies and services to the public. The basic Proprietary Funds financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the financial position of the Authority as a whole, including long-term liabilities on the full accrual basis. The Statement of Revenues, Expenses and Changes in Net Position provides information about all revenues and expenses. The Statement of Cash Flows provides information about cash activities for the fiscal period. These statements can be found on pages 14-15 of this report.

GEORGE L SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2023

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 18-55 of this report.

Financial Analysis of the Authority as a Whole

The Authority's net position on June 30, 2023, and June 30, 2022 is as follows:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>Increase/ (Decrease)</u>	<u>Total % Change</u>
Current Assets	\$ 57,993,320	\$ 37,017,641	\$ 20,975,679	56.7%
Noncurrent Assets	288,807,189	515,446,217	(226,639,028)	(44.0%)
Capital Assets (Net of Depreciation)	<u>1,555,367,877</u>	<u>1,382,277,808</u>	<u>173,090,069</u>	<u>12.5%</u>
Total Assets	<u>1,902,168,386</u>	<u>1,934,741,666</u>	<u>(32,573,280)</u>	<u>(1.7%)</u>
Deferred Outflows of Resources	<u>17,767,245</u>	<u>13,581,785</u>	<u>4,185,460</u>	<u>30.8%</u>
Current Liabilities	80,657,789	51,159,196	29,498,593	57.7%
Noncurrent Liabilities	<u>603,216,670</u>	<u>600,805,828</u>	<u>2,410,842</u>	<u>0.4%</u>
Total Liabilities	<u>683,874,459</u>	<u>651,965,024</u>	<u>31,909,434</u>	<u>4.9%</u>
Deferred Inflows of Resources	<u>69,508,905</u>	<u>91,918,110</u>	<u>(22,409,205)</u>	<u>(24.4%)</u>
Investment in Capital Assets	1,206,051,673	1,189,647,050	16,404,623	1.4%
Restricted	16,379,363	69,904,993	(53,525,630)	(76.6%)
Unrestricted (Deficit)	<u>(55,878,769)</u>	<u>(55,111,725)</u>	<u>(767,044)</u>	<u>1.4%</u>
Total Net Position	<u>\$ 1,166,552,267</u>	<u>\$ 1,204,440,318</u>	<u>\$ (37,888,051)</u>	<u>(3.1%)</u>

Current assets increased by \$21.0 million with \$19.5 million of the increase coming from cash and cash equivalents, \$15.5 of which came from the State of Georgia appropriation for capital improvements. Noncurrent assets decreased by \$226.6 million, of which \$84.5 million can be attributed to a reduction in restricted cash associated with hotel construction. The increase of capital assets of \$173.1 million is due to the construction in progress increase of \$223.3 million offset by an increase in accumulated depreciation of \$53.7 million.

Current liabilities increased by \$29.5 million due to hotel construction retainage payable of \$25.3 million that is due within the next fiscal year. Noncurrent liabilities increased by \$2.4 million. Of that, \$18.5 million is from an increase in pension liability, \$7.7 million is due to a decrease in the hotel retainage amount, offset with a decrease in Personal Seat License (PSL) liability (\$5.7 million) and a combined reduction of \$2.7 million in other liabilities.

Total net position for the Authority decreased during the fiscal year from \$1.204 billion to \$1.167 billion. This decrease of \$37.9 million was due to a combination of depreciation/amortization of \$53.7 million offset by \$15.5 million in a State of Georgia appropriation for capital improvements.

GEORGE L SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2023

The following is a summary of Revenues, Expenses and Changes in Net Position for fiscal year 2023 compared to fiscal year 2022:

Change in Net Position				
	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total % Change
Operating Revenue	\$ 52,481,646	\$ 49,444,272	\$ 3,037,374	6.1%
Operating Expenses	108,164,617	143,551,462	(35,386,845)	(24.7%)
Operating Loss	(55,682,972)	(94,107,190)	38,424,218	(40.8%)
Nonoperating Revenue/(Expenses) Net	17,794,922	(3,619,325)	21,414,247	591.7%
Change in Net Position	(37,888,050)	(97,726,515)	59,838,465	61.2%
Net Position, July 1	1,204,440,317	1,302,166,832	(97,726,515)	(7.5%)
Total Net Position, June 30	\$ 1,166,552,267	\$ 1,204,440,317	\$ (37,888,050)	(3.1%)

The Authority had an operating loss of \$55.7 million for the fiscal year. This loss is mostly due to depreciation/amortization expense of \$53.7 million. Operating revenues were \$52.5 million for the fiscal year ended June 30, 2023, which is an increase of \$3.0 million or 6.1% from the previous year.

Operating expenses include personal services, professional services, contractual fees, utilities, event costs, depreciation, and other miscellaneous expenses. Operating expenses for the fiscal year ended June 30, 2023, were \$108.2 million, which is a decrease of \$35.4 million or 24.7%, over the prior year.

During fiscal year 2023, net non-operating revenue of \$17.8 million was 591.7% or \$21.4 million higher than 2022 with \$9.2 million in investment income and \$15.5 million in State of Georgia appropriation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of June 30, 2023, totaled \$2.1 billion, with accumulated depreciation/amortization of \$586.6 million for a net book value of \$1.6 billion, a \$173.1 million increase over fiscal year 2022. The increase in capital assets resulted from additional construction in progress on the hotel project offset by depreciation/amortization. Investments in capital assets include land, buildings, improvements, construction in progress, and equipment. Depreciation expenses related to the capital assets for the year totaled \$53.7 million. It should be noted that capital assets reflected in these statements are Mercedes Benz Stadium building and contents paid with original capital and the Signia by Hilton hotel currently under construction. Land for MBS and land and buildings for GWCC are owned by the Department of Economic Development and are therefore reflected on the State of Georgia's financial statements. Additional information on the Authority's capital assets can be found in Note 7 on page 33 of this report.

Debt Administration

The Authority entered into a Note Purchase Agreement with Northwestern Mutual on May 15, 2020. The Mercedes Benz Stadium license agreement payments were used as collateral and semi-annual principal payments totaling \$44.7 million will be due by December 15, 2045.

GEORGE L SMITH, II
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

In addition, the Authority was the beneficiary of energy performance upgrades installed during fiscal year 2016 and has assumed the liability for direct borrowing agreement. Outstanding principal on this installment purchase agreement was \$22.5 million as of June 30, 2023.

Revenue bonds totaling \$439.6 million were issued and remain outstanding at June 30, 2023, to finance construction of the hotel. The bonds are non-recourse and secured solely by hotel revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As an economic engine for tourism, Georgia's number two industry, Georgia World Congress Center Authority's (Authority) mission is to generate economic benefits to the citizens throughout the state of Georgia as well as enhance the quality of life for each of its citizens. The Authority accomplishes this mission by delivering on its brand service promise to create a compelling guest experience to every guest to its championship campus.

For fiscal year 2023, the Authority welcomed more than 3 million visitors attending 170 events on its campus, which includes Georgia World Congress Center, Centennial Olympic Park, and Mercedes-Benz Stadium. Tracking against pre-COVID numbers, the Authority generated an estimated economic impact of \$1.77 billion and more than \$100.4 million in tax revenues for state and local governments. The Authority continued to strengthen the region's economy through creation of more than 16,000 jobs and contributed \$580.6 million in additional labor income.

Highlights against the Authority's other KPIs – customer and facilities – proved equally successful with several highlights celebrated. On the customer front, the Authority realized nearly \$7.0 million in rental revenue from just 14 shows; these same shows also averaged over 29,000 attendees, 926,000-plus square feet of exhibit floor space, and just over 29,000 hotel room nights. IPPE celebrated its 75th anniversary – this show has been held annually at GWCC since 1976 – and was estimated to have a \$47.0 million impact to the City of Atlanta and State of Georgia. CheerSport generated approximately \$1.7 million in F&B sales, surpassing its previous year's totals by 14 percent. Mercedes-Benz Stadium welcomed the hottest concert of 2023 as Taylor Swift sold out three consecutive nights in April generating additional parking and security revenue for the Authority. In November, the Authority welcomed back Fabtech, who hadn't held its show on the Authority's campus since 2018. With more than \$602.0 million capital investments planned or underway, the most high-profile milestone was the topping off ceremony for Signia by Hilton Atlanta in March, signifying the placement of the last beam atop the soon-to-open hotel.

The Authority adopts an operating budget, which is approved by its Board of Directors in May of each year for the subsequent year. The Authority's fiscal year 2024 operating budget was approved in May 2023 and includes operating revenue of \$54.3 million and operating expenses of \$52.9 million, excluding depreciation.

BASIC FINANCIAL STATEMENTS

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF NET POSITION
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2023

EXHIBIT "A"

ASSETS

Current Assets

Cash and Cash Equivalents	\$	42,352,996.51
Accounts Receivable		
Customers		13,289,038.85
Hotel/Motel Tax		1,231,594.86
Leases Receivable		432,304.40
Prepaid Items		239,494.16
Inventories		447,891.48
Total Current Assets		57,993,320.26

Noncurrent Assets

Restricted

Cash and Cash Equivalents		
Hotel/Motel Tax - Mercedes Benz Stadium		14,423,070.03
Capital Campaign		96,767.35
Hotel- Signia by Hilton		92,030,085.27
Leases Receivable		56,569,950.26
Accounts Receivable - PSLs		33,737,185.04
Allowance for Doubtful Accounts		(2,596,155.77)
Accounts Receivable - Hotel/Motel Tax (ACVB)		4,698,418.90
Net OPEB Asset		1,335,006.00
Accrued Interest Receivable Bond (Hotel)		495,397.59
Investments-Restricted		
Hotel Construction Account		88,017,463.94
Total Restricted Assets		288,807,188.61

Capital Assets

Land and Land Improvements		66,382,613.00
Construction In Progress		349,940,070.63
Right to Use Leased Assets		2,883,827.34
Less: Accumulated Amortization		(584,232.84)
Building and Building Improvements		1,622,389,184.00
Less: Accumulated Depreciation		(513,795,997.30)
Improvements other than Buildings		51,722,638.83
Less: Accumulated Depreciation		(28,566,926.76)
Equipment		48,656,076.74
Less: Accumulated Depreciation		(43,659,376.37)

Capital Assets

(Net of Accumulated Amortization/Depreciation)

1,555,367,877.27

Total Noncurrent Assets

1,844,175,065.88

TOTAL ASSETS

1,902,168,386.14

DEFERRED OUTFLOWS of RESOURCES

Deferred Outflows of Resources Related to Pensions		12,358,931.00
Deferred Outflows of Resources Related to OPEB		5,408,314.00
Total Deferred Outflows of Resources		17,767,245.00

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF NET POSITION
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2023

EXHIBIT "A"

LIABILITIES

Current Liabilities

Accounts Payable	
Vendors	4,939,283.99
Lease/Subscription Liability	595,983.08
Accrued Payroll/Payroll Withholdings	65,519.46
Compensated Absences	152,391.89
Unearned Revenue	7,773,773.26
Short-Term Notes Payable	625,725.00
Installment Purchase Agreement	1,455,037.56
Total Current Liabilities	15,607,714.24

Current Liabilities Payable from Restricted Assets

Contracts Payable - Signia by Hilton Hotel	15,663,108.05
Interest Payable - Signia by Hilton Hotel	9,553,062.51
Accounts Payable - Mercedes Benz Stadium PSLs	8,434,296.26
Accounts Payable - Hotel/Motel Tax (ACVB)	4,698,418.90
Unamortized Bond Premium	1,406,412.55
Hotel Construction Retainage Payable	25,294,776.29
Total Current Liabilities from Restricted Assets	65,050,074.56

Noncurrent Liabilities

Compensated Absences	1,371,527.04
Net OPEB Liability	17,435,374.00
Net Pension Liability	28,635,387.99
Customer Deposits Payable	10,000.00
Long-Term Notes Payable	43,063,294.08
Accounts Payable - Mercedes Benz Stadium PSLs	22,706,733.01
Lease/Subscription Liability	1,853,836.42
Installment Purchase Agreement	21,047,967.42
Bonds Payable	439,595,000.00
Unamortized Bond Premium	27,497,550.18
Total Noncurrent Liabilities	603,216,670.14

TOTAL LIABILITIES

683,874,458.94

DEFERRED INFLOWS of RESOURCES

Deferred Inflows of Resources Related to Pensions	2,107,437.00
Deferred Inflows of Resources Related to OPEB	13,303,116.00
Deferred Inflows of Resources Related to Leases	54,098,352.25
Total Deferred Inflows of Resources	69,508,905.25

NET POSITION

Net Investment in Capital Assets	1,206,051,672.66
Restricted for:	
Maintenance of Art	60,773.46
Mercedes Benz Stadium	14,422,070.03
Capital Campaign	96,767.35
Net OPEB Asset	1,335,006.00
Signia Hotel	464,746.60
Unrestricted (Deficit)	(55,878,769.15)
Total Net Position	\$ 1,166,552,266.95

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2023

EXHIBIT "B"

OPERATING REVENUES

Space Rental	\$	13,780,049.68
Rental - Equipment		164,952.53
Utility Services		7,379,798.72
Parking		8,932,560.74
Catering		5,484,028.78
Contributed Equipment		226,914.14
Advertising		1,501,889.89
Contract Labor		4,136,575.34
Telecommunications		1,968,157.00
Cancellation Fees		492,193.88
Contract Services - Savannah		4,519,165.72
Miscellaneous		3,895,359.19
Total Operating Revenue		52,481,645.61

OPERATING EXPENSES

Personnel Services		25,360,409.06
Other Post-employment Benefits (OPEB)		(1,890,490.00)
Regular Operating Expenses		19,154,496.85
Equipment/Computer		2,855,131.98
Professional Services		1,086,243.42
Project Expenses		2,796,129.33
Hotel Expenses		3,913,276.61
Other		1,226,124.32
Total Operating Expenses		54,501,321.57
Operating Loss Before Depreciation		(2,019,675.96)
Depreciation/Amortization Expense		53,663,295.88
Operating Loss		(55,682,971.84)

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2023

EXHIBIT "B"

NONOPERATING REVENUES (EXPENSES)

Hotel and Motel Tax	8,300,006.68
ACVB Hotel Motel Tax Revenue	31,657,749.58
ACVB Hotel Motel Tax Expense	(31,657,749.58)
Hotel and Motel Tax Revenue (Mercedes Benz Stadium)	1,508,150.84
PSL Interest Revenue	5,032,622.16
PSL Interest Expense	(5,032,622.16)
Notes Payable Interest Expense	(1,984,005.60)
Installment Purchase Agreement Interest Expense	(1,122,891.26)
Investment Income	9,217,684.60
Vendor's Compensation on Sales Tax Collections	492.29
Gain on Capital Asset Disposals	4,050.00
Capital Campaign Expense	(560,109.22)
Bond Interest	(17,699,712.47)
Payments from the State of Georgia	15,538,577.00
Grant Revenue	1,439,324.47
Grant Expense	(1,325,754.51)
Lease Revenue	2,534,537.48
Lease Interest Revenue	1,977,767.58
Lease Interest Paid	(33,196.16)
Total Nonoperating Revenues (Expenses)	17,794,921.72
Change in Net Position	(37,888,050.12)
 <u>NET POSITION, JULY 1</u>	 1,204,440,317.07
 <u>NET POSITION, JUNE 30</u>	 \$ 1,166,552,266.95

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF CASH FLOWS
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2023

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$	53,808,330.46
Cash Paid to Vendors		(31,020,074.10)
Cash Paid to Employees		(27,378,970.53)
Net Cash Provided by (used in) Operating Activities		(4,590,714.17)

CASH FLOWS FROM NONCAPITAL FINANCING

Hotel and Motel Tax Received	8,021,047.94
Restricted Hotel and Motel Tax Received	31,657,749.58
Restricted Hotel and Motel Tax Distributed	(30,594,538.17)
Grant Expense	(1,325,754.51)
Vendor's Compensation on Sales Tax Collections	492.29
Capital Campaign Expense	(560,109.22)
State Appropriation Received	15,538,577.00
Net Cash Provided by (used in) Noncapital Financing Activities	22,737,464.91

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Acquisition and Construction of Capital Assets	(203,008,999.37)
Gain Sale of Capital Asset	4,050.00
Hotel and Motel Tax Received - Dedicated to MBS	1,508,150.84
Bond Interest Expense	(19,106,125.02)
Note Payable Interest Expense	(1,984,005.60)
Principal on Note Payable	(549,469.00)
Installment Purchase Agreement Interest Expense	(1,122,891.26)
Principal on Installment Purchase Agreement	(1,475,768.87)
Lease Principal Received	1,171,514.27
Lease Interest Received	1,941,216.13
Lease Principal Paid	(214,003.84)
Lease Interest Paid	3,355.29
MBS Stadium Expenses	(11,933.61)
Net Cash Used In Capital and Related Financing Activities	(222,844,910.04)

CASH FLOWS FROM INVESTING ACTIVITIES

Gain on Investments	8,933,501.30
Investment Maturities	131,387,993.09
Net Cash Provided By Investing Activities	140,321,494.39

Net Decrease in Cash and Cash Equivalents (64,376,664.91)

CASH AND CASH EQUIVALENTS - JULY 1 213,279,584.07

CASH AND CASH EQUIVALENTS - JUNE 30 \$ 148,902,919.16

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF CASH FLOWS
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2023

EXHIBIT "C"

RECONCILIATION OF OPERATING LOSS TO NET

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating (Loss)	\$	(55,682,971.84)
Adjustments to Reconcile Operating (Loss) to		
Net Cash Provided By (Used In) Operating Activities:		
Depreciation		53,663,295.88
Changes in Assets and Liabilities:		
Accounts Receivable		(1,009,778.05)
Prepaid Items		99,418.82
Inventories		(4,678.07)
Unearned Revenue		1,549,511.94
Compensated Absences		112,174.36
Accounts Payable		703,538.62
Accrued Liabilities		5,934.17
Net OPEB Liability		(753,669.00)
Net OPEB Asset		812,392.00
Net Pension Liability		18,475,704.00
Changes in Deferred Inflows/Outflows of Resources		
Deferred Inflows of Resources		(18,376,127.00)
Deferred Outflows of Resources		(4,185,460.00)
Total Adjustments		<u>49,652,933.21</u>
Net Cash Provided By (Used In) Operating Activities	\$	<u><u>(4,590,714.17)</u></u>
Non Cash Capital and Related Financing Activities:		
Intangible Right-to-Use Asset Acquired by Incurring a SBITA	\$	<u>1,715,361.67</u>

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2023

EXHIBIT "D"

	<u>OPEB</u> <u>TRUST FUND</u>
<u>ASSETS</u>	
Current Assets	
Investments, at Fair Value	\$ 5,503,445.39
Cash and Cash Equivalents	167,141.14
Total Assets	5,670,586.53
<u>LIABILITIES</u>	
Current Liabilities	
Benefits Payable	502,479.98
Total Liabilities	502,479.98
<u>NET POSITION</u>	
Net Position:	
Restricted for:	
OPEB Benefits	5,168,106.55
Total Net Position	\$ 5,168,106.55

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2023

EXHIBIT "E"

	OPEB TRUST FUND
<u>ADDITIONS</u>	
Employer Contributions	750,000.00
Interest Earned	92,876.51
Net Appreciation (Depreciation) in Investments Reported at Fair Value	375,562.24
Less: Investment Expense	42,104.00
Total Additions	1,176,334.75
<u>DEDUCTIONS</u>	
Benefits	502,479.98
Administrative Expense	42,190.26
Total Deductions	544,670.24
Net increase in Net Position Restricted for: Other Employee Benefits	631,664.51
Net Position, July 1	4,536,442.04
Net Position, June 30	\$ 5,168,106.55

GEORGE L SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The George L. Smith, II Georgia World Congress Center Authority (the Authority) reports its financial position and the results of its operations under accounting principles generally accepted in the United States of America for a special purpose government (component unit of the State of Georgia) engaged in business-type activities.

B. Reporting Entity

The Authority is an instrumentality of the State of Georgia and a public corporation created for the purposes of operating and maintaining a comprehensive international trade and convention center consisting of a complex of facilities suitable for multipurpose use. The management of the business and affairs of the Authority is vested in a Board of Governors. The Official Code of Georgia Annotated (OCGA) Section 10-9-6 provides that the Board of Governors consist of fifteen (15) members appointed by the Governor. The Authority is considered a component unit of the State of Georgia for financial reporting purposes because of the significance of its legal, operational, and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards.

Proprietary Fund - Enterprise Fund

The Authority accounts for its activities as an enterprise fund for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

The Authority reports activity associated with operations of the Georgia World Congress Center and Centennial Olympic Park. The Authority entered into a contract to manage the operations of the Savannah International Trade and Convention Center beginning on April 1, 2014. Beginning fiscal year 2018, Mercedes Benz Stadium (MBS) project was completed, and all initial capital assets constructed and equipment purchased with bonds issued by the City of Atlanta and personal seat license fees have been reported in this fund. In addition, the Authority is the custodian of hotel motel taxes allocated to the new stadium for ongoing repairs, maintenance, and capital improvement.

Fiduciary Fund - Other Post-Employment Benefit Trust Fund (OPEB)

The OPEB Trust fund is used to report the accumulation of resources for, and payment of other post-employment benefits.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

GEORGE L SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

The OPEB Trust reports plan assets and net position, as well as investment income and appreciation and its related administrative expenses from the pre-funding contributions made by the Authority. The OPEB Trust is reported using the same basis of accounting as the proprietary fund. The OPEB Trust is reported using the accrual basis of accounting.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

Cash and Cash Equivalents include currency on hand, demand deposits with banks and other financial institutions, and the State investment pool that has the general characteristics of demand deposit accounts in that the Authority may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty. Cash and Cash Equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition. The aforementioned definitions were applied in the preparation of the Statement of Cash Flows.

The State investment pool (Georgia Fund 1) is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) and does not operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The State of Georgia's Office of the State Treasurer (OST) manages Georgia Fund 1 in accordance with policies and procedures established by State law and the State Depository Board, the oversight Board for OST. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Authority's investment in the Georgia Fund 1 is reported at fair value.

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

Investments

Investments are defined as those financial instruments with terms more than three months from the date of purchase. Investments are stated at fair value.

The Authority may invest regular funds in U. S. Government securities, certificates of deposit and repurchase agreements. In accordance with GASB No. 74, OPEB Trust plan investments, whether equity or debt securities, real estate, or other investments, are reported at their fair value at the reporting date. The fair value of an investment is the amount that the plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller. Fair value is measured by the market price if there is an active market for the investment.

Accounts Receivable

Accounts receivable arising from operations are reported at gross value. Based on management's evaluation that amounts uncollectible are not material, no provision has been made for such amounts.

Intangible Right-to-Use Assets

The Authority is a lessee for noncancellable leases of certain space within buildings owned by 3rd parties.

GEORGE L SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the lease term.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the Authority as lessee do not contain stated interest rates. Therefore, the Authority has used its estimated incremental borrowing rate as the discount rate for the leases. The Authority has estimated this incremental borrowing rate to be 3.5% for the leases in which the Authority is currently involved as the lessee.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments the Authority will make over the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the statement of net position.

The Authority also entered into certain subscription-based agreements to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position.

An intangible right-to-use asset represents the Authority's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the Authority's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription payments over the lease and/or subscription term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset.

Leases as Lessor

The Authority is a lessor for noncancellable leases of space within buildings owned by the Authority. The Authority recognizes a lease receivable and a deferred inflows of resources for deferred lease receipts in the statement of net position.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources for deferred lease receipts is initially measured as the initial amount of the lease receivable, adjusted for lease

GEORGE L SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

payments made at or before the lease commencement date, less certain costs paid to or reimbursed to the lessee. Subsequently, the deferred inflow of resources is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the Authority do not contain stated interest rates. Therefore, the Authority has used its estimated incremental borrowing rate as the discount rate for the leases. The Authority has estimated this incremental borrowing rate to be 3.5% for the leases in which the Authority is currently involved as the lessor.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments the Authority will receive over the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items.

Inventories

Supply inventories are valued at cost, using the first-in/first-out (FIFO) method. These expendable supplies are recorded as inventories at the time of purchase and are recorded as expense based on consumption.

Restricted Assets

Restricted assets include personal seat licenses (PSL) sold for the MBS which opened in August 2017, hotel/motel tax funding reserved for operations and maintenance of the new stadium, bond proceeds for hotel under construction and capital campaign contributions restricted for renovations of Centennial Olympic Park.

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded in the Statement of Net Position at historical cost. Donated capital assets are recorded at acquisition value on the date donated and disposals are deleted at recorded cost. All land is capitalized regardless of cost. Buildings and Building Improvements are capitalized when the cost of individual items or projects exceeds \$100,000. Equipment is capitalized when the cost of individual items exceeds \$5,000. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Building and Building Improvements	5 to 60 years
Improvements Other Than Buildings	15 to 50 years
Machinery and Equipment	3 to 20 years

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JUNE 30, 2023

EXHIBIT "F"

Under a contractual agreement with the State of Georgia Department of Economic Development, the Authority operates the Georgia World Congress Center. The Georgia World Congress Center consists of exhibition facilities for conventions, trade shows and meetings catering to national, international, and corporate groups. The Georgia World Congress Center was financed with the proceeds from State of Georgia General Obligation Bonds and is owned by the State of Georgia.

Deferred Outflows of Resources

Deferred Outflows of Resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Long-Term Obligations

Long-term debt is recognized as a liability of proprietary fund types if those liabilities are expected to be financed from proprietary fund operations. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond issue costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

Compensated Absences

Compensated absences represent obligations of the Authority relating to employee's rights to receive compensation for future absences based upon services already rendered. This obligation relates to vesting of annual leave, compensatory leave, and banked holiday leave. Compensated leave is recorded as an expense as earned.

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employees' length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia.

The Authority has adopted a policy where employees may request that a portion of their unused accrued annual leave balance be paid in lump sum. There are eligibility requirements and minimum balances that must be maintained in addition to a maximum of 40 hours per year that can be converted through this process.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Unused accumulated sick leave does not vest with the employee and is forfeited upon retirement or termination of employment.

Unearned Revenue

Unearned revenue includes deposits and payments received in advance for future events, including marketing, and advertising and event license contracts.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia World Congress Center Post-Employment Health Benefits Plan (GWCC OPEB Plan) and the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) and additions to/deductions from the GWCC OPEB Plan and SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by the GWCC OPEB Plan and SEAD-OPEB. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions Items

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

Net Position

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is "net position." Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Maintenance of Art – represents restriction placed by contract with AHEPA Centennial Foundation, Inc. for the maintenance and repair of works of art placed in Centennial Olympic Park.

Mercedes Benz Stadium (MBS) – represents restriction placed on hotel/motel tax collections and PSL payments, which are reserved for operations and maintenance of the MBS.

Capital Campaign – represents restriction placed on capital campaign contributions restricted for renovations to Centennial Olympic Park.

Net OPEB Asset – represents restriction on assets related to the proportional share of the SEAD OPEB plan net OPEB Asset.

Debt Service – represents restrictions on assets related to debt service on the construction of a new hotel.

Signia by Hilton Atlanta – represents restriction on assets related to the construction of a new hotel.

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

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GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

Net Position Flow Assumption

Sometimes an entity will fund outlays for a particular purpose from both restricted (e.g. restricted bond proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Revenues and Expenses

Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise funds are charges to customers for space rent, utility services, catering, and parking services. Operating expenses include personal services, regular operating expenses, equipment, contractual expenses and depreciation on capital assets. All revenues and expenses not meeting this definition and construction related activities are reported as non-operating revenues and expenses.

Advance payments for future events are recorded as unearned revenue at the time the payments are received and recorded as income as the related event occurs.

Certain amounts reported as other nonoperating revenues and expenses for the stadium project include interest earned on PSL receivables and related expense to AMB Sports and Entertainment. Various hotel project related expenses are also reported as other nonoperating expenses.

Personal Seat Licenses (PSL)

In connection with the construction of MBS, the Authority offered PSLs for sale through the stadium construction period. PSLs are governed by a Personal Seat License Agreement (the PSL Agreement), which provides the PSL licensee with the right to purchase the related season tickets for all home games played by the Atlanta Falcons (the Team) as long as the Team plays in the stadium. Revenue associated with sales through August 19, 2017, the date of the stadium's substantial completion has been recognized. Outstanding balances on PSLs are reported as accounts receivable and the offsetting amount is reported as a liability to MBS. Interest revenue earned during the fiscal year is reported as revenue and stadium expense.

Shared Revenues

Pursuant to the Hotel and Motel Tax Act as enacted and amended by the General Assembly of Georgia, the City of Atlanta, the City of Chattahoochee Hills and Fulton County, Georgia, have agreed to levy and collect an excise tax in the amount of seven percent on rooms, lodgings and accommodations within the special district defined in the Hotel and Motel Tax Act. Pursuant to the Stadium Funding Agreement between the Authority and the City of Atlanta and Fulton County, Georgia, 39.3% is dedicated to the purposes of the MBS and the remaining 9.6% is to be used at the Authority's discretion.

NOTE 2: CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

Implementation of New Accounting Standards

In fiscal year 2023, the Authority considered implementation of the following GASB Statements:

- **GASB Statement 91, *Conduit Debt Obligations***, The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

While the Authority is required to implement the provisions of Statement No. 91 for the current fiscal year, the implementation of Statement No. 91 did not have any impact on the Authority's financial reporting.

- **GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***, The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which:
 - The operator collects and is compensated by fees from third parties;
 - The transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and
 - The transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

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EXHIBIT "F"

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

While the Authority is required to implement the provisions of Statement No. 94 for the current fiscal year, the implementation of Statement No. 94 did not have any impact on the Authority's financial reporting.

In fiscal year 2023, the Authority implemented GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*."

- **GASB Statement 96**, *Subscription-Based Information Technology Arrangements*, A subscription-based information technology arrangement (SBITA) is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets.

Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements, or "SBITAs," for government end users. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset and a corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The majority of the standards for accounting and financial reporting for SBITAs are established by GASB Statement No. 87, "Leases."

For information about the Authority's SBITAs that are accounted for under this new standard, see Note 6.

- **GASB Statement 99**, *The Omnibus 2022*, objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:
 - Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
 - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
 - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

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EXHIBIT "F"

In fiscal year 2023, the Authority was also required to implement certain provisions of GASB Statement No. 99, "Omnibus 2022." As with all omnibus statements from the GASB, Statement No. 99 contained guidance on several areas of accounting and financial reporting including leases, SBITAs, derivative financial instruments, and other terminology and classification updates. Statement No. 99 did not have a significant impact on the Authority's financial statements for the fiscal year ended June 30, 2023.

NOTE 3: BUDGETS

An internal operations budget for management purposes is prepared by the Authority. The budget is not subject to review or approval by the General Assembly of the State of Georgia and therefore, is a non-appropriated budget.

NOTE 4: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State of Georgia Collateralization Statutes and Policies

Funds of the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the OCGA

Section 50-17-59:

- (1) Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of the State of Georgia.
- (2) Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of the State of Georgia.
- (3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- (4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- (5) Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.
- (6) Letters of credit issued by a Federal Home Loan Bank.
- (7) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

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NOTE 5: DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2023, are summarized as follows:

As reported in the Statement of Net Position

Business-Type Activities	
Cash and cash equivalents	\$ 42,352,996.51
Restricted:	
Cash and cash equivalents	106,549,922.65
Investments	88,017,463.94
Fiduciary Funds	
Cash and cash equivalents	167,141.14
Investments	<u>5,503,445.39</u>
	<u>\$ 242,590,969.63</u>
Deposits with financial institutions	\$ 37,442,655.54
Georgia Fund 1	22,806,935.90
Mutual Funds	94,323,914.25
U.S. Treasury Notes	<u>88,017,463.94</u>
	<u>\$ 242,590,969.63</u>

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At June 30, 2023, the bank balances totaled \$38,223,814.39. In 2018, the State of Georgia implemented a Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. For disclosure purposes, all deposits of participants in the SDP are considered to be fully insured. The Authority's banks are all included in the State's SDP.

B. Investments

As of June 30, 2023, the Authority held the following investments:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>	<u>Balance</u>
Georgia Fund 1	0.12	AAAf	\$ 22,806,935.90
Mutual Fund	0.12	AAAm	94,323,914.25
U.S. Treasury Notes	1.20	AA+	<u>88,017,463.94</u>
			<u>\$ 205,148,314.09</u>

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At June 30, 2023, the Authority had \$22,806,935.90 in Georgia Fund 1 investment pool. Georgia Fund 1, created by OCGA Section 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAf rated money market funds. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Authority's investment in Georgia Fund 1 is reported at fair value. The pool is regulated by the Georgia Office of State Treasurer. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB No. 79 and is thus valued at fair value in accordance with GASB 31. As a result, the Authority does not disclose investment in the Georgia Fund 1 with the fair value hierarchy.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of June 30, 2023:

Investment	Level 1	Level 2	Level 3	Fair Value
United States Treasury Notes	\$ 88,017,463.94	\$ -	\$ -	\$ 88,017,463.94
Mutual Funds	88,653,327.72	-	-	88,653,327.72
Total:	\$ 176,670,791.66	\$ -	\$ -	\$ 176,670,791.66

Investments not subject to level disclosure:

Georgia Fund 1	\$ 22,806,935.90
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In October 2016, the Authority's OPEB Trust Board of Trustees engaged a money management firm to invest plan assets. The OPEB Trust categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At June 30, 2023, the OPEB Trust Fund had the following investments:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual Funds invested in fixed income securities	\$ 1,658,883.50	\$ -	\$ -	\$ 1,658,883.50
Mutual funds invested in equities	3,175,739.43	-	-	3,175,739.43
Mutual funds invested in alternative investments	835,963.60	-	-	835,963.60
	<u>\$ 5,670,586.53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,670,586.53</u>

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality risk of the Authority is managed by restricting investments to those authorized in Note 1.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority does not have a policy for managing interest rate risk.

NOTE 6: LEASES AND SUBSCRIPTIONS

As Lessor

During the fiscal year, the Authority had active, noncancelable lease agreements as lessor. A description of those agreements and the related balances reported as of June 30, 2023 are as follows:

1. The Authority has leased a portion of the third floor of the Georgia World Congress Center to a third party. The Authority receives monthly payments in the amount of \$33,333 which includes the principal and interest components of the payment. As the lease does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the lease. For the current year, the Authority recognized \$370,510 in lease revenue and \$74,312 in interest revenue related to the lease. As of June 30, 2023, the Authority's receivable for lease payments was \$1,945,834. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on June 30, 2033. This deferred inflows of resources has a balance of \$1,852,548 as of June 30, 2023.
2. The Authority has leased a portion of the fourth floor of the Georgia World Congress Center to a third party. The Authority receives monthly payments ranging from \$4,368 to \$4,634, including the principal and interest components of the payment, until the lease ends on October 31, 2033.

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As the lease does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the lease. For the current year, the Authority recognized \$44,100 in lease revenue and \$17,231 in interest revenue related to the lease. As of June 30, 2023, the Authority's receivable for lease payments was \$473,166. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on October 31, 2033. This deferred inflows of resources has a balance of \$455,700 as of June 30, 2023.

3. The Authority has leased portions of its parking facilities to a third party for the installation of various public safety and antenna equipment. The Authority receives annual payments ranging from \$36,000 to \$43,023, including the principal and interest components of the payment, until the lease ends on December 31, 2026. As the lease does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the lease. For the current year, the Authority recognized \$31,088 in lease revenue and \$5,366 in interest revenue related to the lease. As of June 30, 2023, the Authority's receivable for lease payments was \$118,134. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on December 31, 2026. This deferred inflows of resources has a balance of \$124,352 as of June 30, 2023.
4. The Authority has agreed to license the "Stadium Site" as described in the Stadium License and Management Agreement dated May 18, 2015 to the Atlanta Falcons Stadium Company, LLC. The Authority receives semi-annual payments ranging from \$1,250,000 to \$2,219,806, which includes the principal and interest components of the payment. As the lease does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the lease. For the current year, the Authority recognized \$2,231,860 in lease revenue and \$1,958,823 in interest revenue related to the lease. As of June 30, 2023, the Authority's receivable for lease payments was \$55,335,999. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on February 28, 2047. This deferred inflows of resources has a balance of \$52,448,714 as of June 30, 2023.

As Lessee

During the fiscal year, the Authority had active, noncancelable lease agreements as lessee. A description of those agreements and the related balances reported as of June 30, 2023 are as follows:

1. In March 2016, the Authority executed a ten-year agreement to lease certain space within Mercedes Benz Stadium. As of June 30, 2023, the value of the lease liability was \$870,879. The Authority is required to make an annual payment that includes principal and interest. As the lease does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the lease. The right-to-use lease asset as of the end of the current fiscal year was \$782,962 and had accumulated amortization of \$391,481. This lease was netted, according to GASB 87 requirements, with the lessor lease of the Stadium Site for reporting purposes.
2. In September 2018, the Authority executed a seven-year agreement to lease certain space within State Farm Arena. As of June 30, 2023, the value of the lease liability was \$734,458. The Authority is required to make an annual payment that includes principal and interest. As the

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lease does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the lease. The right-to-use lease asset as of the end of the current fiscal year was \$584,233 and had accumulated amortization of \$584,233.

Subscriptions

During the fiscal year, the Authority had active subscription-based information technology arrangements (SBITAs). A description of those agreements and the related balances reported as of June 30, 2023 are as follows:

1. In May 2023, the Authority executed a five-year subscription with Momentus Technologies. As of June 30, 2023, the value of the subscription liability was \$1,715,361.67. The Authority is required to make an annual payment that includes principal and interest. As the subscription does not contain a specific interest rate, the Authority has used its incremental borrowing rate of 3.5% as the discount rate for the subscription. As of June 30, 2023, current liability is \$367,073 and noncurrent liability is \$1,348,289.

Debt service to maturity on the Authority's outstanding leases and subscriptions is as follows:

Leases	Principal	Interest	Total
Year Ending June 30,	_____	_____	_____
2024	\$ 228,909.98	\$ 25,706.02	\$ 254,616.00
2025	244,560.31	17,694.17	262,254.48
2026	260,987.54	9,134.57	270,122.11
Total	\$ <u>734,457.83</u>	\$ <u>52,534.76</u>	\$ <u>786,992.59</u>
SBITA	Principal	Interest	Total
Year Ending June 30,	_____	_____	_____
2024	\$ 367,073.10	-	\$ 367,073.10
2025	319,883.00	47,190.10	367,073.10
2026	331,078.91	35,994.19	367,073.10
2027	342,666.67	24,406.43	367,073.10
2028	354,659.99	12,413.11	367,073.10
Total	\$ <u>1,715,361.67</u>	\$ <u>120,003.83</u>	\$ <u>1,835,365.50</u>
Lease and SBITA Total	\$ <u>2,449,819.50</u>	\$ <u>172,538.59</u>	\$ <u>2,622,358.09</u>

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NOTE 7: CAPITAL AND INTANGIBLE RIGHT-TO-USE ASSETS

Capital and Intangible Right-to-Use asset activity for the year ended June 30, 2023, was as follows:

	Balances June 30, 2022	Additions	Deletions	Balances June 30, 2023
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 66,382,613.00	\$ -	\$ -	\$ 66,382,613.00
Construction Work In Progress	126,604,566.80	223,335,503.83	-	349,940,070.63
Total Capital Assets, Not Being Depreciated	192,987,179.80	223,335,503.83	-	416,322,683.63
Capital Assets, Being Depreciated/Amortized:				
Buildings and Building Improvements	1,622,389,184.00	-	-	1,622,389,184.00
Improvements Other Than Buildings	51,520,446.83	202,192.00	-	51,722,638.83
Equipment	47,399,388.97	1,286,303.77	29,616.00	48,656,076.74
Intangible Right-to-Use Assets - Buildings	981,657.83	186,807.84	-	1,168,465.67
Intangible Right-to-Use Assets - SBITA	-	1,715,361.67	-	1,715,361.67
Less: Accumulated Depreciation/Amortization:				
Buildings and Improvements	464,884,851.73	48,911,145.57	-	513,795,997.30
Improvements Other Than Buildings	26,830,751.97	1,736,174.79	-	28,566,926.76
Equipment	41,039,031.23	2,649,961.14	29,616.00	43,659,376.37
Intangible Right-to-Use Assets - Building	245,414.46	338,818.38	-	584,232.84
Intangible Right-to-Use Assets - SBITA	-	-	-	-
Total Capital Assets, Being Depreciated/Amortized, Net	1,189,290,628.24	(50,245,434.60)	-	1,139,045,193.64
Total Capital Assets, Net	\$ 1,382,277,808.04	\$ 173,090,069.23	\$ -	\$ 1,555,367,877.27

NOTE 8: LONG-TERM LIABILITIES

Long-term obligations at June 30, 2023 and changes for the fiscal year then ended are as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Compensated Absences	\$ 1,411,744.57	\$ 112,174.36	\$ -	\$ 1,523,918.93	\$ 152,391.89
Net Postemployment					
Benefit Liability	18,189,043.00	-	753,669.00	17,435,374.00	
Net Pension Liability	10,159,683.99	18,475,704.00	-	28,635,387.99	
Customer Deposits Payable	10,000.00	-	-	10,000.00	
Mercedes Benz Stadium PSLs	40,486,711.51	-	9,345,682.24	31,141,029.27	8,434,296.26
Notes Payable	44,238,488.08	-	549,469.00	43,689,019.08	625,725.00
Bond Payable	439,595,000.00	-	-	439,595,000.00	
Bond Premium Payable	30,310,375.28	-	1,406,412.55	28,903,962.73	1,406,412.55
Leases - Buildings	734,457.83	214,003.84	214,003.84	734,457.83	228,909.98
Leases - SBITA	-	1,715,361.67	-	1,715,361.67	367,073.10
Installment Purchase Agreement	23,978,773.85	-	1,475,768.87	22,503,004.98	1,455,037.56
	\$ 609,114,278.11	\$ 20,517,243.87	\$ 13,745,005.50	\$ 615,886,516.48	\$ 12,669,846.34

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Notes Payable

On May 15, 2020, the Authority entered into a non-recourse note purchase agreement with Northwestern Mutual. Under this agreement, the Authority received \$46,158,397 in cash and will pay interest at a rate of 4.5% due semi-annually through fiscal year 2045. The proceeds of the note were used to finance the construction of a convention center hotel. The liability is a direct borrowing and the Mercedes Benz Stadium license agreement payments were used as collateral.

Debt service requirements to maturity are as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total
2024	\$ 625,725.17	\$ 1,959,329.48	\$ 2,585,054.65
2025	706,476.54	1,930,279.19	2,636,755.73
2026	791,948.15	1,897,542.70	2,689,490.85
2027	882,375.71	1,860,904.96	2,743,280.67
2028	978,006.06	1,820,140.23	2,798,146.29
2029 - 2033	6,525,378.68	8,327,520.26	14,852,898.94
2034 - 2038	9,860,518.96	6,538,281.63	16,398,800.59
2039 - 2043	14,204,661.06	3,900,939.87	18,105,600.93
2044 - 2046	9,113,928.25	628,823.13	9,742,751.38
	<u>\$ 43,689,018.58</u>	<u>\$ 28,863,761.45</u>	<u>\$ 72,552,780.02</u>

Installment Purchase Agreement

This liability is a direct borrowing related to the energy performance upgrades installed during fiscal year 2016. The agreement is between the vendor and the Georgia Department of Economic Development (Department). The Department would be responsible for any events of default. However, the Authority acts as an agent for the Department for this agreement and could be responsible for legal fees and expenses related to any court action should defaults occur.

Debt service requirements to maturity are as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total
2024	\$ 1,455,037.56	\$ 1,055,307.70	\$ 2,510,345.26
2025	1,575,208.93	981,860.90	2,557,069.83
2026	1,631,947.10	904,922.38	2,536,869.48
2027	1,750,220.02	823,360.91	2,573,580.93
2028	1,866,424.47	736,572.73	2,602,997.20
2029 - 2033	12,164,826.76	2,092,849.12	14,257,675.88
2034	2,059,340.14	38,096.08	2,097,436.22
	<u>\$ 22,503,004.98</u>	<u>\$ 6,632,969.82</u>	<u>\$ 29,135,974.80</u>

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Limited Obligation Bonds

In March 2021, the Authority issued George L. Smith II, Georgia World Congress Center Authority Convention Center Hotel First Tier Revenue Bonds, Series 2021A and Series 2021B in the par amounts of \$227,395,000.00 and \$212,200,000.00 respectively. The proceeds of the bonds, together with the original issue premiums and other amounts contributed by the Authority, will be used to finance the construction of a convention center hotel, provide funds to make the interest payments on the bonds until the hotel opening, and to pay the costs of issuing the bonds.

The bonds bear interest at rates ranging from 2.375% to 5.000% and interest is due semiannually beginning on July 1, 2021, until maturity on January 1, 2054.

Debt service to maturity on the bonds is as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total	Unamortized
2024	\$ -	\$ 19,106,125.02	\$ 19,106,125.02	\$ 1,406,412.55
2025	-	19,106,125.02	19,106,125.02	1,406,412.55
2026	-	19,106,125.02	19,106,125.02	1,406,412.55
2027	7,240,000.00	19,106,125.02	26,346,125.02	1,398,767.97
2028	7,705,000.00	18,873,550.02	26,578,550.02	1,383,009.62
2029 - 2033	46,345,000.00	90,199,593.78	136,544,593.78	6,619,964.92
2034 - 2038	61,305,000.00	78,939,500.00	140,244,500.00	5,800,544.94
2039 - 2043	76,540,000.00	63,713,200.00	140,253,200.00	4,682,631.40
2044 - 2048	95,275,000.00	44,974,850.00	140,249,850.00	3,267,801.22
2049 - 2053	118,315,000.00	21,932,300.00	140,247,300.00	1,486,515.18
2054	26,870,000.00	1,176,300.00	28,046,300.00	45,489.84
	<u>\$ 439,595,000.00</u>	<u>\$ 396,233,793.88</u>	<u>\$ 835,828,793.88</u>	<u>\$ 28,903,962.74</u>

The Series 2021A and Series 2021B bonds are special limited obligations of the Authority payable solely from and secured by a pledge of and lien on all operating revenues derived by the Authority from the operation of the convention center hotel, remaining after the payment of expenses to operate the convention center hotel. These revenues are pledged to secure the bonds until such time that all outstanding principal has been satisfied on the bonds.

NOTE 9: UNEARNED REVENUE

At June 30, 2023, the unearned revenue consisted of advance payments from customers for upcoming events.

NOTE 10: RISK MANAGEMENT

Other Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and injuries to employees. The State of Georgia utilizes self-insurance programs established by individual agreement, statute or administrative action, to provide property insurance covering fire and extended coverage and automobile insurance and to pay losses that might occur from such causes; liability insurance for employees against personal liability for damages arising

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out of performance of their duties; survivors benefits for eligible members of the Employees' Retirement System; consolidating processing of unemployment compensation claims against State agencies and the payment of sums due to the Department of Labor; and workers' compensation insurance coverage for employees of the State and for the receipt of benefits as prescribed by the workers' compensation statutes of the State of Georgia. These self-insurance funds are accounted for as internal service funds of the State of Georgia where assets are set aside for claim settlements. The majority of the risk management programs are funded by assessments charged to participating organizations. A limited amount of commercial insurance is purchased by the self-insurance funds applicable to property, employee and automobile liability, fidelity, and certain other risks to limit the exposure to catastrophic losses. Otherwise, the risk management programs service all claims against the State for injuries and property damage. Financial information relative to the self-insurance funds will be presented in the State of Georgia Annual Comprehensive Financial Report for the year ended June 30, 2023.

NOTE 11: RETIREMENT PLANS

Employees' Retirement System of Georgia (ERS)

Substantially all the Authority employees participate in various retirement plans administered by the State of Georgia under the Employees' Retirement System of Georgia (the System). The system issues separate, publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained by visiting the following website: www.ers.ga.gov/financials. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established, and can be amended by State law.

One of the plans within the System, also titled Employee's Retirement System (ERS Plan), is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature.

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

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal

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retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Authority's total required contribution rate for the year ended June 30, 2023, was 31.01% of annual covered payroll for new plan members and 27.47% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus a 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of COLA prefunding for certain retired ERS members. The Authority's contributions to ERS totaled \$3,880,071 for the year ended June 30, 2023. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2023, the Authority reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022, was determined using standard roll-forward techniques. The Authority's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2022. At June 30, 2022, the Authority's proportion was 0.428772%, which was an decrease of (0.005606%) from its proportion measured as of June 30, 2021.

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For the year ended June 30, 2023, the Authority recognized pension expense of \$2,478,798. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 61,499	\$ 259,720
Changes of assumptions	5,090,223	-
Net difference between projected and actual earnings on pension plan investments	3,327,138	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	1,847,717
Employer contributions subsequent to the measurement date	3,880,071	-
Total	\$ 12,358,931	\$ 2,107,437

Authority contributions subsequent to the measurement date of \$3,880,071 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	2,526,778
2025	1,202,954
2026	82,963
2027	2,558,728
2028	-
Thereafter	-

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Actuarial Assumptions:

The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00% - 6.75%
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+) / Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed Income	30.0%	0.2%
US Large Stocks	46.3%	9.4%
US Small Stocks	1.2%	13.4%
International developed market equities	12.3%	9.4%
International emerging market equities	5.2%	11.4%
Alternatives	5.0%	10.5%
Total	<u>100.0%</u>	

**Net of inflation*

Discount Rate

The discount rate used to measure the total pension liability was 7.00 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 %, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 %) or 1-percentage-point higher (8.00 %) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability	\$ 38,119,001	\$ 28,635,388	\$ 20,660,400

Pension Plan Fiduciary Net Position

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

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Payables to the Pension Plan

Pension payments due on June 30, 2023, in the amount of \$381,176.71 were recorded as a liability of the Authority.

GSEPS 401(k) Defined Contribution Component of ERS

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

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 5% of salary unless the participating member elects otherwise. The member may change such level of participation at any time. In addition, the member may make such additional contributions as he or she desires, subject to limitations imposed by federal law. The State will match 100% of the employee's initial 1% contribution and 50% of contribution percent two through five. Therefore, the State will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% do not receive any matching funds.

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

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

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

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The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

In 2023, the Authority and employee GSEPS contributions were \$511,853.71 and \$673,107.33, respectively. The Authority and employee Roth GSEPS contributions were \$9,201.01 and \$31,610.80, respectively.

Georgia Defined Contribution Plan

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

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

Member contributions are 7.5% of gross salary. There are no employer contributions. Contribution rates are established and may be amended by State statute. Earnings are credited to each member's account in a manner established by the Board. Upon termination of employment, the amount of the member's account is refundable upon request by the member. Total contributions by employees during the fiscal year ended June 30, 2023, were \$75,265.57, which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

The Authority participates in the following other post-employment benefit (OPEB) plans:

Administered by the Authority:

Georgia World Congress Center Authority Post-Employment Health Benefit Plan (GWCC OPEB Plan) – Beginning January 1, 2013

Administered by the ERS System:

State Employees' Assurance Department (SEAD)
– For retired and vested inactive (SEAD-OPEB)

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The net OPEB asset, net OPEB liability, and related deferred outflows of resources, deferred inflows of resources, and OPEB Expense for the plans are summarized below.

	GWCC OPEB Plan		SEAD-OPEB Plan		Total
Net OPEB Asset	\$ -	-	\$ 1,335,006	-	\$ 1,335,006
Net OPEB Liability	\$ 17,435,374	-	\$ -	-	\$ 17,435,374
Deferred Outflows of Resources Related to OPEB	\$ 5,097,758	-	\$ 310,556	-	\$ 5,408,314
Deferred Inflows of Resources Related to OPEB	\$ 13,269,671	-	\$ 33,445	-	\$ 13,303,116
OPEB Expense/(Income):	\$ (1,915,833)	-	\$ 25,343	-	\$ (1,890,490)

***Georgia World Congress Center Authority Post-Employment Health Benefit Plan
 (GWCC OPEB Plan)***

On January 1, 2013, the Authority began administering its own retiree health insurance plan. The GWCC OPEB Plan (the Plan) is a single-employer defined benefit post-retirement health care plan, or other post-employment benefit (OPEB plan). The Plan is administered by a Board of Trustees initially made up of the Finance Committee of the Board of Governors of the Authority. An individual Trustee may remain on the Board as long as he or she is a member of the Finance Committee.

Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from the Employees' Retirement System of Georgia. Coverage starts immediately at retirement, provided the retiree makes proper premium payments. In addition, spousal coverage is provided for the lifetime of the participant and dependents may participate for the lifetime of the retiree as long as the retiree pays the required monthly contribution for dependent coverage. The Authority has the authority to establish and amend benefit provisions.

Each year, the GWCC Board of Trustees approves the employer contribution amount based on available funds. This amount is deposited into the trust fund and set aside to pay the premiums due for retirees. The contribution requirements of plan members are established and may be amended by the Authority. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. Retirees are required to pay a percentage of the premium depending on hire date and years of service; however, Medicare becomes the primary coverage at the eligible age of coverage, through their required contribution.

The following schedule, based on the June 30, 2023 actuarial valuation report, reflects membership for the OPEB Plan as of June 30, 2022:

Inactive Members or Beneficiaries	
Receiving benefits	53
Inactive Members or Beneficiaries	
Entitled to but not receiving benefits	-
Active Members	163
Total Membership	216

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Investments

The Plan maintains an investment policy that may be amended by its Board both upon its own initiative and upon consideration of the advice and recommendations of its investment managers. The strategy in regard to the allocation of invested assets is established and may be amended by the Plan's Board. The policy in regard to the allocation of invested assets is established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plans.

Money-Weighted Rate of Return

The annual money-weighted rate of return on the OPEB Trust investments in fiscal year 2023 was 8.0%, net of the Trust's investment expenses.

Net OPEB Liability of the Authority

Effective July 1, 2017, the GWCC OPEB Plan implemented the provisions of GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which significantly changes the Authority's accounting for OPEB amounts. The information disclosed below is presented in accordance with the standard. The GWCC OPEB Plan does not issue separate financial statements.

The Authority's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 with the actuary using standard techniques to roll forward the liability to the measurement date.

Total OPEB Liability	\$	22,603,481.00
Plan Fiduciary Net Position		<u>(5,168,107.00)</u>
Net OPEB Liability	\$	<u><u>17,435,374.00</u></u>
Plan Fiduciary Net Position as a		
Percentage of Total OPEB Liability		22.86%

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Actuarial Assumptions

The total OPEB liability at June 30, 2023 is based upon the June 30, 2022 actuarial valuation. Significant assumptions utilized by the actuary include:

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases, including wage inflation	
General Employees	3.00% - 6.75%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.25%
Municipal Bond Index Rate	
Prior Measurement Date	3.54%
Measurement Date	3.65%
Year FNP is projected to be depleted	
Prior Measurement Date	2033
Measurement Date	2035
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.76%
Measurement Date	3.93%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

The discount rate used to measure the total OPEB liability was based upon the Single Equivalent Interest Rate.

Pre-retirement mortality rates were based on the Pub-2010 General Employee table, with no adjustments, projected generationally with the MP-2019 scale. Post-retirement mortality rates were based on the Pub- 2010 family of mortality tables, with adjustments to better fit actual experience, projected generationally with the MP-2019 scale.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, adopted by the Board of Trustees of the Employees' Retirement System of Georgia on December 17, 2020.

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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The long-term expected rate of return on OPEB Plan investments was determined using the historical average yield for the 10-year U.S. Treasury Note from July 2003 through June 2023.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocations for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation	Real Expected Return	Expected Inflation	Expected Return
Fixed Income	30.00%	0.19%	2.50%	2.69%
Equity Funds	55.00%	6.54%	2.50%	9.04%
Alternatives	15.00%	3.84%	2.50%	6.34%
Total	100.00%			
Weighted Average		4.23%		6.73%

Discount Rate

The discount rate used to measure the total OPEB liability as of the Measurement Date was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Active employees do not explicitly contribute to the Plan.
- In all years before the assets are depleted, the benefits are paid from the trust as the benefits come due.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's Fiduciary Net Position (FNP) was projected to be depleted in 2035 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). Here, the long-term expected rate of return of 6.25% on Plan investments was applied to periods through 2033 and the Municipal Bond Index Rate at the Measurement Date (3.65%) was applied to periods on and after 2033, resulting in an SEIR at the Measurement Date (3.93%). There was a change in the discount rate from 3.76% at the Prior Measurement Date to 3.93% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB No. 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

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Sensitivity of the Authority's Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1%		Current		1%
	Decrease		Discount Rate		Increase
	(2.93%)		(3.93%)		(4.93%)
Net OPEB liability	\$ 21,450,921	\$	17,435,374	\$	14,273,243

Sensitivity of the Authority's Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Net OPEB Liability of the Plan, as well as what the Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1%		Current		1%
	Decrease		Discount Rate		Increase
Net OPEB liability	\$ 14,006,628	\$	17,435,374	\$	21,800,027

Changes in the Net OPEB Liability of the Authority

The changes in the components of the net OPEB liability of the Authority for the year ended June 30, 2023, were as follows:

	Total OPEB Liability (a)	Plan Net Position (b)		Net OPEB Liability (a) - (b)
Balance at June 30, 2022	\$ 22,725,485	\$ 4,536,442	\$	18,189,043
Changes for the year:				
Service Cost at the end of the year*	357,559	-		357,559
Interest on TOL and Cash Flows	845,119	-		845,119
Change in benefit terms	-	-		-
Difference between expected and actual experience	(206,791)	-		(206,791)
Changes of assumptions or other inputs	(615,411)	-		(615,411)
Contributions - employer	-	750,000		(750,000)
Contributions - non-employer	-	-		-
Net investment income	-	426,335		(426,335)
Benefit payments	(502,480)	(502,480)		-
Plan administrative expenses	-	(42,190)		42,190
Other	-	-		-
Net changes	(122,004)	631,665		(753,669)
Balance as of June 30, 2023	\$ 22,603,481	\$ 5,168,107	\$	17,435,374

Plan Net Position as a Percentage of Total OPEB Liability 22.86%

*The service cost includes interest for the year

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB under GASB No. 75

The Authority's net OPEB liability was measured as of June 30, 2023. For the year ended June 30, 2023, the Authority recognized OPEB expense credit of \$1,915,833. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,051,209
Changes of Assumptions or other inputs	5,031,694	4,218,462
Net difference between projected and actual earnings on plan investments	66,064	-
Total	\$ 5,097,758	\$ 13,269,671

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2024	(2,711,344)
2025	(2,156,291)
2026	(2,974,953)
2027	(321,188)
2028	(8,137)
Thereafter	-

State Employees' Assurance Department (SEAD)

SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments. The SEAD-OPEB trust fund is included in ERS financial statements which are publicly available and can be obtained at www.ers.ga.gov/financials.

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Members in the ERS prior to January 1, 2009 and members in LRS or GJRS prior to July 1, 2009 are eligible for participation in the SEAD-OPEB plan. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under the SEAD-OPEB. The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed on-half of 1% of the member's earnable compensation. Georgia law also establishes that the Board of Trustees determines the amount of any required contributions from the employer. There were no employer contributions required or made for the fiscal year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Authority reported an asset of \$1,335,006 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022, was determined using standard roll-forward techniques. The Authority's proportion of the net OPEB asset was actuarially determined based on member salaries reported to the SEAD-OPEB during the fiscal year ended June 30, 2022. At June 30 2022, the Authority's proportion was 0.363181%, which was an increase of 0.014479% from its proportion measured as of June 30, 2021.

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For the year ended June 30, 2023, the Authority recognized SEAD-OPEB expense of \$25,343. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to SEAD-OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 6,127	\$ 407
Changes in Assumptions	-	6,338
Net difference between projected and actual earnings on pension plan investments	278,291	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	26,138	26,700
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 310,556</u>	<u>\$ 33,445</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to SEAD - OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2024	30,766
2025	27,329
2026	10,416
2027	208,600
2028	-
Thereafter	-

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Actuarial Assumptions

The total SEAD-OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.75%
Investment Rate of Return	7.00%. Net of investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+) / Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Fixed Income	30.00%	0.20%
US Large Stocks	46.30%	9.40%
US Small Stocks	1.20%	13.40%
International Developed Market Stocks	12.30%	9.40%
International Emerging Market Stocks	5.20%	11.40%
Alternatives	5.00%	10.50%
 Total	 <u>100.00%</u>	

* Rates shown are net of inflation

Discount Rate

The discount rate used to measure the total SEAD-OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB asset calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net OPEB asset	\$ (861,720)	\$ (1,335,006)	\$ (1,722,600)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS annual comprehensive financial report which is publicly available at www.ers.ga.gov/financials.

GEORGE L SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

NOTE 13: OTHER FINANCIAL NOTES

Mercedes-Benz Stadium (MBS)

In fiscal year 2018, construction on the new stadium was substantially completed. The MBS replaced the Georgia Dome (Dome) as the home of the NFL Atlanta Falcons and other major events currently hosted at the Dome. The Authority owns MBS and licenses the right of use of the stadium to StadCo (the AFFC division responsible for the MBS), who in turn will sublicense the MBS to the Atlanta Falcons. The license term is 30 years, with the StadCo having the right to exercise three 5-year renewal terms. StadCo will pay the Authority an annual license fee payment of \$2.5 million per year with a two-percent annual escalator during the term of the license. The Atlanta Falcons also entered into a non-relocation agreement for the same period as the term of the StadCo License, including exercised renewals. In 2020, the Authority entered into a note purchase agreement with Northwestern Mutual. Under this agreement, GWCCA received \$45.9 million in cash and will pay semi-annual payments to Northwestern Mutual through 2045.

NOTE 14: CONTINGENCIES AND COMMITMENTS

Litigation, claims, and assessments filed against the Authority, if any, are generally considered to be actions against the State of Georgia. The Authority is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, it is not believed that the ultimate disposition of these proceedings would have a material adverse effect on the financial condition of the Authority.

The Authority has contractual commitments for the hotel project with a maximum amount of \$9.0 million payable to the developer and \$18.1 million payable to the architect. As of June 30, 2023, \$6.9 million had been paid to the developer and \$17.8 million had been paid to the architect.

On April 14, 2021, the Authority entered into a contract with Skanska/SG to manage the construction of a 975 room headquarter hotel. As of June 30, 2023 the contract sum with change orders was \$330,489,048 with a balance to finish (including retainage) of \$80,971,150.

On April 14, 2021, the Authority entered into a Qualified Hotel Management Agreement with Signia Hotel Management LLC to manage and operate the 975 room headquarter hotel. This agreement provides for a base management fee that ranges from 1% of total operating revenue in year one to 3% of total operating revenue in year 5 and subsequent operating years. The agreement also provides for a subordinate management fee of 1% of total operating revenue for each operating year.

GEORGE L SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

EXHIBIT "F"

NOTE 15: SEGMENT REPORTING FOR THE SIGNIA HOTEL

The Authority issued revenue bonds to finance its convention center hotel. Investors in those bonds rely solely on the revenue generated by the hotel activities for repayment. Summary financial information is presented below.

Condensed Statement of Net Position

Assets	
Current Assets	\$ -
Noncurrent Assets	180,542,946
Capital Assets, Net	349,940,071
Total Assets	530,483,017
 Liabilities	
Current and Other Liabilities	27,037,583
Noncurrent Liabilities	492,387,326
Total Liabilities	519,424,909
 Net Position	
Net Investment in Capital Assets	46,792,654
Restricted	464,747
Unrestricted (Deficit)	(36,199,294)
Total Net Position	\$ 11,058,107

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	\$ -
Depreciation Expense	-
Other Operating Expenses	(3,913,277)
Operating Income (Loss)	(3,913,277)
 Nonoperating Revenues (Expenses)	
Investment Income	8,550,142
Interest Expense	(17,699,712)
Total Nonoperating Revenues (Expenses)	(9,149,570)
Change in Net Position	(13,062,847)
Beginning Net Position	24,120,954
Ending Net Position	\$ 11,058,107

GEORGE L SMITH, II
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "F"

Condensed Statement of Cash Flows

Net Cash Provided (used) by:	
Operating Activities	\$ (3,498,277)
Noncapital Financing Activities	-
Capital and Related Financing Activities	(220,626,629)
Investing Activities	139,653,952
Beginning Cash and Cash Equivalents	<u>176,501,038</u>
Ending Cash and Cash Equivalents	<u>\$ 92,030,084</u>

REQUIRED SUPPLEMENTARY INFORMATION

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 JUNE 30, 2023

SCHEDULE "I"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability							
Service cost at end of year	\$ 357,559	\$ 954,941	\$ 1,388,793	\$ 827,795	\$ 1,104,930	\$ 1,162,404	\$ 1,291,382
Interest on the Total OPEB liability	845,119	806,589	897,508	1,100,176	1,145,786	1,053,450	930,675
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(206,791)	(7,541,261)	(7,583,570)	(242,029)	(3,287,450)	(181,509)	-
Changes of assumptions or other inputs	(615,411)	(5,697,848)	2,694,289	10,593,745	(1,475,401)	(1,541,994)	(2,936,699)
Benefit payments	(502,480)	(530,060)	(430,483)	(313,179)	(376,164)	(394,109)	(293,923)
Net change in total OPEB liability	<u>(122,004)</u>	<u>(12,007,639)</u>	<u>(3,033,463)</u>	<u>11,966,508</u>	<u>(2,888,299)</u>	<u>98,242</u>	<u>(1,008,565)</u>
Total OPEB liability - beginning	<u>22,725,485</u>	<u>34,733,124</u>	<u>37,766,587</u>	<u>25,800,079</u>	<u>28,688,378</u>	<u>28,590,136</u>	<u>29,598,701</u>
Total OPEB liability - ending (a)	<u>\$ 22,603,481</u>	<u>\$ 22,725,485</u>	<u>\$ 34,733,124</u>	<u>\$ 37,766,587</u>	<u>\$ 25,800,079</u>	<u>\$ 28,688,378</u>	<u>\$ 28,590,136</u>
Plan fiduciary net position							
Contributions - employer	\$ 750,000	\$ -	\$ -	\$ 700,000	\$ 400,000	\$ 568,547	\$ 568,547
Net investment income	426,335	(383,856)	1,098,071	(34,087)	237,859	246,076	230,639
Benefit payments	(502,480)	(530,060)	(430,483)	(313,179)	(376,164)	(394,109)	(293,923)
Administrative expenses	(42,190)	(44,123)	(41,570)	(29,111)	(34,036)	(44,785)	-
Net change in plan fiduciary net position	<u>631,665</u>	<u>(958,039)</u>	<u>626,018</u>	<u>323,623</u>	<u>227,659</u>	<u>375,729</u>	<u>505,263</u>
Plan fiduciary net position - beginning	<u>4,536,442</u>	<u>5,494,481</u>	<u>4,868,463</u>	<u>4,544,840</u>	<u>4,317,181</u>	<u>3,941,452</u>	<u>3,436,189</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,168,107</u>	<u>\$ 4,536,442</u>	<u>\$ 5,494,481</u>	<u>\$ 4,868,463</u>	<u>\$ 4,544,840</u>	<u>\$ 4,317,181</u>	<u>\$ 3,941,452</u>
Authority's net OPEB liability - ending (a) - (b)	<u>\$ 17,435,374</u>	<u>\$ 18,189,043</u>	<u>\$ 29,238,643</u>	<u>\$ 32,898,124</u>	<u>\$ 21,255,239</u>	<u>\$ 24,371,197</u>	<u>\$ 24,648,684</u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.86%	19.96%	15.82%	12.89%	17.62%	15.05%	13.79%
Covered Employee Payroll	\$ 12,157,767	\$ 12,157,767	\$ 15,634,168	\$ 18,165,318	\$ 18,165,318	\$ 17,531,496	\$ 17,531,496
Net OPEB liability as a percentage of covered payroll	143.41%	149.61%	187.02%	181.10%	117.01%	139.01%	140.60%

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - GWCC OPEB
 JUNE 30, 2023

SCHEDULE "2"

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 975,351	\$ 975,351	\$ 1,138,476	\$ 1,138,476	\$ 1,138,476	\$ 1,700,862	\$ 1,700,862
Contributions in relation to the actuarially determined contribution	750,000	-	-	700,000	400,000	568,547	568,547
Annual contribution deficiency (excess)	<u>\$ 225,351</u>	<u>\$ 975,351</u>	<u>\$ 1,138,476</u>	<u>\$ 438,476</u>	<u>\$ 738,476</u>	<u>\$ 1,132,315</u>	<u>\$ 1,132,315</u>
Covered Employee Payroll *	\$ 12,157,767	\$ 12,157,767	\$ 15,634,168	\$ 18,165,318	\$ 18,165,318	\$ 17,531,496	\$ 17,531,496
Actual contributions as a percentage of covered payroll	6.17%	0.00%	0.00%	3.85%	2.20%	3.24%	3.24%

* For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

Notes to the schedule:

Method and assumptions used in calculations of actuarially determined contributions:

The Actuarial Determined Contribution (ADC) is calculated with each biennial actuarial valuation. The following actuarial methods and assumptions from the actuarial reports as of June 30, 2023 and prior years were used to determine the contribution amount reported in the schedule:

Inflation	2.50%
Real wage growth	0.50%
Wage Inflation	3.00%
Salary increases, including wage inflation	
General Employees	3.00% - 6.75%
Long-term Investment Rate of Return, net of OPEB	
plan investment expense, including price inflation	6.25%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB TRUST INVESTMENT RETURNS
 JUNE 30, 2023

SCHEDULE "3"

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses for the OPEB Trust	8.0%	(7.3)%	22.2%	(0.60)%	5.10%	4.60%	5.30%

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SEAD - OPEB
 SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
 JUNE 30, 2023

SCHEDULE "4"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net OPEB liability (asset) (%)	0.363181%	0.348702%	0.540296%	0.518443%	0.478396%	0.562031%
Authority's proportion of the net OPEB liability (asset) (\$)	\$ (1,335,006)	\$ (2,147,398)	\$ (1,534,538)	\$ (1,465,975)	\$ (1,294,760)	\$ (1,460,747)
Authority's covered employee payroll	\$ 11,526,065	\$ 11,410,271	\$ 18,894,821	\$ 16,710,919	\$ 17,531,000	\$ 18,825,601
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(11.58)%	(18.82)%	(8.12)%	(8.77)%	(7.39)%	(7.76)%
Plan fiduciary net position as a percentage of the total OPEB liability	138.03%	164.76%	129.20%	129.73%	129.46%	130.17%

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS - SEAD OPEB
 (DOLLARS IN THOUSANDS)
 JUNE 30, 2023

SCHEDULE "5"

	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 11,526	\$ 11,410	\$ 18,878	\$ 18,895	\$ 16,711	\$ 17,531
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 JUNE 30, 2023

SCHEDULE "6"

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.428772%	0.434378%	0.687035%	0.689338%	0.603639%	0.684522%	0.721915%	0.682804%	0.685275%
Employer's proportionate share of the net pension liability	\$ 28,635,388	\$ 10,159,684	\$ 28,958,230	\$ 28,445,746	\$ 24,815,798	\$ 27,800,732	\$ 34,149,612	\$ 27,663,108	\$ 25,702,047
Employer's covered-employee payroll	\$ 13,545,228	\$ 18,877,862	\$ 18,894,821	\$ 16,710,919	\$ 18,894,821	\$ 16,710,919	\$ 19,056,000	\$ 18,641,075	\$ 16,685,784
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	211.4%	53.8%	153.3%	170.2%	131.3%	166.4%	179.2%	148.4%	154.0%
Plan fiduciary net position as a percentage of the total pension liability	67.44%	87.62%	76.21%	76.74%	76.68%	76.33%	72.34%	76.20%	77.99%

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GEORGE L. SMITH, II
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS
 JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 3,880	\$ 2,680	\$ 4,272	\$ 4,401
Contributions in relation to the contractually required contribution	<u>\$ 3,880</u>	<u>\$ 2,680</u>	<u>\$ 4,272</u>	<u>\$ 4,401</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Agency's covered-employee payroll	\$ 11,526	\$ 11,410	\$ 18,878	\$ 18,895
Contributions as a percentage of covered-employee payroll	33.66%	23.49%	22.63%	23.29%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,472	\$ 4,232	\$ 4,510	\$ 4,149	\$ 3,832	\$ 2,962	\$ 2,219
<u>\$ 4,472</u>	<u>\$ 4,232</u>	<u>\$ 4,510</u>	<u>\$ 4,149</u>	<u>\$ 3,832</u>	<u>\$ 2,962</u>	<u>\$ 2,219</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,711	\$ 17,531	\$ 18,826	\$ 19,056	\$ 18,641	\$ 16,686	\$ 15,505
26.76%	24.14%	23.96%	21.77%	20.56%	17.75%	14.31%

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GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
JUNE 30, 2023

Changes of assumptions:

- * On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal, and salary increases. The expectation of retired life mortality was changed to the RP-2000 Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).
- * A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.
- * On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.
- * On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

SECTION II

INTERNAL CONTROL AND COMPLIANCE REPORT



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of the George L. Smith, II Georgia World Congress Center Authority
and
Mr. Frank Poe, Executive Director

We have audited the financial statements of the business-type activities and fiduciary activities of the George L. Smith, II Georgia World Congress Center Authority (Authority), a component unit of the State of Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 29, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

December 29, 2023