Fiscal Year 2020

George L. Smith, II Georgia World Congress Center Authority

A Component Unit of the State of Georgia

Audit Report

For the Fiscal Year Ended June 30, 2020

Department of Audits and Accounts

Greg S. Griffin
State Auditor

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN
STATE AUDITOR
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Independent Auditor's Report

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 Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information 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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 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 in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

Greg S. Griffin
State Auditor

November 6, 2020

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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, 2020 and comparing them to fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. 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.

During the period of review, the Authority continued to manage the activities of the Georgia World Congress Center (GWCC), Centennial Olympic Park (COP), and the Savannah Convention Center, each generating significant regional economic impact by serving as host to conventions, tradeshows, sporting events, entertainment, and other special events. In December 2019, the construction on the contiguous exhibition expedition facility was completed, adding 100,000 square-feet of exhibit space between buildings B and C.

HIGHLIGHTS

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2020 are as follows:

- The Authority's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) was $1.4 billion on June 30, 2020. Of this amount, $66.4 million represents deficit net position and $1.5 billion represents its investment in capital assets. A positive balance in unrestricted net position would represent the amount available to meet the Authority's ongoing obligations.
- The Authority's net position decreased by $110.5 million primarily because of depreciation on the Mercedes–Benz Stadium (MBS).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 general public. The basic Proprietary Funds financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund 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 9-14 of this report.

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 17-41 of this report.

Financial Analysis of the Authority as a Whole

The Authority's net position on June 30, 2020 and June 30, 2019 is as follows:

	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Total % Change
Other Assets	$ 138,857,487	$ 138,576,425	$ 281,062	0.2%
Capital Assets (Net of Depreciation)	1,478,114,999	1,570,549,248	(92,434,249)	-5.9%
Total Assets	1,616,972,486	1,709,125,673	(92,153,187)	-5.4%
Deferred Outflows of Resources	17,168,698	6,672,657	10,496,041	157.3%
Other Liabilities	19,888,133	29,593,380	(9,705,247)	-32.8%
Long-Term Liabilities	178,733,026	138,004,719	40,728,307	29.5%
Total Liabilities	198,621,159	167,598,099	31,023,060	18.5%
Deferred Inflows of Resources	6,045,503	8,244,607	(2,199,104)	-26.7%
Investment in Capital Assets	1,478,114,999	1,570,549,248	(92,434,249)	-5.9%
Restricted	17,790,583	17,352,822	437,761	2.5%
Unrestricted (Deficit)	(66,431,060)	(47,946,446)	(18,484,614)	38.6%
Total Net Position	$ 1,429,474,522	$ 1,539,955,624	$ (110,481,102)	-7.2%

Other assets increased by $281,062. Current assets increased by $22.1 million due to an increase in cash from a note purchase agreement with Northwestern Mutual ($46.2 million), for funding of the hotel, reduced by outlays for the hotel project and net losses due to COVID-19. Noncurrent Assets were reduced by $21.8 million due to a reduction in PSL accounts receivable and an increase in Allowance for Doubtful Accounts on PSLs.

Capital assets decreased when compared to prior year due to depreciation for Mercedes-Benz Stadium (MBS). Long-term liabilities increased by $40.7 million due to an increase in OPEB liability ($11.6 million), pension liability ($3.6 million) and long-term notes payable to Northwestern Mutual ($44.7 million). This increase was offset by a decrease in payable to MBS ($18.3 million). Total net position for the Authority decreased during the fiscal year to $1.4 billion. This decrease of $110.5 million was directly related to depreciation on the stadium ($101.6 million). The Authority's unrestricted net position decreased by $18.5 million due to a net operating loss of $15.3 million due to the COVID-19 pandemic and resulting event cancellations in the last quarter of the fiscal year.

The following is a summary of Revenues, Expenses and Changes in Net Position for fiscal year 2020 compared to fiscal year 2019:

	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Total % Change
Operating Revenue	$ 45,199,328	$ 65,971,700	$ (20,772,372)	-31.5%
Operating Expenses	164,852,252	167,563,637	(2,711,385)	-1.6%
Operating Loss	(119,652,924)	(101,591,937)	18,060,987	-17.8%
Nonoperating Revenue/(Expenses) Net	5,157,647	5,260,004	(102,357)	-1.9%
Income Before Capital Contributions	(114,495,277)	(96,331,933)	(18,163,344)	-18.9%
Capital Contributions	4,014,176	6,789,849	(2,775,673)	-40.9%
Change in Net Position	(110,481,101)	(89,542,084)	(20,939,017)	-23.4%
Net Position, July 1	1,539,955,624	1,629,497,707	(89,542,083)	-5.5%
Total Net Position, June 30	$ 1,429,474,523	$ 1,539,955,624	$ (110,481,101)	-7.2%

The Authority had an operating loss of $119.7 million for the fiscal year. This loss is directly related to the MBS depreciation of $101.6 million. Operating revenues were $45.2 million for the fiscal year ended June 30, 2020, which is a decrease of $20.8 million or 31.5% from the previous year. The significant reduction in revenue is a direct effect of the COVID-19 pandemic, which resulted in cancellations of over 100 events.

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, 2020 were $164.9 million, which is a decrease of $2.7 million or 1.6%, over the prior year. This decrease was mainly in personnel services due to a reduction in overtime and temporary help based on event cancellations.

During fiscal year 2020, non-operating revenues/expenses (net) of $5.2 million were 1.9% or $102,357 million lower than 2019. The Authority also recognized capital contributions of $4.0 million during fiscal year 2020, which is an increase in assets at Mercedes Benz Stadium.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of June 30, 2020 totaled $1.8 billion, with accumulated depreciation of $323.6 million for a net book value of $1.5 billion, a $92.4 million decrease over fiscal year 2019. The decrease in capital assets resulted from the first full year of depreciation for MBS. Investments in capital assets include land, buildings, improvements, construction in progress, and equipment. Depreciation expenses related to the capital assets for the year totaled $104.4 million. It should be noted that 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 6 on page 25 of this report.

Debt Administration

The Authority entered into a Note Purchase Agreement with Northwestern Mutual on May 15, 2020. Mercedes Benz Stadium license agreement payments were used as collateral and semi-annual payments totaling $46.2 million will be due by December 15, 2045.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 220-acre campus of the Authority serves as an economic catalyst for the community, generating economic benefits to the citizens of the state, as well as enhancing the overall quality of life for every Georgian.

An estimated 3.3 million visitors attended events at the GWCC, Mercedes-Benz Stadium and Centennial Olympic Park during fiscal year 2020. According to a Georgia State University economic impact study performed by Peter Bluestone, senior research associate, those visitors generated an estimated economic impact of almost $1.34 billion. Trade shows, conventions, and sporting events also helped generate an estimated $134.5 million in tax revenues for the state and local governments. Additionally, the Authority bolstered the region’s economy by creating 13,785 jobs and contributed $441.5 million in additional labor income.

In fiscal year 2020 the GWCC hosted 132 events including 14 conferences/conventions, 19 tradeshows, 16 sporting competitions, and 8 public/consumer events. Some of the year’s larger events included the Atlanta International Auto Show, CHEERSPORT, National Association of Convenience Stores (NACS), International Production and Processing Exposition (IPPE) and the Chinese Lantern Festival/Christkindl Market. Mercedes-Benz Stadium hosted 38 events in fiscal year 2020, including 28 professional sporting events, 7 amateur sporting events, and concerts featuring George Strait, Keith Urban, Blake Shelton and Eric Church. Centennial Olympic Park hosted its annual July 4th celebration, ONE Musicfest, Christkindl Market and Chinese Lantern Festival.

Note that this period includes the onset of COVID-19 pandemic, which effectively shut down the travel and tourism industries in Georgia beginning in March 2020. The NCAA Final Four basketball tournament and many other affiliated events were scheduled to be held at MBS and GWCC. All Final Four events and many other events scheduled between March and June 2020 were canceled due to the pandemic.

The Authority made several notable accomplishments in fiscal year 2020:

- Completed construction on Exhibit Hall BC (formerly Contiguous Exhibition Facility) project to produce a fixed gateway between buildings B and C that will create over one million square feet of contiguous exhibition space
- Continued construction on Orange Parking Deck which will provide an additional 544 parking spaces and 12 electric vehicle charging stations
- Achieved an aggregate guest satisfaction score of 4.61 (on a 1-5 scale) from planners, exhibitors, and attendees.

The 220-acre campus of the Georgia World Congress Center Authority is committed to fulfilling its mission to serve the state of Georgia as an economic generator driving tourism while creating compelling guest experiences to everyone, every day.

The Authority adopts an operating budget, which is approved by its board of directors in May of each year for the subsequent year. Due to the ongoing pandemic, the Authority's fiscal year 2021 operating budget was approved in June and includes operating revenue of $37.3 million and operating expenses of $47.0 million, excluding depreciation. This budget reflects an overall loss and cash reserves will be used to supplement the budgeted revenue.

The Authority is continuing to monitor and respond to the ongoing effect of the pandemic. There is an expectation that the financial impacts will continue into the third and fourth quarters of fiscal year 2021.

BASIC FINANCIAL STATEMENTS

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

EXHIBIT "A"

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 60,063,953.57
Accounts Receivable	
Customers	5,295,113.60
Hotel/Motel Tax	429,057.36
Prepaid Items	100,816.27
Inventories	436,688.07
Total Current Assets	66,325,628.87
Noncurrent Assets	
Restricted	
Cash and Cash Equivalents	
Personal Seat Licenses (PSLs)	11,933.61
Hotel/Motel Tax - Mercedes Benz Stadium	15,260,780.49
Capital Campaign	1,004,662.44
Accounts Receivable - PSLs	92,294,357.71
Allowance for Doubtful Accounts	(37,505,851.09)
Net OPEB Asset	1,465,975.00
Total Restricted Assets	72,531,858.16
Capital Assets	
Land and Land Improvements	66,382,613.00
Construction In Progress	14,393,830.68
Building and Building Improvements	1,622,389,184.00
Less: Accumulated Depreciation	(272,518,706.35)
Improvements other than Buildings	51,360,033.63
Less: Accumulated Depreciation	(23,406,749.74)
Equipment	47,180,845.41
Less: Accumulated Depreciation	(27,666,051.21)
Capital Assets (Net of Accumulated Depreciation)	1,478,114,999.42
Total Noncurrent Assets	1,550,646,857.58
TOTAL ASSETS	1,616,972,486.45
DEFERRED OUTFLOWS of RESOURCES	
Deferred Outflows of Resources Related to Pensions	7,897,585.00
Deferred Outflows of Resources Related to OPEB	9,271,113.00
Total Deferred Outflows of Resources	17,168,698.00

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

EXHIBIT "A"

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

LIABILITIES	
Current Liabilities	
Accounts Payable	
Vendors	$ 5,002,168.79
Hotel/Motel Tax	421,901.12
Accrued Payroll/Payroll Withholdings	74,868.16
Compensated Absences	209,247.08
Unearned Revenue	3,336,254.43
Short-Term Notes Payable	409,592.00
Line of Credit	13,500.00
Installment Purchase Agreement	1,171,567.87
Total Current Liabilities	10,639,099.45
Current Liabilities Payable from Restricted Assets	
Accounts Payable - Capital Campaign	1,608.25
Accounts Payable - Mercedes Benz Stadium	9,247,424.89
Total Current Liabilities from Restricted Assets	9,249,033.14
Noncurrent Liabilities	
Compensated Absences	1,878,273.27
Net OPEB Liability	32,898,124.00
Net Pension Liability	28,445,745.99
Customer Deposits Payable	10,000.00
Long-Term Notes Payable	44,715,981.08
Accounts Payable - MBS	45,553,015.34
Installment Purchase Agreement	25,231,886.50
Total Noncurrent Liabilities	178,733,026.18
TOTAL LIABILITIES	198,621,158.77
DEFERRED INFLOWS of RESOURCES	
Deferred Inflows of Resources Related to Pensions	1,635,378.00
Deferred Inflows of Resources Related to OPEB	4,410,125.00
Total Deferred Inflows of Resources	6,045,503.00
NET POSITION	
Investment in Capital Assets	1,478,114,999.42
Restricted for:	
Maintenance of Art	60,773.46
Mercedes Benz Stadium	15,260,780.49
Capital Campaign	1,003,054.19
Net OPEB Asset	1,465,975.00
Unrestricted (Deficit)	(66,431,059.88)
Total Net Position	$ 1,429,474,522.68

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

EXHIBIT "B"

OPERATING REVENUES	
Space Rental	$ 10,658,992.70
Rental - Equipment	281,296.90
Utility Services	7,595,870.56
Parking	6,265,428.47
Catering	3,327,406.17
Contributed Equipment	844,199.73
Advertising	1,803,168.97
Contract Labor	3,091,230.10
Telecommunications	1,359,198.67
Cancellation Fee	30,739.54
Contract Services - Savannah	3,923,517.32
Stadium License Fee	2,627,010.00
Miscellaneous	3,391,268.35
Total Operating Revenue	45,199,327.48
OPERATING EXPENSES	
Personnel Services	35,070,025.64
Other Post-employment Benefits (OPEB)	2,261,682.00
Regular Operating Expenses	15,932,579.50
Equipment/Computer	3,352,866.39
Professional Services	925,558.25
Other	390,413.70
Special Projects/Capital Outlay	2,566,578.60
Total Operating Expenses	60,499,704.08
Operating Loss Before Depreciation	(15,300,376.60)
Depreciation Expense	104,352,547.68
Operating Loss	(119,652,924.28)

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

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

NONOPERATING REVENUES (EXPENSES)	
Hotel and Motel Tax (net)	5,291,450.48
Hotel and Motel Tax Expense (Mercedes Benz Stadium)	(710,367.12)
PSL Interest Revenue	7,277,472.00
PSL Interest Expense	(7,277,472.00)
Interest Expense	(173,093.99)
Investment Income	279,455.36
Vendor's Compensation on Sales Tax Collections	1,168.36
Loss on Capital Asset Disposals	(8,808.62)
Insurance Recovery Revenue	75,279.31
Insurance Recovery Expense	(75,279.31)
Grant Revenue	168,405.36
Grant Expense	(168,405.36)
Capital Campaign Revenue	615,876.08
Capital Campaign Expense	(138,033.42)
Total Nonoperating Revenues (Expenses)	5,157,647.13
Income (Loss) Before Capital Contributions	(114,495,277.15)
Capital Contributions	4,014,176.00
Change in Net Position	(110,481,101.15)
NET POSITION, JULY 1	1,539,955,623.83
NET POSITION, JUNE 30	$ 1,429,474,522.68

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 52,340,908.27
Cash Paid to Vendors	(26,527,770.07)
Cash Paid to Employees	(34,225,234.20)
Net Cash Used In Operating Activities	(8,412,096.00)
CASH FLOWS FROM NONCAPITAL FINANCING	
Hotel and Motel Tax Received	28,100,366.37
Hotel and Motel Tax Distributed	(22,188,025.12)
Vendor's Compensation on Sales Tax Collections	1,168.36
Net Cash Provided by Noncapital Financing Activities	5,913,509.61
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Hotel and Motel Tax Received - Dedicated to MBS	9,270,076.11
Hotel and Motel Tax Distributed - MBS	(9,980,443.23)
Proceeds from Capital Campaign for Park Renovations	957,990.18
Capital Campaign Expense Payments	(2,090,728.69)
Proceeds from Notes Payable	46,158,397.08
Principle Paid on Notes Payable	(1,032,824.00)
NWM Interest Expense Payments	(173,093.99)
Proceeds from Personal Seat License Fees	1,802.00
MBS Stadium Expense Payments	(16,907.19)
Acquisition and Construction of Capital Assets	(7,912,931.87)
Net Cash Provided In Capital and Related Financing Activities	35,181,336.40
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	279,455.36
Net Increase in Cash and Cash Equivalents	32,962,205.37
CASH AND CASH EQUIVALENTS - JULY 1	43,379,124.74
CASH AND CASH EQUIVALENTS - JUNE 30	$ 76,341,330.11

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

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

EXHIBIT "C"

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating (Loss)	$ (119,652,924.28)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	104,352,547.68
Changes in Assets and Liabilities:	
Accounts Receivable	9,219,197.89
Prepaid Items	14,623.60
Inventories	(59,192.13)
Unearned Revenues	(2,088,811.31)
Net OPEB Liability	11,642,885.00
Net OPEB Asset	(171,215.00)
Net Pension Liability	3,629,948.00
All Other Liabilities	(2,604,010.89)
Changes in Deferred Inflows/Outflows of Resources	
Deferred Inflows of Resources	(2,199,104.00)
Deferred Outflows of Resources	(10,496,040.56)
Total Adjustments	111,240,828.28
Net Cash Used In Operating Activities	$ (8,412,096.00)
Noncash Investing, Capital and Financing Activities	
Increase in Capital Contributions	$ 4,014,176.00

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2020

EXHIBIT "D"

	OPEB TRUST FUND
ASSETS	
Current Assets	
Investments, at Fair Value	$ 4,917,023.37
Cash and Cash Equivalents	264,562.45
Total Assets	5,181,585.82
LIABILITIES	
Current Liabilities	
Benefits Payable	313,122.44
Total Liabilities	313,122.44
NET POSITION	
Net Position:	
Restricted for:	
OPEB Benefits	4,868,463.38
Total Net Position	$ 4,868,463.38

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

EXHIBIT "E"

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2020

		OPEB TRUST FUND
ADDITIONS		
Contributions - Employer	$	700,000.00
Interest Earned		228,786.02
Net Appreciation (Depreciation) in		
Investments Reported at Fair Value		(225,807.49)
Less: Investment Expense		(37,065.37)
Total Additions		665,913.16
DEDUCTIONS		
Benefits		313,179.13
Administrative Expense		29,111.27
Total Deductions		342,290.40
Net increase in Net Position Restricted for:		
Other Employee Benefits		323,622.76
Net Position, July 1		4,544,840.62
Net Position, June 30	$	4,868,463.38

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 2015, construction related activities for the Mercedes Benz Stadium (MBS) were reflected in this fund. Personal seat licenses (PSL) sold prior to substantial completion of the stadium are considered public contribution. The payments collected for the PSLs are paid or owed to AMB Sports + Entertainment (AMB) for construction related debt or for ongoing operating expenses. 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.

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 also may withdraw cash at any time without prior notice or penalty. Cash and Cash Equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition. 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 in excess of 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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 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:

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

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 position 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.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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:

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.

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.

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.

E. 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.

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. Uncollectible accounts cannot be written off due to state law. Accordingly, PSL defaults remain in the accounts receivable and related allowance accounts, unless the Falcons resell the PSL. At 6/30/20, there are $30,943,162.46 in defaulted accounts included in the accounts receivable and related allowance balances.

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

A. Implementation of New Accounting Standards

In fiscal year 2020, the Authority considered implementation of the following GASB Statements:

GASB Statement No. 84 “Fiduciary Activities.”

GASB Statement No. 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance”

The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement will not be implemented based on guidance under Statement No. 95.

The objectives of Statement No. 90 are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial information for certain component units. This statement will not be implemented based on guidance under Statement No. 95.

The objective of Statement No. 95 is to provide governments with sufficient time to apply the authoritative guidance addressed in this Statement which will help to safeguard the reliability of their financial statements, which in turn will benefit the users of those financial statements.

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

<u>State of Georgia Collateralization Statutes and Policies</u>
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.

NOTE 5: DEPOSITS AND INVESTMENTS

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, 2020, the bank balances totaled $21,481,910.00. 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

At June 30, 2020, the Authority had $55,120,182.40 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 79 and is thus valued at fair value in accordance with GASB No. 31. As a result, the Authority does not disclose investment in the Georgia Fund 1 with the fair value hierarchy.

<u>Fair Value Measurements</u>
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, 2020, the OPEB Trust Fund had the following investments:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual Funds invested in fixed income securities	$ 1,919,557.79	-	$ -	1,919,557.79
Mutual funds invested in equities	2,230,293.16	-	-	2,230,293.16
Mutual funds invested in alternative investments	767,172.42	-	-	767,172.42
Total	$ 4,917,023.37	$ -	$ -	$ 4,917,023.37

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.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balances June 30, 2019	Additions	Deletions	Transfers	Balances June 30, 2020
Capital Assets, Not Being Depreciated:					
Land and Land Improvements	$ 66,382,613.00	$ -	$ -	$ -	$ 66,382,613.00
Construction Work In Progress	7,173,616.19	7,220,214.49	-	-	14,393,830.68
Total Capital Assets, Not Being Depreciated	73,556,229.19	7,220,214.49	-	-	80,776,443.68
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	1,622,389,184.00	-	-	-	1,622,389,184.00
Improvements Other Than Buildings	51,360,033.63	-	-	-	51,360,033.63
Equipment	42,824,545.46	4,707,473.38	351,173.43	-	47,180,845.41
Less: Accumulated Depreciation:					
Buildings and Improvements	176,335,633.66	96,183,072.69	-	-	272,518,706.35
Improvements Other Than Buildings	21,694,748.62	1,712,001.12	-	-	23,406,749.74
Equipment	21,550,362.15	6,466,862.49	351,173.43	-	27,666,051.21
Total Capital Assets, Being Depreciated, Net	1,496,993,018.66	(99,654,462.92)	-	-	1,397,338,555.74
Total Capital Assets, Net	$ 1,570,549,247.85	$ (92,434,248.43)	$ -	$ -	$ 1,478,114,999.42

NOTE 7: LONG-TERM LIABILITIES

Long-term obligations at June 30, 2020 and changes for the fiscal year then ended are as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Compensated Absences	$ 1,898,607.53	$ 188,912.82	$ -	$ 2,087,520.35	$ 209,247.08
Net Postemployment Benefit Liability	21,255,239.00	12,342,885.00	700,000.00	32,898,124.00	-
Net Pension Liability	24,815,797.99	3,629,948.00	-	28,445,745.99	-
Customer Deposits Payable	10,000.00	-	-	10,000.00	-
Stadium Liability	75,852,516.68	-	21,052,076.45	54,800,440.23	9,247,424.89
Notes Payable	-	46,158,397.08	1,032,824.00	45,125,573.08	409,592.00
Installment Purchase Agreement	27,514,670.89	-	1,111,216.52	26,403,454.37	1,171,567.87
	$ 151,346,832.09	$ 62,320,142.90	$ 23,896,116.97	$ 189,770,858.02	$ 11,037,831.84

Installment purchase debt service requirements to maturity are as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total
2021	$ 1,171,567.87	$ 1,249,636.15	$ 2,421,204.02
2022	1,253,112.66	1,191,369.93	2,444,482.59
2023	1,359,205.51	1,128,362.08	2,487,567.59
2024	1,442,876.77	1,061,115.28	2,503,992.05
2025	1,572,365.01	988,189.68	2,560,554.69
2026-2030	9,449,879.88	3,685,576.59	13,135,456.47
2031-2034	10,154,446.67	989,132.07	11,143,578.74
	$ 26,403,454.37	$ 10,293,381.78	$ 36,696,836.15

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 GA 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.

Notes payable debt service requirements to maturity are as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total
2021	$ 409,592.48	$ 2,026,362.44	$ 2,435,954.92
2022	477,493.05	2,007,180.77	2,484,673.82
2023	549,468.96	1,984,898.34	2,534,367.30
2024	625,725.17	1,959,329.48	2,585,054.64
2025	706,476.54	1,930,279.19	2,636,755.74
2026 - 2030	4,917,349.04	9,078,869.36	13,996,218.40
2031 - 2035	7,753,192.07	7,699,763.98	15,452,956.06
2036 - 2040	11,463,351.00	5,597,961.13	17,061,312.13
2041 - 2045	16,283,153.75	2,553,913.45	18,837,067.20
2046	1,939,771.00	43,644.85	1,983,415.85
Total	$ 45,125,573.08	$ 34,882,202.99	$ 80,007,776.07

This liability is a direct borrowing related to the advance of the stadium license fee.

NOTE 8: UNEARNED REVENUE

At June 30, 2020, the unearned revenue consisted of advance payments from customers for upcoming events.

NOTE 9: 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 out of performance of their duties; survivors benefits for eligible members of the Employees' Retirement System; consolidating processing of unemployment compensation claims against State agencies and the payment of sums due to the Department of Labor; and workers' compensation insurance coverage for employees of the State and for the receipt of benefits as prescribed by the workers' compensation statutes of the State of Georgia. These self-insurance funds are accounted for as internal service funds of the State of Georgia where assets are set aside for claim settlements. The majority of the risk management programs are funded by assessments charged to participating organizations. A limited amount of commercial insurance is purchased by the self-insurance funds applicable to property, employee and automobile liability, fidelity and certain other risks to limit the exposure to catastrophic losses. Otherwise, the risk management programs service all claims against the State for injuries and property damage. Financial information relative to the self-insurance funds will be presented in the State of Georgia Comprehensive Annual Financial Report for the year ended June 30, 2020.

NOTE 10: 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 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, actuarially determined annually, for the year ended June 30, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members. The Authority's contributions to ERS totaled $4,401,124 for the year ended June 30, 2020. 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.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2020, the Authority reported a liability for its proportionate share of the collective ERS Plan net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019. At June 30, 2019, the Employer's proportion was 0.689338%, which was an increase of 0.085699% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of $5,097,857. At June 30, 2020, 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	$ 947,330	$ -
Changes in Assumptions	500,673	-
Net difference between projected and actual earnings on pension plan investments	-	885,455
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,048,458	749,923
Employer contributions subsequent to the measurement date	4,401,124	-
Total	$ 7,897,585	$ 1,635,378

Authority contributions subsequent to the measurement date of $4,401,124 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, 2021. 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	
2021	$ 1,870,727
2022	47,406
2023	(174,430)
2024	117,380
2025	-
Thereafter	$ -

<u>Actuarial Assumptions</u>

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases (average, including inflation)	3.25% - 7.00%
Investment rate of return (net of pension plan investment expense, including inflation)	7.30%

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality for members in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the assumed investment rate of return.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Fixed Income	30.0%	(0.10)%
Domestic large equities	46.2%	8.9%
Domestic small equities	1.3%	13.2%
International developed market equities	12.4%	8.9%
International emerging market equities	5.1%	10.9%
Alternatives	5.0%	12.0%
Total	100.0%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount Rate

The discount rate used to measure the total pension liability was 7.30 %. 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 7.30 %, 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 (6.30%) or 1-percentage-point higher (8.30 %) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Employer's proportionate share of the net pension liability	$ 40,424,021	$ 28,445,746	$ 18,234,465

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/formspubs/formspubs.html.

Payables to the pension plan

Pension payments due on June 30, 2020, in the amount of $279,472.68 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.

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 2020, the Authority employer and employee GSEPS contributions were $324,796.89 and $685,538.26, respectively. The Authority employer and employee Roth GSEPS contributions were $5,313.54 and $21,507.94, respectively.

Georgia Defined Contribution Plan
Certain employees of the Authority participate in the Georgia Defined Contribution Plan (GDCP), 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. GDCP is administered by the ERS Board of Trustees.

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

Member contributions are 7.5% of gross salary. There are no employer contributions. Contribution rates are established and may be amended by State statue. 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, 2020, were $128,298.35, which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

NOTE 11: 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)

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	$ -	$ 1,465,975	$ 1,465,975
Net OPEB Liability	$ 32,898,124	$ -	$ 32,898,124
Deferred Outflows of Resources Related to OPEB	$ 9,186,238	$ 84,875	$ 9,271,113
Deferred Inflows of Resources Related to OPEB	$ 4,217,096	$ 193,029	$ 4,410,125
OPEB Expense	$ 2,321,538	$ (59,856)	$ 2,261,682

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.

The plan is generally funded on a pay-as-you-go basis. That is, annual employer costs of providing benefits will be financed in the same year as claims occur, with no significant assets accumulating as would occur in an advance funding strategy. During fiscal year 2018, the Authority's Board approved an additional contribution above the current year's pay-as-you-go amount. Such additional contribution amounts are determined annually by the Board. 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, 2018 actuarial valuation report, reflects membership for the OPEB Plan as of June 30, 2018:

Inactive Members or Beneficiaries Receiving benefits	41
Inactive Members or Beneficiaries Entitled to but not receiving benefits	-
Active Members	355
Total Membership	396

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 FY20 was (0.6)%, 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 new standard. The GWCC OPEB Plan does not issue separate financial statements.

The Authority's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 with the actuary using standard techniques to roll forward the liability to the measurement date.

Total OPEB Liability	$ 37,766,587
Plan Fiduciary Net Position	(4,868,463)
Net OPEB Liability	$ 32,898,124
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	12.89%

Actuarial Assumptions

The total OPEB liability at June 30, 2020 is based upon the June 30, 2018 actuarial valuation with updated procedures performed by the actuary to roll forward to June 30, 2020. Significant assumptions utilized by the actuary include:

Inflation	2.75%
Real wage growth	0.50%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 7.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.50%
Municipal Bond Index Rate	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Year FNP is projected to be depleted	
Prior Measurement Date	2040
Measurement Date	2029
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.29%
Measurement Date	2.39%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

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

Mortality rates were based on the RP-2000 mortality tables projected to 2040 with projection scale BB, with adjustments made for retired and disabled employees where appropriate.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, adopted by the Board of Trustees of the Employees' Retirement System of Georgia on December 17, 2015.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Real Expected Return	Expected Inflation	Expected Return
Fixed Income	40%	(0.30%)	2.75%	3.05%
Equity Funds	45%	6.70%	2.75%	9.45%
Alternatives	15%	3.10%	2.75%	5.85%
Total	100%			
Weighted Average		3.60%		6.35%

Discount Rate

The discount rate used to measure the total OPEB liability as of the Measurement Date was 2.39%. 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, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.25%.
- 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 2029 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 6.50% on Plan investments was applied to periods through 2029 and the Municipal Bond Index Rate at the Measurement Date (2.21%) was applied to periods on and after 2029, resulting in an SEIR at the Measurement Date (2.39%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 4.29% at the Prior Measurement Date to 2.39% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Valuation date, the indicated set of methods and assumptions, and the requirements of GASB 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.

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% Decrease (1.39%)	Current Discount Rate (2.39%)	1% Increase (3.39%)
Net OPEB liability	$ 40,900,360	$ 32,898,124	$ 26,712,064

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% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	$ 25,796,446	$ 32,898,124	$ 42,274,858

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, 2020, were as follows:

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/19	$ 25,800,079	$ 4,544,840	$ 21,255,239
Changes for the year:			
Service Cost at the end of the year*	827,795	-	827,795
Interest on TOL and Cash Flows	1,100,176	-	1,100,176
Difference between expected and actual experience	(242,029)	-	(242,029)
Changes of assumptions or other inputs	10,593,745	-	10,593,745
Contributions - employer	-	700,000	(700,000)
Net investment income	-	(34,087)	34,087
Net Benefit payments	(313,179)	(313,179)	-
Plan administrative expenses	-	(29,111)	29,111
Net changes	11,966,508	323,623	11,642,885
Balance as of 6/30/20	$ 37,766,587	$ 4,868,463	$ 32,898,124

*Service cost includes interest for the year.

Plan Net Position as a Percentage of Total OPEB Liability 12.89%

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, 2020. For the year ended June 30, 2020, the Authority recognized OPEB expense of $2,321,538. At June 30, 2020, 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 experiences	$ -	$ 2,511,419
Changes in Assumptions	8,882,316	1,705,677
Net difference between projected and actual earnings on pension plan investments	303,922	-
Total	$ 9,186,238	$ 4,217,096

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	
2021	$ 671,314
2022	$ 671,314
2023	$ 811,566
2024	$ 971,076
2025	$ 1,526,130
Thereafter	$ 317,742

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.

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, 2020.

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

At June 30, 2020, the Authority reported an asset of $1,465,975 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 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, 2019. At June 30, 2019, the Authority's proportion was 0.518443%, which was an increase of 0.040047% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized SEAD-OPEB expense of ($59,856). At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to SEAD-OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 7,450	$ -
Changes in Assumptions	29,681	-
Net difference between projected and actual earnings on pension plan investments	-	134,697
Changes in proportion and differences between Employer contributions and proportionate share of contributions	47,744	58,332
Total	$ 84,875	$ 193,029

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

Year Ending June 30	
2021	$ (18,653)
2022	$ (83,321)
2023	$ (12,774)
2024	$ 6,594
2025	$ -
Thereafter	$ -

Actuarial assumptions

The total SEAD-OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 7.00%
Investment Rate of Return	7.30%. Net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years or both males and females for service retirements and dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return.

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. 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%	(0.10%)
Domestic large equities	46.20%	8.90%
Domestic small equities	1.30%	13.20%
International developed market equities	12.40%	8.90%
International emerging market equities	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate

The discount rate used to measure the total SEAD-OPEB liability was 7.30%. 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 proportionate share of the net OPEB liability to changes in the discount rate
The following presents the Authority's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.30%, as well as what the Authority's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
Employer's proportionate share of the net OPEB liability (asset)	$ (811,213)	$ (1,465,975)	$ (2,004,047)

NOTE 12: 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 the new stadium 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 $46.2 million in cash and will pay semi-annual payments to Northwestern Mutual through 2045.

NOTE 13: 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 $14.4 million payable to the architect. At June 30, 2020, $2.4 million had been paid to the developer and $11.1 million had been paid to the architect.

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, 2020

SCHEDULE "1"

	2020	2019	2018	2017
Total OPEB liability				
Service cost at end of year	$ 827,795	$ 1,104,930	$ 1,162,404	$ 1,291,382
Interest on the Total OPEB liability	1,100,176	1,145,786	1,053,450	930,675
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(242,029)	(3,287,450)	(181,509)	-
Changes of assumptions or other inputs	10,593,745	(1,475,401)	(1,541,994)	(2,936,699)
Benefit payments	(313,179)	(376,164)	(394,109)	(293,923)
Net change in total OPEB liability	11,966,508	(2,888,299)	98,242	(1,008,565)
Total OPEB liability - beginning	25,800,079	28,688,378	28,590,136	29,598,701
Total OPEB liability - ending (a)	$ 37,766,587	$ 25,800,079	$ 28,688,378	$ 28,590,136
Plan fiduciary net position				
Contributions - employer	$ 700,000	$ 400,000	$ 568,547	$ 568,547
Net investment income	(34,087)	237,859	246,076	230,639
Benefit payments	(313,179)	(376,164)	(394,109)	(293,923)
Administrative expenses	(29,111)	(34,036)	(44,785)	-
Net change in plan fiduciary net position	323,623	227,659	375,729	505,263
Plan fiduciary net position - beginning	4,544,840	4,317,181	3,941,452	3,436,189
Plan fiduciary net position - ending (b)	$ 4,868,463	$ 4,544,840	$ 4,317,181	$ 3,941,452
Authority's net OPEB liability - ending (a) - (b)	$ 32,898,124	$ 21,255,239	$ 24,371,197	$ 24,648,684
Plan fiduciary net position as a percentage of the total OPEB liability	12.89%	17.62%	15.05%	13.79%
Covered Employee Payroll	$ 18,165,318	$ 18,165,318	$ 17,531,496	$ 17,531,496
Net OPEB liability as a percentage of covered payroll	181.10%	117.01%	139.01%	140.60%

This schedule is intended to show information for 10 years. Additional years will be added as they become available.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - GWCC OPEB
JUNE 30, 2020

	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 1,138,476	$ 1,138,476	$ 1,700,862	$ 1,700,862	$ 1,700,862
Contributions in relation to the actuarially determined contribution	$ 700,000	$ 400,000	$ 568,547	$ 568,547	$ 2,759,193
Annual contribution deficiency (excess)	$ 438,476	$ 738,476	$ 1,132,315	$ 1,132,315	$ (1,058,331)
Covered Employee Payroll *	$ 18,165,318	$ 18,165,318	$ 17,531,496	$ 17,531,496	$ 17,531,496
Actual contributions as a percentage of covered payroll	3.85%	2.20%	3.24%	3.24%	15.74%

* 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, 2018 and prior years were used to determine the contribution amount reported in the schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level %
Amortization period	30 years, Open
Asset valuation method	Market Value of Assets
Inflation	2.75%
Wage Inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 7.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.50%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2028

This schedule is intended to show information for 10 years. Additional years will be added as they become available.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB TRUST INVESTMENT RETURNS
JUNE 30, 2020

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

This schedule is intended to show information for 10 years. Additional years will be added as they become available.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SEAD - OPEB
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
JUNE 30, 2020

	2020	2019	2018
Authority's proportion of the net OPEB liability (asset) (%)	0.518443%	0.478396%	0.562031%
Authority's proportion of the net OPEB liability (asset) ($)	$ (1,465,975)	$ (1,294,760)	$ (1,460,747)
Authority's covered employee payroll	$ 20,729,349	$ 20,772,602	$ 16,710,919
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(7.07)%	(6.23)%	(8.74)%
Plan fiduciary net position as a percentage of the total OPEB liability	129.73%	129.46%	130.17%

This schedule is intended to show information for 10 years. Additional years will be added as they become available.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - SEAD OPEB
(DOLLARS IN THOUSANDS)
JUNE 30, 2020

	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	$ -	$ -	$ -
Contribution deficiency (excess)	$ -	$ -	$ -
Agency's covered payroll	$ 20,729	$ 20,773	$ 16,711
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

This schedule is intended to show information for 10 years. Additional years will be added as they become available.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2020

SCHEDULE "6"

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.689338%	0.603639%	0.684522%	0.721915%	0.682804%	0.685275%
Employer's proportionate share of the net pension liability	$ 28,445,746	$ 24,815,798	$ 27,800,732	$ 34,149,612	$ 27,663,108	$ 25,702,047
Employer's covered payroll	$ 18,877,862	$ 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 payroll	150.7%	131.3%	166.4%	179.2%	148.4%	154.0%
Plan fiduciary net position as a percentage of the total pension liability	76.74%	76.68%	76.33%	72.34%	76.20%	77.99%

This schedule is intended to show information for 10 years. Additional years will be added as they become available.

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GEORGE L. SMITH. II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
(DOLLARS IN THOUSANDS)
JUNE 30, 2020

	2020	2019	2018	2017	2016
Contractually required contribution	$ 4,401	$ 4,472	$ 4,232	$ 4,510	$ 4,149
Contributions in relation to the contractually required contribution	4,401	4,472	4,232	4,510	4,149
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Agency's covered-employee payroll	$ 18,895	$ 16,711	$ 17,531	$ 18,826	$ 19,056
Contributions as a percentage of covered-employee payroll	23.29%	26.76%	24.14%	23.96%	21.77%

GEORGE L. SMITH. II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
(DOLLARS IN THOUSANDS)
JUNE 30, 2020

2015	2014	2013	2012	2011
$ 3,832	$ 2,962	$ 2,219	$ 1,561	$ 1,434
3,832	2,962	2,219	1,561	1,434
$ -	$ -	$ -	$ -	$ -
$ 18,641	$ 16,686	$ 15,505	$ 14,881	$ 14,616
20.56%	17.75%	14.31%	10.49%	9.81%

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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.

On March 15, 2018, the Board adopted a new funding policy. 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. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date.

Method and assumptions used in calculations of actuarially determined contributions:

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	June 30, 2016
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	18.2 years
Asset valuation method	Five-year smoothed market
Inflation rate	2.75%
Salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

SECTION II

INTERNAL CONTROL AND COMPLIANCE REPORT

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

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 George L. Smith, II
Georgia World Congress Center Authority
and
Mr. Frank Poe, Executive Director

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the the business-type activities and the aggregate remaining fund information 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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 6, 2020.

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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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,

Greg S. Griffin
State Auditor

November 6, 2020