Fiscal Year 2021

# 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, 2021

**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 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, 2021, 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and remaining fund information of the Authority as of June 30, 2021, 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 10, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Respectfully submitted,

Greg S. Griffin
State Auditor

November 10, 2021

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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, 2021, and comparing them to fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Authority's financial performance. Readers should review this analysis in conjunction with the Authority's basic financial statements, which follow this section, and include notes to the financial statements to enhance their understanding of the Authority's financial performance.

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. While the pandemic had a significant impact on the hospitality industry, all Authority facilities continued to provide service to the State of Georgia by hosting the alternate care facility, space for election activity, various sporting events, film shoots and other small events throughout the year. In addition, the Authority issued bonds and began construction on a 975-room hotel. The 40-story Signia by Hilton Atlanta will be completed in 2024.

## HIGHLIGHTS

### Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2021, are as follows:

- The Authority's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) was $1.3 billion on June 30, 2021. Of this amount, $68.9 million represents a deficit net position and $1.4 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 $127.3 million primarily because of depreciation on the Mercedes-Benz Stadium (MBS).

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Proprietary Fund

The Authority uses an Enterprise Fund, a type of Proprietary Fund, to account for activities of the GWCC and COP. Enterprise Funds utilize accrual accounting, the same method used by private sector businesses and report activities that provide supplies and services to the public. The basic Proprietary Funds financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the financial position of the Authority as a whole, including long-term liabilities on the full accrual basis. The Statement of Revenues, Expenses and Changes in Net Position provides information about all revenues and expenses. The Statement of Cash Flows provides information about cash activities for the fiscal period. These statements can be found on pages 9-16 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 17-43 of this report.

## Financial Analysis of the Authority as a Whole

The Authority's net position on June 30, 2021, and June 30, 2020 is as follows:

| | Fiscal Year 2021 | Fiscal Year 2020 | Increase/ (Decrease) | Total % Change |
|---|---|---|---|---|
| Other Assets | $ 574,813,091 | $ 138,857,487 | $ 435,955,604 | 314.0% |
| Capital Assets (Net of Depreciation) | 1,393,628,838 | 1,478,114,999 | (84,486,161) | (5.7)% |
| Total Assets | 1,968,441,929 | 1,616,972,486 | 351,469,443 | 21.7% |
| Deferred Outflows of Resources | 13,818,528 | 17,168,698 | (3,350,170) | (19.5)% |
| Other Liabilities | 32,796,150 | 19,888,133 | 12,908,017 | 64.9% |
| Noncurrent Liabilities | 637,404,751 | 178,733,026 | 458,671,725 | 256.6% |
| Total Liabilities | 670,200,901 | 198,621,159 | 471,579,742 | 237.4% |
| Deferred Inflows of Resources | 9,892,724 | 6,045,503 | 3,847,221 | 63.6% |
| Investment in Capital Assets | 1,293,388,000 | 1,478,114,999 | (184,726,999) | (12.5)% |
| Restricted | 77,662,020 | 17,790,583 | 59,871,437 | 336.5% |
| Unrestricted | (68,883,188) | (66,431,060) | (2,452,128) | 3.7% |
| Total Net Position | $ 1,302,166,832 | $ 1,429,474,522 | $ (127,307,690) | (8.9)% |

Other assets increased by $436.0 million. Current assets decreased by $38.9 million due to hotel transaction that included a $38.1 million cash transfer from the previous year’s Northwestern Mutual transaction. Noncurrent Assets were increased by $474.8 million mainly due to the hotel bond sale that resulted in a net proceeds of $466.9 million.

Capital assets decreased when compared to prior year due to depreciation of MBS. Noncurrent liabilities increased by $458.7 million due to the hotel bonds payable ($469.9 million), offset by a decrease in net OPEB liability ($3.7 million), long-term notes payable ($0.5 million), MBS accounts payable ($6.2 million) and the installment purchase agreement ($1.3 million). Total net position for the Authority decreased during the fiscal year to $1.3 billion. This decrease of $127.3 million was due to depreciation expense on the stadium ($104.8 million), a net operating loss of $8.7 million due to the pandemic and net non-operating expenses of $16.9 million, which included expenses for MBS and hotel bond interest and issuance costs. The Authority's unrestricted net position decreased by $2.5 million due to a net operating loss of $8.7 million with continued pandemic effects offset by business interruption insurance recovery ($3.0 million) and a one-time appropriation from the State of Georgia ($3.0 million).

The following is a summary of Revenues, Expenses and Changes in Net Position for fiscal year 2021 compared to fiscal year 2020:

**Change in Net Position**

| | Fiscal Year 2021 | Fiscal Year 2020 | Increase/ (Decrease) | Total % Change |
|---|---|---|---|---|
| Operating Revenue | $ 26,292,349 | $ 45,199,328 | $ (18,906,979) | (41.8)% |
| Operating Expenses | 139,777,321 | 164,852,252 | (25,074,931) | (15.2)% |
| Operating Loss | (113,484,972) | (119,652,924) | 6,167,952 | 5.2% |
| Nonoperating Revenue/(Expenses) Net | (16,863,837) | 5,157,647 | (22,021,484) | (427.0)% |
| Income Before Capital Contributions and Extraordinary Item | (130,348,809) | (114,495,277) | (15,853,532) | 13.8% |
| Extraordinary Item | 3,041,118 | - | 3,041,118 | 100.0% |
| Capital Contributions | - | 4,014,176 | (4,014,176) | (100.0)% |
| Change in Net Position | (127,307,691) | (110,481,101) | (16,826,590) | 15.2% |
| Net Position, July 1 | 1,429,474,523 | 1,539,955,624 | (110,481,101) | (7.2)% |
| Total Net Position, June 30 | $ 1,302,166,832 | $ 1,429,474,523 | $ (127,307,691) | (8.9)% |

The Authority had an operating loss of $113.5 million for the fiscal year. This loss is due to the pandemic related operating loss of $8.7 million and the MBS depreciation of $104.8 million. Operating revenues were $26.3 million for the fiscal year ended June 30, 2021, which is a decrease of $18.9 million or 41.8% from the previous year. The significant reduction in revenue is a direct effect of the COVID-19 pandemic, which resulted in cancellations of over 200 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, 2021, were $139.8 million, which is a decrease of $25.1 million or 15.2%, over the prior year. This decrease was in all expense categories based on significantly reduced event activity.

During fiscal year 2021, net non-operating expenses of $16.9 million were 427.0% or $22.0 million higher than 2020 due to the usage of hotel and motel tax revenue for MBS and the issuance of hotel bonds.

The Authority received insurance proceeds of $3,041,118 during the year. This represents recovery from the Business Interruption policy for COVID-19 related event cancellations.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Authority's capital assets as of June 30, 2021, totaled $1.4 billion, with accumulated depreciation of $428.2 million for a net book value of $1.4 billion, a $84.5 million decrease over fiscal year 2020. The decrease in capital assets resulted from depreciation for MBS offset by construction in progress on the hotel project. Investments in capital assets include land, buildings, improvements, construction in progress, and equipment. Depreciation expenses related to the capital assets for the year totaled $104.8 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 26 of this report.

### Debt Administration

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

Revenue bonds totaling $439.6 million were utilized to finance construction of the hotel. The bonds are non-recourse and secured solely by hotel revenue.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As an instrumentality of the State of Georgia, the mission of Georgia World Congress Center Authority (Authority) is to develop and operate its facilities for the primary purpose of promoting and hosting events and activities that generate economic benefits to the citizens throughout the state of Georgia as well as enhance the quality of life for every Georgian. As an economic generator driving tourism and influencing Atlanta's reputation for Southern hospitality, this is accomplished by delivering a compelling guest experience to everyone, everyday who visits our 220-acre campus.

Although fiscal year 2021 was unlike anything experienced by the Authority in its 45-year history, nearly one-quarter of a million visitors attended a variety of events, including those in the amateur sports, consumer, education, and government sectors. Georgia World Congress Center and Centennial Olympic Park hosted 85 events during the fiscal year, including Atlanta's first live, outdoor concert in COP since the onset of the pandemic. Of those 85 events, 47 percent were comprised of amateur sports and film/TV production, which proved key to the Authority's recovery efforts. Highlights from amateur sports included CHEERSPORT National Championships, Lil Big South, and Capitol Hill Classic volleyball tournaments. Averaging 10 site visits and 10 new leads each week, the Authority booked 26 film/TV productions which generated more than $1.5 million in rent and ancillary revenue. Season 2 of *First Wives Club* (BET+) was filmed entirely at GWCC; the six-month production included a full sound stage in one of its exhibit halls. Other notable productions that tapped into GWCCA's campus included *The Falcon and The Winter Soldier, WandaVision,* and *The Valet* – all Disney Plus productions – and *MacGyver*.

The Authority made several notable accomplishments in fiscal year 2021:

- Broke ground on the Authority's new headquarter hotel Signia by Hilton Atlanta which will capture new convention and entertainment business as well as generate new jobs during construction and once it opens.
- Kicked off construction on Andrew Young International Blvd. pedestrian mall and transportation depot projects which, once completed, will reimagine the arrival experience and create a walkable connection to the downtown hotel / entertainment district.
- Completed construction on Orange Parking Deck which provides an additional 544 parking spaces and 12 electric vehicle charging stations.
- Achieved an aggregate guest satisfaction score of 4.83 (on a 1-5 scale) from meeting planners.

The Authority adopts an operating budget, which is approved by its Board of Directors in May of each year for the subsequent year. The Authority's fiscal year 2022 operating budget was approved in May 2021 and includes operating revenue of $40.7 million and operating expenses of $40.7 million, excluding depreciation.

BASIC FINANCIAL STATEMENTS

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2021

EXHIBIT "A"

| | |
|---|---|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | $ 16,487,332.95 |
| Accounts Receivable | |
| Customers | 7,311,363.45 |
| Hotel/Motel Tax | 2,851,676.33 |
| Prepaid Items | 386,491.42 |
| Inventories | 427,726.33 |
| Total Current Assets | 27,464,590.48 |
| Noncurrent Assets | |
| Restricted | |
| Cash and Cash Equivalents | |
| Personal Seat Licenses (PSLs) | 25,933.61 |
| Hotel/Motel Tax - Mercedes Benz Stadium | 5,287,165.27 |
| Capital Campaign | 1,004,662.44 |
| Hotel- Signia by Hilton | 68,229,884.11 |
| Accounts Receivable - PSLs | 84,015,369.08 |
| Allowance for Doubtful Accounts | (35,204,783.69) |
| Net OPEB Asset | 1,534,538.00 |
| Accrued Interest Receivable Bond (Hotel) | 641,820.36 |
| Investments-Restricted | |
| Hotel Construction Account | 421,813,911.69 |
| Total Restricted Assets | 547,348,500.87 |
| Capital Assets | |
| Land and Land Improvements | 66,382,613.00 |
| Construction In Progress | 34,724,474.64 |
| Building and Building Improvements | 1,622,389,184.00 |
| Less: Accumulated Depreciation | (368,701,779.04) |
| Improvements other than Buildings | 51,360,033.63 |
| Less: Accumulated Depreciation | (25,118,750.85) |
| Equipment | 46,969,381.13 |
| Less: Accumulated Depreciation | (34,376,318.61) |
| Capital Assets (Net of Accumulated Depreciation) | 1,393,628,837.90 |
| Total Noncurrent Assets | 1,940,977,338.77 |
| TOTAL ASSETS | 1,968,441,929.25 |
| DEFERRED OUTFLOWS of RESOURCES | |
| Deferred Outflows of Resources Related to Pensions | 4,395,961.00 |
| Deferred Outflows of Resources Related to OPEB | 9,422,567.00 |
| Total Deferred Outflows of Resources | $ 13,818,528.00 |

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

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2021

| | |
|---|---|
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | |
| Vendors | $ 3,393,498.41 |
| Hotel/Motel Tax | 2,261,936.87 |
| Accrued Payroll/Payroll Withholdings | 75,936.22 |
| Compensated Absences | 218,915.12 |
| Unearned Revenue | 6,034,231.44 |
| Short-Term Notes Payable | 477,493.05 |
| Installment Purchase Agreement | 1,253,112.57 |
| Total Current Liabilities | 13,715,123.68 |
| Current Liabilities Payable from Restricted Assets | |
| Contracts Payable | 4,069,872.54 |
| Interest Payable | 4,086,587.85 |
| Accounts Payable - Mercedes Benz Stadium | 9,518,153.48 |
| Unamortized Bond Premium | 1,406,412.55 |
| Total Current Liabilities Payable from Restricted Assets | 19,081,026.42 |
| Noncurrent Liabilities | |
| Compensated Absences | 1,344,764.31 |
| Net OPEB Liability | 29,238,643.00 |
| Net Pension Liability | 28,958,229.99 |
| Customer Deposits Payable | 10,000.00 |
| Long-Term Notes Payable | 44,238,488.03 |
| Accounts Payable - MBS | 39,318,365.52 |
| Installment Purchase Agreement | 23,978,773.84 |
| Bond Unamortized | 439,595,000.00 |
| Unamortized Bond Premium | 30,310,375.28 |
| Hotel Construction Retainage Payable | 412,110.99 |
| Total Noncurrent Liabilities | 637,404,750.96 |
| TOTAL LIABILITIES | 670,200,901.06 |
| DEFERRED INFLOWS of RESOURCES | |
| Deferred Inflows of Resources Related to Pensions | 55,893.00 |
| Deferred Inflows of Resources Related to OPEB | 9,836,831.00 |
| Total Deferred Inflows of Resources | 9,892,724.00 |
| NET POSITION | |
| Net Investment in Capital Assets | 1,293,388,000.17 |
| Restricted for: | |
| Maintenance of Art | 60,773.46 |
| Mercedes Benz Stadium | 5,287,165.27 |
| Capital Campaign | 1,004,662.44 |
| Net OPEB Asset | 1,534,538.00 |
| Debt Service | 67,287,394.57 |
| Signia Hotel | 2,487,486.52 |
| Unrestricted (Deficit) | (68,883,188.24) |
| Total Net Position | $ 1,302,166,832.19 |

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

EXHIBIT "B"

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2021

| | |
|---|---|
| OPERATING REVENUES | |
| Space Rental | $ 8,220,823.86 |
| Rental - Equipment | 69,215.20 |
| Utility Services | 672,207.84 |
| Parking | 1,469,423.18 |
| Catering | 1,924,075.16 |
| Contributed Equipment | 232,114.18 |
| Advertising | 920,211.29 |
| Contract Labor | 1,477,150.32 |
| Telecommunications | 578,145.48 |
| Cancellation Fees | 2,426,215.00 |
| Contract Services - Savannah | 2,355,710.81 |
| Stadium License Fee | 2,679,550.20 |
| Miscellaneous | 3,267,506.30 |
| Total Operating Revenue | 26,292,348.82 |
| OPERATING EXPENSES | |
| Personnel Services | 21,734,524.94 |
| Other Post-employment Benefits (OPEB) | 1,547,208.00 |
| Regular Operating Expenses | 8,210,185.69 |
| Equipment/Computer | 2,373,690.55 |
| Professional Services | 544,814.61 |
| Other | 195,225.84 |
| Special Projects/Capital Outlay | 354,865.38 |
| Total Operating Expenses | 34,960,515.01 |
| Operating Loss Before Depreciation | (8,668,166.19) |
| Depreciation Expense | 104,816,805.48 |
| Operating Loss | $ (113,484,971.67) |

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2021

| | |
|---|---|
| NONOPERATING REVENUES (EXPENSES) | |
| Hotel and Motel Tax (net) | $ 2,303,980.28 |
| Hotel and Motel Tax Expense (Mercedes Benz Stadium) | (9,973,615.22) |
| PSL Interest Revenue | 1,491,323.59 |
| PSL Interest Expense | (1,491,323.59) |
| Note Payable Interest Expense | (2,026,305.82) |
| Installment Purchase Agreement Interest Expense | (1,249,636.15) |
| Investment Income (Loss) | (190,989.92) |
| Vendor's Compensation on Sales Tax Collections | 89.31 |
| Capital Campaign Expense | 1,608.25 |
| Bond Interest | (3,785,771.83) |
| Bond Issuance Costs | (4,747,126.11) |
| Payments from the State of Georgia | 2,997,989.31 |
| Hotel Expense | (194,059.07) |
| Total Nonoperating Revenues (Expenses) | (16,863,836.97) |
| Loss Before Extraordinary Item | (130,348,808.64) |
| Extraordinary Item | |
| Insurance Recovery | 3,041,118.15 |
| Change in Net Position | (127,307,690.49) |
| NET POSITION, JULY 1 | 1,429,474,522.68 |
| NET POSITION, JUNE 30 | $ 1,302,166,832.19 |

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, 2021

EXHIBIT "C"

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Customers | $ 25,845,292.79 |
| Cash Received from Insurance Recovery | 3,041,118.15 |
| Cash Paid to Vendors | (13,613,475.89) |
| Cash Paid to Employees | (19,299,901.94) |
| Net Cash Used In Operating Activities | (4,026,966.89) |
| CASH FLOWS FROM NONCAPITAL FINANCING | |
| Hotel and Motel Tax Received | 8,652,615.74 |
| Hotel and Motel Tax Distributed | (6,931,218.68) |
| Vendor's Compensation on Sales Tax Collections | 89.31 |
| State Appropriation | 2,997,989.31 |
| Net Cash Provided by Noncapital Financing Activities | 4,719,475.68 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition and Construction of Capital Assets | (15,848,660.43) |
| MBS Hotel and Motel Tax Interest | 1,142.42 |
| MBS Hotel and Motel Tax Disbursements | (9,974,757.64) |
| Proceeds from Bond Payable | 471,612,603.85 |
| Hotel Project Expenses | (194,059.07) |
| Bond Issuance Cost | (4,747,126.11) |
| Note Payable Interest Expense | (2,026,305.82) |
| Principal on Note Payable | (409,592.00) |
| Installment Purchase Agreement Interest Expense | (1,249,636.15) |
| Principal on Installment Purchase Agreement | (1,171,567.96) |
| Proceeds from Personal Seat License Fees | 24,000.00 |
| MBS Stadium Expenses | (10,000.00) |
| Net Cash Provided In Capital and Related Financing Activities | 436,006,041.09 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Loss on Investments | (190,989.92) |
| Investment Purchases | (421,813,911.69) |
| Net Cash Used By Investing Activities | (422,004,901.61) |
| Net Increase in Cash and Cash Equivalents | 14,693,648.27 |
| CASH AND CASH EQUIVALENTS - JULY 1 | 76,341,330.11 |
| CASH AND CASH EQUIVALENTS - JUNE 30 | $ 91,034,978.38 |

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, 2021

EXHIBIT "C"

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

| | |
|---|---|
| Operating Loss | $ (113,484,971.67) |
| Adjustments to Reconcile Operating (Loss) to | |
| Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 104,816,805.48 |
| Cash Received from Insurance Recovery | 3,041,118.15 |
| Changes in Assets and Liabilities: | |
| Accounts Receivable | (2,658,070.21) |
| Prepaid Items | (285,675.15) |
| Inventories | 8,961.74 |
| Unearned Revenues | 2,697,977.01 |
| Net OPEB Liability | (3,659,481.00) |
| Net OPEB Asset | (68,563.00) |
| Net Pension Liability | 512,484.00 |
| All Other Liabilities | (2,144,943.24) |
| Changes in Deferred Inflows/Outflows of Resources | |
| Deferred Inflows of Resources | 3,847,221.00 |
| Deferred Outflows of Resources | 3,350,170.00 |
| Total Adjustments | 109,458,004.78 |
| Net Cash Used In Operating Activities | $ (4,026,966.89) |

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

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2021

EXHIBIT "D"

| | | OPEB TRUST FUND |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Investments, at Fair Value | $ | 5,639,997.45 |
| Cash and Cash Equivalents | | 284,967.02 |
| Total Assets | | 5,924,964.47 |
| LIABILITIES | | |
| Current Liabilities | | |
| Other Liability | | 430,483.30 |
| Total Liabilities | | 430,483.30 |
| NET POSITION | | |
| Net Position: | | |
| Restricted for: | | |
| OPEB Benefits | | 5,494,481.17 |
| Total Net Position | $ | 5,494,481.17 |

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

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2021

EXHIBIT "E"

| | | OPEB TRUST FUND |
|---|---|---|
| ADDITIONS | | |
| Interest Earned | $ | 173,386.95 |
| Net Appreciation (Depreciation) in | | |
| Investments Reported at Fair Value | | 967,863.98 |
| Less: Investment Expense | | (43,179.51) |
| Total Additions | | 1,098,071.42 |
| DEDUCTIONS | | |
| Benefits | | 430,483.30 |
| Administrative Expense | | 41,570.33 |
| Total Deductions | | 472,053.63 |
| Net increase in Net Position Restricted for: | | |
| Other Employee Benefits | | 626,017.79 |
| Net Position, July 1 | | 4,868,463.38 |
| Net Position, June 30 | $ | 5,494,481.17 |

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 may withdraw cash at any time without prior notice or penalty. Cash and Cash Equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition. The aforementioned definitions were applied in the preparation of the Statement of Cash Flows.

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

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

#### Investments

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

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

#### Accounts Receivable

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

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items.

#### Inventories

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

## Restricted Assets

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

## Capital Assets

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

| | |
|---|---|
| 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. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond issue costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

## Compensated Absences

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

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

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

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

Unearned Revenue

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net 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:

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

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

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

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

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

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

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

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

**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 June 30, 2021, there are $29,356,335.59 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 2021, the Authority considered implementation of the following GASB Statements:

GASB Statement No. 84 “Fiduciary Activities.”

GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

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

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. The Authority implemented the provisions of Statement No. 84 during the current fiscal year. The implementation of Statement No. 84 did not have an impact on the Authority’s reporting of its fiduciary activities.

The objectives of Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Authority elected to early implement Statement No. 89 in fiscal year 2021 due to the commencement of a large construction project that is being financed with proceeds from long-term borrowing. In accordance with the provisions of Statement No. 89, the Authority’s interest cost incurred before the end of the construction period is recognized as an expense in the period in which the cost is incurred and no interest cost will be capitalized as a part of the historical cost of the capital asset.

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. While the Authority is required to implement the provisions of Statement No. 90 for the current fiscal year, the implementation of Statement No. 90 did not have any impact on the Authority’s financial reporting.

### B. Extraordinary Item

During the year, the Authority received payment of insurance proceeds totaling $3,041,118.00 for lost business due to the COVID-19 pandemic.

## NOTE 3: BUDGETS

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

## NOTE 4: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State of Georgia Collateralization Statutes and Policies

Funds of the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the OCGA Section 50-17-59:

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

(2) Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of the State of Georgia.

(3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

(4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

(5) Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

(6) Letters of credit issued by a Federal Home Loan Bank.

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

## NOTE 5: DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2021, are summarized as follows:

| As reported in the: | | |
|---|---|---|
| Proprietary Funds | | |
| Cash and cash equivalents | $ | 16,487,332.95 |
| Restricted: | | |
| Cash and cash equivalents | | 74,547,645.43 |
| Investments | | 421,813,911.69 |
| Fiduciary Funds | | |
| Cash and Cash Equivalents | | 284,967.02 |
| Investments | | 5,639,997.45 |
| | $ | 518,773,854.54 |

| Cash on hand, deposits and investments consist of the following: | | |
|---|---|---|
| Deposits with financial institutions | $ | 35,239,791.46 |
| Georgia Fund 1 | | 5,156,117.63 |
| Mutual Funds | | 5,639,997.45 |
| U.S. Treasury Bills | | 50,924,036.31 |
| U.S. Treasury Notes | | 421,813,911.69 |
| | $ | 518,773,854.54 |

### 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, 2021, the bank balances totaled $35,402,892.90. In 2018, the State of Georgia implemented a Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. For disclosure purposes, all deposits of participants in the SDP are considered to be fully insured. The Authority's banks are all included in the State's SDP.

### B. Investments

As of June 30, 2021, the Authority held the following investments:

| Investment | Weighted Average Maturity (Years) | Credit Rating | | Balance |
|---|---|---|---|---|
| Georgia Fund 1 | 0.10 | AAAf | $ | 5,156,117.63 |
| U.S. Treasury Bills | 0.12 | AA+ | | 50,924,036.31 |
| U.S. Treasury Notes | 1.20 | AA+ | | 421,813,911.69 |
| | | | $ | 477,894,065.63 |

At June 30, 2021, the Authority had $5,156,117.63 in Georgia Fund 1 investment pool. Georgia Fund 1, created by OCGA Section 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAf rated money market funds. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1.00 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Authority's investment in Georgia Fund 1 is reported at fair value. The pool is regulated by the Georgia Office of State Treasurer. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB No. 79 and is thus valued at fair value in accordance with GASB 31. As a result, the Authority does not disclose investment in the Georgia Fund 1 with the fair value hierarchy.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of June 30, 2021:

| Investment | Level 1 | Level 2 | Level 3 | Fair Value |
|---|---|---|---|---|
| United States Treasury Bills | $ 50,924,036.31 | $ - | $ - | $ 50,924,036.31 |
| United States Treasury Notes | 421,813,911.69 | - | - | 421,813,911.69 |
| Total investments measured at fair value: | $ 472,737,948.00 | $ - | $ - | $ 472,737,948.00 |
| Investments not subject to level disclosure: | | | | |
| Georgia Fund 1 | | | | 5,156,117.63 |

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, 2021, the OPEB Trust Fund had the following investments:

| Investment | Level 1 | Level 2 | Level 3 | Fair Value |
|---|---|---|---|---|
| Mutual Funds invested in fixed income securities | $ 2,064,678.45 | $ - | $ - | $ 2,064,678.45 |
| Mutual funds invested in equities | 2,686,235.00 | - | - | 2,686,235.00 |
| Mutual funds invested in alternative investments | 889,084.00 | - | - | 889,084.00 |
| Total: | $ 5,639,997.45 | $ - | $ - | $ 5,639,997.45 |

Credit Quality Risk

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

Interest Rate Risk

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

## NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Balances June 30, 2020 | Additions | Deletions | Balances June 30, 2021 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | |
| Land and Land Improvements | $ 66,382,613.00 | $ - | $ - | $ 66,382,613.00 |
| Construction Work In Progress | 14,393,830.68 | 20,330,643.96 | - | 34,724,474.64 |
| Total Capital Assets, Not Being Depreciated | 80,776,443.68 | 20,330,643.96 | - | 101,107,087.64 |
| Capital Assets, being Depreciated: | | | | |
| Buildings and Building Improvements | 1,622,389,184.00 | - | - | 1,622,389,184.00 |
| Improvement Other Than Buildings | 51,360,033.63 | - | - | 51,360,033.63 |
| Equipment | 47,180,845.41 | - | 211,464.28 | 46,969,381.13 |
| Less: Accumulated Depreciation: | | | | |
| Buildings and Improvements | 272,518,706.35 | 96,183,072.69 | - | 368,701,779.04 |
| Improvements Other Than Buildings | 23,406,749.74 | 1,712,001.11 | - | 25,118,750.85 |
| Equipment | 27,666,051.21 | 6,868,865.61 | 158,598.21 | 34,376,318.61 |
| Total Capital Assets, Being Depreciated, Net | 1,397,338,555.74 | (104,763,939.41) | 52,866.07 | 1,292,521,750.26 |
| Total Capital Assets, Net | $ 1,478,114,999.42 | $ (84,433,295.45) | $ 52,866.07 | $ 1,393,628,837.90 |

## NOTE 7: LONG-TERM LIABILITIES

Long-term obligations at June 30, 2021 and changes for the fiscal year then ended are as follows:

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated Absences | $ 2,087,520.35 | $ - | $ 523,840.92 | $ 1,563,679.43 | $ 218,915.12 |
| Net Postemployment Benefit Liability | 32,898,124.00 | - | 3,659,481.00 | 29,238,643.00 | - |
| Net Pension Liability | 28,445,745.99 | 512,484.00 | - | 28,958,229.99 | - |
| Customer Deposits Payable | 10,000.00 | - | - | 10,000.00 | - |
| Stadium Liability | 54,800,440.23 | - | 5,963,921.23 | 48,836,519.00 | 9,518,153.48 |
| Notes Payable | 45,125,573.08 | - | 409,592.00 | 44,715,981.08 | 477,493.05 |
| Bond Payable | - | 439,595,000.00 | - | 439,595,000.00 | - |
| Unamortized Bond Premium | - | 32,017,603.85 | 300,816.02 | 31,716,787.83 | 1,406,412.55 |
| Hotel Construction Retainage | - | 412,110.99 | - | 412,110.99 | - |
| Installment Purchase Agreement | 26,403,454.37 | - | 1,171,567.96 | 25,231,886.41 | 1,253,112.57 |
| | $ 189,770,858.02 | $ 472,537,198.84 | $ 12,029,219.13 | $ 650,278,837.73 | $ 12,874,086.77 |

### Notes Payable

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

Debt service requirements to maturity are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| Fiscal Year Ended June 30: | | | |
| 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 | 2,585,054.65 |
| 2025 | 706,476.54 | 1,930,279.19 | 2,636,755.73 |
| 2026 | 791,948.00 | 1,897,543.00 | 2,689,491.00 |
| 2027-2031 | 5,424,161.00 | 8,851,981.00 | 14,276,142.00 |
| 2032-2036 | 8,418,512.00 | 7,343,503.00 | 15,762,015.00 |
| 2037-2041 | 12,330,032.00 | 5,072,506.00 | 17,402,538.00 |
| 2042-2045 | 15,392,164.36 | 1,808,620.00 | 17,200,784.36 |
| | $ 44,715,981.08 | $ 32,855,840.78 | $ 77,571,821.86 |

**Installment purchase Agreement**
Debt service requirements to maturity are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| Fiscal Year Ended June 30: | | | |
| 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 | 1,621,698.71 | 911,449.72 | 2,533,148.43 |
| 2027-2031 | 10,231,993.33 | 3,212,122.78 | 13,444,116.11 |
| 2032-2034 | 7,750,634.47 | 551,136.16 | 8,301,770.63 |
| | $ 25,231,886.46 | $ 9,043,745.63 | $ 34,275,632.09 |

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

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

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

Debt service to maturity on the bonds is as follows:

| | Principal | Interest | Total | Unamortized Bond Premium |
|---|---|---|---|---|
| Fiscal Year Ended June 30: | | | | |
| 2022 | $ - | $ 13,639,650.00 | $ 13,639,650.00 | $ 1,406,412.55 |
| 2023 | - | 19,106,125.00 | 19,106,125.00 | 1,406,412.55 |
| 2024 | - | 19,106,125.00 | 19,106,125.00 | 1,406,412.55 |
| 2025 | - | 19,106,125.00 | 19,106,125.00 | 1,406,412.55 |
| 2026 | - | 19,106,125.00 | 19,106,125.00 | 1,406,412.55 |
| 2027-2031 | 41,070,000.00 | 93,045,470.00 | 134,115,470.00 | 6,825,759.22 |
| 2032-2036 | 55,350,000.00 | 84,151,150.00 | 139,501,150.00 | 6,175,860.66 |
| 2037-2041 | 70,060,000.00 | 70,185,950.00 | 140,245,950.00 | 5,161,993.58 |
| 2042-2046 | 87,315,000.00 | 52,938,750.00 | 140,253,750.00 | 3,873,493.74 |
| 2047-2051 | 108,520,000.00 | 31,723,500.00 | 140,243,500.00 | 2,248,079.03 |
| 2052-2054 | 77,280,000.00 | 6,870,600.00 | 84,150,600.00 | 399,538.85 |
| | $ 439,595,000.00 | $ 428,979,570.00 | $ 868,574,570.00 | $ 31,716,787.83 |

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

## NOTE 8: UNEARNED REVENUE

At June 30, 2021, 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 Annual Comprehensive Financial Report for the year ended June 30, 2021.

## 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 for the year ended June 30, 2021, was 24.66% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The Authority's contributions to ERS totaled $2,866,006 for the year ended June 30, 2021. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2021, the Authority reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, 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, 2020. At June 30, 2020, the Authority's proportion was 0.687035%, which was an decrease of (0.002303%) from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Authority recognized pension expense of $5,292,675. At June 30, 2021, 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 | $ 352,744 | $ - |
| Net difference between projected and actual earnings on pension plan investments | 409,040 | - |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 768,171 | 55,893 |
| Employer contributions subsequent to the measurement date | 2,866,006 | - |
| Total | $ 4,395,961 | $ 55,893 |

Authority contributions subsequent to the measurement date of $2,866,006 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, 2022. 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 | |
|---|---|
| 2022 | $ 441,001 |
| 2023 | 200,616 |
| 2024 | 474,714 |
| 2025 | 357,731 |

**Actuarial Assumptions**

The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 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 investmen 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, 2019 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 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 | $ 40,739,142 | $ 28,958,230 | $ 18,904,599 |

**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, 2021, in the amount of $218,535 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 2021, the Authority and employee GSEPS contributions were $199,953.15 and $449,314.60, respectively. The Authority and employee Roth GSEPS contributions were $4.033.62 and $10,055.35, 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, 2021, were $70,112.70, 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 | $ - | $ 1,534,538 | $ 1,534,538 |
| Net OPEB Liability | $ 29,238,643 | $ - | $ 29,238,643 |
| Deferred Outflows of Resources Related to OPEB | $ 9,394,968 | $ 27,599 | $ 9,422,567 |
| Deferred Inflows of Resources Related to OPEB | $ 9,770,521 | $ 66,310 | $ 9,836,831 |
| OPEB Expense | $ 1,685,214 | $ (138,006) | $ 1,547,208 |

***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. 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, 2020 actuarial valuation report, reflects membership for the OPEB Plan as of June 30, 2020:

| | |
|---|---|
| Inactive Members or Beneficiaries | |
| Receiving benefits | 42 |
| Inactive Members or Beneficiaries | |
| Entitled to but not receiving benefits | - |
| Active Members | 259 |
| Total Membership | 301 |

**Investments**

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

**Money-Weighted Rate of Return**

The annual money-weighted rate of return on the OPEB Trust investments in fiscal year 2021 was 22.2%, net of the Trust's investment expenses.

**Net OPEB Liability of the Authority**

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

The Authority's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 with the actuary using standard techniques to roll forward the liability to the measurement date.

| | | |
|---|---|---|
| Total OPEB Liability | $ | 34,733,124 |
| Plan Fiduciary Net Position | | (5,494,481) |
| Net OPEB Liability | $ | 29,238,643 |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | | 15.82% |

**Actuarial Assumptions**

The total OPEB liability at June 30, 2021 is based upon the June 30, 2020 actuarial valuation with updated procedures performed by the actuary to roll forward to June 30, 2021. Significant assumptions utilized by the actuary include:

| | |
|---|---|
| Inflation | 2.50% |
| Real wage growth | 0.50% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | |
| General Employees | 3.00% - 6.75% |
| Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation | 6.25% |
| Municipal Bond Index Rate | |
| Prior Measurement Date | 2.21% |
| Measurement Date | 2.16% |
| Year FNP is projected to be depleted | |
| Prior Measurement Date | 2029 |
| Measurement Date | 2031 |
| Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation | |
| Prior Measurement Date | 2.39% |
| Measurement Date | 2.34% |
| Health Care Cost Trends | |
| Pre-Medicare | 6.75% for 2020 decreasing to an ultimate rate of 4.5% by 2029 |
| Medicare | 5.125% for 2020 decreasing to an ultimate rate of 4.5% by 2023 |

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

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

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

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

The long-term expected rate of return on OPEB Plan investments was determined using the historical average yield for the 10-year U.S. Treasury Note from June 2001 through May 2021.

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% | 2.50% | 2.80% |
| Equity Funds | 45% | 6.50% | 2.50% | 9.00% |
| Alternatives | 15% | 2.90% | 2.50% | 5.40% |
| Total | 100% | | | |
| Weighted Average | | 3.48% | | 5.98% |

## Discount Rate

The discount rate used to measure the total OPEB liability as of the Measurement Date was 2.34%. 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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Active employees do not explicitly contribute to the Plan.
- In all years before the assets are depleted, the benefits are paid from the trust as the benefits come due.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.
- The Authority will contribute $0 in the fiscal year ending June 30, 2022 and will pay the projected benefit payments for that year using the Trust. Subsequent annual contributions are assumed to be capped at a maximum contribution of $333,709, which is equal to the five-year average of the Authority's annual contributions from the fiscal year beginning July 1, 2017 through the known fiscal year ending June 30, 2022.

Based on these assumptions, the Plan's Fiduciary Net Position (FNP) was projected to be depleted in 2031 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). Here, the long-term expected rate of return of 6.25% on Plan investments was applied to periods through 2031 and the Municipal Bond Index Rate at the Measurement Date (2.16%) was applied to periods on and after 2031, resulting in an SEIR at the Measurement Date (2.34%). There was a change in the discount rate from 2.39% at the Prior Measurement Date to 2.34% at the Measurement Date.

## 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 (1.34%) | Current Discount Rate (2.34%) | 1% Increase (3.34%) |
|---|---|---|---|
| Net OPEB liability | $ 37,036,979 | $ 29,238,643 | $ 23,308,351 |

EXHIBIT "F"

**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 Rate | 1% Increase |
|---|---|---|---|
| Net OPEB liability | $ 22,778,199 | $ 29,238,643 | $ 37,822,095 |

**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, 2021, were as follows:

| | Total OPEB Liability (a) | Plan Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balance at 6/30/20 | $ 37,766,587 | $ 4,868,463 | $ 32,898,124 |
| Changes for the year: | | | |
| Service Cost at the end of the year | 1,388,793 | - | 1,388,793 |
| Interest on TOL and Cash Flows | 897,508 | - | 897,508 |
| Change in benefit terms | - | - | - |
| Difference between expected and actual experience | (7,583,570) | - | (7,583,570) |
| Changes of assumptions or other inputs | 2,694,289 | - | 2,694,289 |
| Contributions - employer | - | - | - |
| Contributions - non-employer | - | - | - |
| Net investment income | - | 1,098,071 | (1,098,071) |
| Benefit payments | (430,483) | (430,483) | - |
| Plan administrative expenses | - | (41,570) | 41,570 |
| Other | - | - | - |
| Net changes | (3,033,463) | 626,018 | (3,659,481) |
| Balance as of 6/30/21 | $ 34,733,124 | $ 5,494,481 | $ 29,238,643 |
| Plan Net Position as a Percentage of Total OPEB Liability | | 15.82% | |

**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, 2021. For the year ended June 30, 2021, the Authority recognized OPEB expense of $1,685,214. At June 30, 2021, 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 | $ - | $ 8,168,551 |
| Changes in Assumptions | 9,394,968 | 1,188,987 |
| Net difference between projected and actual earnings on pension plan investments | - | 412,983 |
| Total | $ 9,394,968 | $ 9,770,521 |

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 | |
|---|---|
| 2022 | (341,307) |
| 2023 | (201,055) |
| 2024 | (41,545) |
| 2025 | 513,508 |
| 2026 | (305,154) |
| Thereafter | - |

***State Employees' Assurance Department (SEAD)***

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

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, 2021.

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

At June 30, 2021, the Authority reported an asset of $1,534,538 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020, 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, 2020. At June 30 2020, the Authority's proportion was 0.540296%, which was an increase of 0.021853% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Authority recognized SEAD-OPEB expense of ($138,006). At June 30, 2021, 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 | $ 400 | $ 14,264 |
| Changes in Assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 27,199 | - |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | - | 52,046 |
| Total | $ 27,599 | $ 66,310 |

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 | |
|---|---|
| 2022 | (96,910) |
| 2023 | 1,019 |
| 2024 | 32,023 |
| 2025 | 25,157 |

**Actuarial assumptions**

The total SEAD-OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019 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, 2019, 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, and the assumed annual rate of inflation.

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's proportionate share of the net OPEB asset to changes in the discount rate**
The following presents the Authority's proportionate share of the net OPEB asset calculated using the discount rate of 7.30%, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) 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 asset | $ (851,209) | $ (1,534,538) | $ (2,097,861) |

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

## 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 MBS and licenses the right of use of the stadium to StadCo (the AFFC division responsible for the MBS), who in turn will sublicense the MBS to the Atlanta Falcons. The license term is 30 years, with the StadCo having the right to exercise three 5-year renewal terms. StadCo will pay the Authority an annual license fee payment of $2.5 million per year with a two-percent annual escalator during the term of the license. The Atlanta Falcons also entered into a non-relocation agreement for the same period as the term of the StadCo License, including exercised renewals. In 2020, the Authority entered into a note purchase agreement with Northwestern Mutual. Under this agreement, GWCCA received $45.9 million in cash and will pay semi-annual payments to Northwestern Mutual through 2045.

## NOTE 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 $18.1 million payable to the architect. As of June 30, 2021, $2.7 million had been paid to the developer and $13.3 million had been paid to the architect.

On April 14, 2021, the Authority entered into a contract with Skanska/SG to manage the construction of a 975 room headquarter hotel. The original contract sum was $308,252,440 and as of June 30, 2021, had a balance to finish (including retainage) of $292,389,363. In July 2021, the original contract sum was increased to $326,603,826 through a change order and on September 30, 2021, had a balance to finish (including retainage) of $297,388,281.

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

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, 2021

SCHEDULE "1"

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | |
| Service cost at end of year | $ 1,388,793 | $ 827,795 | $ 1,104,930 | $ 1,162,404 | $ 1,291,382 |
| Interest on the Total OPEB liability | 897,508 | 1,100,176 | 1,145,786 | 1,053,450 | 930,675 |
| Changes of benefit terms | - | - | - | - | - |
| Difference between expected and actual experience | (7,583,570) | (242,029) | (3,287,450) | (181,509) | - |
| Changes of assumptions or other inputs | 2,694,289 | 10,593,745 | (1,475,401) | (1,541,994) | (2,936,699) |
| Benefit payments | (430,483) | (313,179) | (376,164) | (394,109) | (293,923) |
| **Net change in total OPEB liability** | (3,033,463) | 11,966,508 | (2,888,299) | 98,242 | (1,008,565) |
| **Total OPEB liability - beginning** | 37,766,587 | 25,800,079 | 28,688,378 | 28,590,136 | 29,598,701 |
| **Total OPEB liability - ending (a)** | $ 34,733,124 | $ 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 | 1,098,071 | (34,087) | 237,859 | 246,076 | 230,639 |
| Benefit payments | (430,483) | (313,179) | (376,164) | (394,109) | (293,923) |
| Administrative expenses | (41,570) | (29,111) | (34,036) | (44,785) | - |
| **Net change in plan fiduciary net position** | 626,018 | 323,623 | 227,659 | 375,729 | 505,263 |
| **Plan fiduciary net position - beginning** | 4,868,463 | 4,544,840 | 4,317,181 | 3,941,452 | 3,436,189 |
| **Plan fiduciary net position - ending (b)** | $ 5,494,481 | $ 4,868,463 | $ 4,544,840 | $ 4,317,181 | $ 3,941,452 |
| **Authority's net OPEB liability - ending (a) - (b)** | $ 29,238,643 | $ 32,898,124 | $ 21,255,239 | $ 24,371,197 | $ 24,648,684 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 15.82% | 12.89% | 17.62% | 15.05% | 13.79% |
| **Covered Employee Payroll** | $ 15,634,168 | $ 18,165,318 | $ 18,165,318 | $ 17,531,496 | $ 17,531,496 |
| **Net OPEB liability as a percentage of covered payroll** | 187.02% | 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, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 1,138,476 | $ 1,138,476 | $ 1,138,476 | $ 1,700,862 | $ 1,700,862 |
| Contributions in relation to the actuarially determined contribution | - | 700,000 | 400,000 | 568,547 | 568,547 |
| Annual contribution deficiency (excess) | $ 1,138,476 | $ 438,476 | $ 738,476 | $ 1,132,315 | $ 1,132,315 |
| Covered Employee Payroll * | $ 15,634,168 | $ 18,165,318 | $ 18,165,318 | $ 17,531,496 | $ 17,531,496 |
| Actual contributions as a percentage of covered payroll | 0.00% | 3.85% | 2.20% | 3.24% | 3.24% |

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

Notes to the schedule:

**Method and assumptions used in calculations of actuarially determined contributions:**
The Actuarial Determined Contribution (ADC) is calculated with each biennial actuarial valuation. The following actuarial methods and assumptions from the actuarial reports as of June 30, 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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expenses for the OPEB Trust | 22.2% | (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, 2021

SCHEDULE "4"

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Authority's proportion of the net OPEB liability (asset) (%) | 0.540296% | 0.518443% | 0.478396% | 0.562031% |
| Authority's proportion of the net OPEB liability (asset) ($) | $ (1,534,538) | $ (1,465,975) | $ (1,294,760) | $ (1,460,747) |
| Authority's covered employee payroll | $ 18,894,821 | $ 16,710,919 | $ 17,531,000 | $ 18,825,601 |
| Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | (8.12)% | (8.77)% | (7.39)% | (7.76)% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 129.20% | 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, 2021

SCHEDULE "5"

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



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Employer's proportion of the net pension liability | 0.687035% | 0.689338% | 0.603639% | 0.684522% | 0.721915% | 0.682804% | 0.685275% |
| Employer's proportionate share of the net pension liability | $ 28,958,230 | $ 28,445,746 | $ 24,815,798 | $ 27,800,732 | $ 34,149,612 | $ 27,663,108 | $ 25,702,047 |
| Employer's covered payroll | $ 18,894,821 | $ 16,710,919 | $ 17,531,000 | $ 18,825,601 | $ 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 | 153.3% | 170.2% | 141.6% | 147.7% | 179.2% | 148.4% | 154.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.21% | 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
JUNE 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 4,272 | $ 4,401 | $ 4,472 | $ 4,232 | $ 4,510 |
| Contributions in relation to the contractually required contribution | 4,272 | 4,401 | 4,472 | 4,232 | 4,510 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Agency's covered-employee payroll | $ 18,878 | $ 18,895 | $ 16,711 | $ 17,531 | $ 18,826 |
| Contributions as a percentage of covered-employee payroll | 22.63% | 23.29% | 26.76% | 24.14% | 23.96% |

GEORGE L. SMITH. II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2021



| 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| $ 4,149 | $ 3,832 | $ 2,962 | $ 2,219 | $ 1,561 |
| 4,149 | 3,832 | 2,962 | 2,219 | 1,561 |
| $ - | $ - | $ - | $ - | $ - |
| $ 19,056 | $ 18,641 | $ 16,686 | $ 15,505 | $ 14,881 |
| 21.77% | 20.56% | 17.75% | 14.31% | 10.49% |

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GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
JUNE 30, 2020

**Changes of benefit terms:**

* A new benefit tier was added for members joining the System on and after July 1, 2009.
* A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.
* A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.
* Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019.
* Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

**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. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

**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 June 30, 2021 employer contributions were determined in the June 30, 2018 valuation. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 15.3 |
| Asset valuation method | Five-year smoothed market |
| Inflation rate | 2.75% |
| Salary increases | 3.25% - 7.00%, including inflation |
| Investment rate of return | 7.30%, 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 the George L. Smith, II
Georgia World Congress Center Authority
and
Mr. Frank Poe, Executive Director

We have audited the financial statements of the business-type activities and 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, 2021, 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 10, 2021. We conducted our audit 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 10, 2021