



AUDIT REPORT • FISCAL YEAR 2025

Savannah – Georgia Convention Center Authority

A Component Unit of the State of Georgia

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY

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SECTION I
FINANCIAL



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 Savannah - Georgia Convention Center Authority
and
Mr. Kelvin D. Moore, CMP, Senior Vice President and General Manager

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and each major fund of the Savannah - Georgia Convention Center Authority (Authority), a component unit of the State of Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Authority as of June 30, 2025, 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.

Basis for Opinion

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

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, in 2025, the Authority restated the prior period financial statements due to changes in the financial reporting entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

December 3, 2025

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SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

INTRODUCTION

The following is a discussion and analysis of the Savannah - Georgia Convention Center Authority's (Authority) financial performance, providing an overview of the activities for the fiscal year ended June 30, 2025, and comparing them to fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. Readers should read it in conjunction with the Authority's basic financial statements, which follow this section, including the notes to the financial statements to enhance their understanding of the Authority's financial performance.

The Authority is a partnership between the State of Georgia (the "State") and Chatham County (the "County"), established with the mission to attract, develop, and produce events that deliver significant economic benefit to Savannah, the County, and the State. These events include conventions, trade shows, public expositions, meetings, banquets, and conferences. In addition, the Authority supports and facilitates local events that promote civic pride and enhance community quality of life, all while operating within a sound financial framework. The Authority's revenues are primarily generated through two channels: event services (facility rentals, food and beverage, parking, technology, etc.), and lodging tax receipts, which are derived from a portion of the hotel/motel taxes collected by six local governments and distributed to the Authority.

In addition to managing the Savannah Convention Center (SCC), the Authority is now embarking on a major strategic initiative — the construction and ownership of a hotel. This project represents a significant expansion of the Authority's role in supporting convention and tourism-related infrastructure. Once completed, the hotel is expected to strengthen the SCC's competitive position, enhance the visitor experience, and generate additional revenues to sustain long-term financial stability.

HIGHLIGHTS

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2025, are as follows:

- During the last fiscal year, the Authority's campus welcomed over 203,000 guests to conventions, trade shows, sporting events, consumer shows and corporate events.
- For the State of Georgia, SCC hosted events supported \$65.6 million in economic output. The economic multiplier effect added \$55.2 million in additional economic output bringing the total amount of economic output supported by SCC to \$120.8 million for Georgia.
- The Authority's net position increased by \$2.0 million (5.2%) in 2025.
- Total lodging tax revenues increased by \$233,920 (2.6%) compared to 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are reported as a special purpose governmental entity (component unit of the State) 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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 enterprise funds, a type of proprietary fund, to account for business type activities. The financial information of the Authority is accounted for in two separate propriety (enterprise) funds to reflect the limitations and restrictions placed on the use of available resources. The Convention Center Fund is used to account for all financial resources and expenses of the convention center operations, including parking. The Hotel Fund is used to account for financial resources used for the development and construction of the Signia by Hilton Savannah hotel, as well as the accumulations of resources for, and the payment of capital debt principal, interest, and related costs. Enterprise funds utilize accrual accounting, the same method used by private sector business and report activities that provide supplies and services to the public.

In the prior year, the Authority accounted for all activities in one enterprise fund. Beginning July 1, 2024, the Authority decided to account for these activities in separate funds (see Note 11 to the basic financial statements for more information regarding this change in reporting).

Following this MD&A, are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the basic financial statements. The basic financial statements for the Authority are the following:

- Statement of Net Position – This statement presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position - This statement shows how net position has changed during the most recent year. This includes operating and non-operating revenues and expenses of the Authority.
- Statement of Cash Flows – This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, non-capital financing, capital financing and investing activities. A reconciliation of operating income/loss with net cash provided by/used for operating activities is provided.

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 financial statements. The notes to the financial statements can be found on pages 15 - 24 of this report.

SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's net position for the Convention Center Fund at June 30, 2025 and June 30, 2024 is as follows:

Convention Center Fund				
	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total % Change
Other Assets	\$ 26,492,644	\$ 30,556,446	\$ (4,063,802)	-13.3%
Capital Assets (Net of Depreciation)	12,306,702	12,417,794	(111,092)	-0.9%
Total Assets	38,799,346	42,974,240	(4,174,894)	-9.7%
Other Liabilities	6,582,905	4,504,126	2,078,779	46.2%
Total Liabilities	6,582,905	4,504,126	2,078,779	46.2%
Net Position:				
Investment in Capital Assets	12,306,702	12,417,794	(111,092)	-0.9%
Unrestricted	19,909,739	26,052,320	(6,142,581)	-23.6%
Total Net Position	\$ 32,216,441	\$ 38,470,114	\$ (6,253,673)	-16.3%

When compared to the prior year, other assets decreased as a result of cash transfers from the Convention Center Fund to the Hotel Fund for pre-development and startup costs for the development and construction of the Signia by Hilton Savannah hotel project.

Total other liabilities increased by \$2.1 million over the previous year due primarily to an increase in customer deposits for future events. Total net position for the Convention Center Fund decreased during the fiscal year to \$32.2 million, or 16.3%.

The Authority's net position for the Hotel Fund at June 30, 2025 and June 30, 2024 is as follows:

Hotel Fund				
	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total % Change
Other Assets	\$ -	\$ -	\$ -	0.0%
Capital Assets (Net of Depreciation)	8,250,169	-	8,250,169	100.0%
Total Assets	8,250,169	-	8,250,169	100.0%
Other Liabilities	-	-	-	0.0%
Total Liabilities	-	-	-	0.0%
Net Position:				
Investment in Capital Assets	8,250,169	-	8,250,169	100.0%
Unrestricted	-	-	-	0.0%
Total Net Position	\$ 8,250,169	\$ -	\$ 8,250,169	100.0%

SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

All activity to date associated with the construction of the new Signia by Hilton Savannah hotel previously reported under the Convention Center Fund in prior years has been restated to the Hotel Fund. See Note 11 for additional information.

When compared to the prior year, capital assets increased as a result of the ongoing construction of the hotel.

The following is a summary of the Convention Center Fund's Revenues, Expenses and Changes in Net Position for fiscal years 2025 and 2024:

Convention Center Fund				
	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total % Change
Operating Revenue	\$ 12,176,058	\$ 14,964,616	\$ (2,788,558)	-18.6%
Operating Expenses	19,334,510	18,642,345	692,165	3.7%
Operating Income (Loss)	(7,158,452)	(3,677,729)	(3,480,723)	94.6%
Non-operating Revenue	10,184,787	9,989,664	195,123	2.0%
Capital Contributions	-	97,717	(97,717)	-100.0%
Interfund Transfer Out	(5,953,377)	-	(5,953,377)	100.0%
Transfer of Asset	(2,774,839)	-	(2,774,839)	100.0%
Change in Net Position	(5,701,881)	6,409,652	(12,111,533)	-189.0%
Net Position July 1	38,470,114	32,060,462	6,409,652	20.0%
Adjustment - Change in Reporting Entity	(551,792)	-	(551,792)	100.0%
Restated Net Position, July 1	37,918,322	-	37,918,322	100.0%
Net Position June 30	\$ 32,216,441	\$ 38,470,114	\$ (6,253,673)	-16.3%

Revenues

Operating revenues for the fiscal year ended June 30, 2025, totaled \$12.2 million, reflecting a \$2.8 million (-18.6%) decrease over the prior year. The decline is attributable to reduced food and beverage revenue. In fiscal year 2024, the Convention Center's event mix included several large national conventions that are not annual rotations, resulting in high food and beverage activity. By contrast, fiscal year 2025 featured a greater proportion of regional and in-state events, which typically generate lower food and beverage spend per attendee. This shift in mix explains the year-over-year variance, rather than a reduction in operational demand or performance.

Non-operating revenue, which mainly includes lodging taxes, saw an increase of \$195,123 (2.0%) from the previous year. This growth is attributed to both a boost in interest income from bank accounts and a rise in hotel-motel tax revenue.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Expenses

Operating expenses include building operations, food and beverage, event labor, property and liability insurance, professional fees and various other operational expenditures. Operating expenses for the fiscal year ended June 30, 2025, were \$19.3 million, which was an increase of \$692,165 or 3.7% over the prior year. This increase was mainly the result of increased contract services expense as a result of an expanded facility catering to high end events and jobs due to the increased business experienced by the Center.

The following is a summary of the Hotel Fund's Revenues, Expenses and Changes in Net Position for fiscal years 2025 and 2024:

	Hotel Fund			
	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>	<u>Increase/ (Decrease)</u>	<u>Total % Change</u>
Operating Revenue	\$ -	\$ -	\$ -	0.0%
Operating Expenses	-	-	-	0.0%
Operating Income (Loss)	-	-	-	0.0%
Non-operating Revenue	-	-	-	0.0%
Capital Contribution	1,745,000	-	1,745,000	100.0%
Interfund Transfer In	5,953,377	-	5,953,377	100.0%
Change in Net Position	7,698,377	-	7,698,377	100.0%
Net Position July 1	-	-	-	0.0%
Adjustment - Change in Reporting Entity	551,792	-	551,792	100.0%
Restated Net Position, July 1	551,792	-	551,792	100.0%
Net Position June 30	\$ 8,250,169	\$ -	\$ 8,250,169	100.0%

For fiscal year 2025, transfers were made from the Convention Center Fund to the Hotel Fund to fund the hotel-related activity.

CAPITAL ASSETS

The Authority's combined capital assets as of June 30, 2025, totaled \$27.2 million with accumulated depreciation of \$6.6 million for a net book value of \$20.6 million, a \$8.1 million increase in net book value from fiscal year 2024. The increase was principally due to additions to construction in progress for the hotel and parcel land acquired from Chatham County. Capital assets include construction in progress, building and building improvements as well as machinery and equipment. It should be noted that the land and building for the convention center are owned by the State's Department of Economic Development and are therefore reflected on the State's financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

ECONOMIC FACTORS

Fiscal year 2025 marked another period of strong performance for the Savannah Convention Center, highlighted by continued revenue growth and record-high hotel/motel tax collections. Although the Authority reported an operating loss, overall results were positive, driven by strong non-operating revenues. The Authority successfully navigated expansion-related disruptions, including event postponements and schedule adjustments.

Attendance at relevant Savannah Convention Center events in fiscal year 2025 reached approximately 203,000, representing sustained growth compared to the pre-pandemic benchmark of 180,000 in fiscal year 2019 and the 198,000 achieved in fiscal year 2024. This trajectory underscores the resilience of the market and the Convention Center's expanding role in attracting high-impact events.

The stability of intergovernmental agreements governing the distribution of hotel/motel tax revenues continues to provide a reliable foundation for the Authority's financial strength. These revenues, which reached an all-time high in fiscal year 2025, serve as a critical resource in maintaining operating cash flows, funding contractual obligations, and supporting the Authority's long-term mission of generating economic impact for Savannah, Chatham County, and the State of Georgia.

REQUESTS FOR INFORMATION

The Authority's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Savannah Convention Center, One International Drive, P.O. Box 248, Savannah, Georgia 31402.

BASIC FINANCIAL STATEMENTS

SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY
STATEMENT OF NET POSITION
June 30, 2025

EXHIBIT "A"

	Convention Center	Hotel	Total Business-type Activities
ASSETS			
Current			
Cash and cash equivalents	\$ 21,281,184	\$ -	\$ 21,281,184
Accounts receivable	3,286,244	-	3,286,244
Due from other governments - lodging taxes	1,733,413	-	1,733,413
Advances to other governments	11,403	-	11,403
Inventory - food and beverage	131,562	-	131,562
Prepaid items	48,838	-	48,838
Total current assets	26,492,644	-	26,492,644
Capital assets			
Nondepreciable capital assets	4,822,975	8,250,169	13,073,144
Depreciable capital assets, net of accumulated depreciation	7,483,727	-	7,483,727
Total capital assets	12,306,702	8,250,169	20,556,871
Total non-current assets	12,306,702	8,250,169	20,556,871
Total Assets	38,799,346	8,250,169	47,049,515
LIABILITIES			
Current:			
Accounts payable	2,017,520	-	2,017,520
Contract liability	779,023	-	779,023
Customer deposits	3,786,362	-	3,786,362
Total liabilities	6,582,905	-	6,582,905
NET POSITION			
Investment in capital assets	12,306,702	8,250,169	20,556,871
Unrestricted net position	19,909,739	-	19,909,739
Total net position	\$ 32,216,441	\$ 8,250,169	\$ 40,466,610

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

SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2025

EXHIBIT "B"

	Convention Center	Hotel	Total Business-type Activities
OPERATING REVENUES:			
Space rental	\$ 2,222,651	\$ -	\$ 2,222,651
Catering	7,150,287	-	7,150,287
Ancillary services	2,197,490	-	2,197,490
Other operating	605,630	-	605,630
Total operating revenues	<u>12,176,058</u>	<u>-</u>	<u>12,176,058</u>
OPERATING EXPENSES:			
Contract services - GWCCA	5,993,254	-	5,993,254
Regular operating	8,308,953	-	8,308,953
Cost of sales - food & beverage	1,506,403	-	1,506,403
Professional services	259,091	-	259,091
Projects and expendable equipment	2,616,130	-	2,616,130
Depreciation	650,679	-	650,679
Total operating expenses	<u>19,334,510</u>	<u>-</u>	<u>19,334,510</u>
OPERATING LOSS	<u>(7,158,452)</u>	<u>-</u>	<u>(7,158,452)</u>
NON-OPERATING REVENUES:			
Lodging taxes	8,936,206	-	8,936,206
Interest income	1,248,581	-	1,248,581
Total non-operating revenues	<u>10,184,787</u>	<u>-</u>	<u>10,184,787</u>
Income before capital contributions	<u>3,026,335</u>	<u>-</u>	<u>3,026,335</u>
CAPITAL CONTRIBUTIONS			
Land Acquisition Contribution	<u>-</u>	<u>1,745,000</u>	<u>1,745,000</u>
INTERFUND TRANSFERS			
Transfers in	-	5,953,377	5,953,377
Transfers out	(5,953,377)	-	(5,953,377)
TRANSFER OF ASSET	<u>(2,774,839)</u>	<u>-</u>	<u>(2,774,839)</u>
CHANGE IN NET POSITION	<u>(5,701,881)</u>	<u>7,698,377</u>	<u>1,996,496</u>
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	<u>37,918,322</u>	<u>551,792</u>	<u>38,470,114</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 32,216,441</u>	<u>\$ 8,250,169</u>	<u>\$ 40,466,610</u>

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

SAVANNAH - GEORGIA CONVENTION CENTER AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

EXHIBIT "C"

	Convention Center	Hotel	Total Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 14,403,142	\$ -	\$ 14,403,142
Cash paid for contract personnel services	(5,464,158)	-	(5,464,158)
Cash paid for goods and services	(13,212,657)	-	(13,212,657)
Net cash used by operating activities	<u>(4,273,673)</u>	<u>-</u>	<u>(4,273,673)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Lodging taxes received	9,072,307	-	9,072,307
Transfer In (Out)	(5,953,377)	5,953,377	-
Net cash provided by noncapital financing activities	<u>3,118,930</u>	<u>5,953,377</u>	<u>9,072,307</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,866,218)	(5,953,377)	(9,819,595)
Net cash used by capital and related financing activities	<u>(3,866,218)</u>	<u>(5,953,377)</u>	<u>(9,819,595)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,248,581	-	1,248,581
Net cash provided by investing activities	<u>1,248,581</u>	<u>-</u>	<u>1,248,581</u>
Increase (decrease) in cash and cash equivalents	(3,772,380)	-	(3,772,380)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	25,053,564	-	25,053,564
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 21,281,184</u>	<u>\$ -</u>	<u>\$ 21,281,184</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating (loss)	\$ <u>(7,158,452)</u>	\$ <u>-</u>	\$ <u>(7,158,452)</u>
Adjustments to reconcile operating loss to net cash used in operating activities			
used in operating activities			
Depreciation	650,679	-	650,679
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	14,068	-	14,068
Decrease (increase) in F&B inventory items	(56,150)	-	(56,150)
Decrease (increase) in prepaid items	197,403	-	197,403
(Decrease) increase in accounts payable	(347,186)	-	(347,186)
(Decrease) increase in accrued contract personal services	212,949	-	212,949
(Decrease) increase in customer deposits payable	2,213,016	-	2,213,016
Net cash provided (used) by operating activities	<u>\$ (4,273,673)</u>	<u>\$ -</u>	<u>\$ (4,273,673)</u>
Non-Cash and Related Financing Activities:			
Land Acquisition Contribution	<u>\$ -</u>	<u>\$ 1,745,000</u>	<u>\$ 1,745,000</u>

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

SAVANNAH – GEORGIA CONVENTION CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT “D”

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Authority is an instrumentality of the State initially created in 1995 to construct, operate and maintain the Savannah Convention Center (SCC). During the 2019 session, the Georgia General Assembly passed, and the Governor signed new legislation which dissolved the Georgia International and Maritime Trade Center Authority and created the Savannah-Georgia Convention Center Authority, a state Authority, effective July 1, 2019. The management of the business and affairs of the Authority is vested in a Board of Directors. The new Board of Directors consists of 11 members: six members appointed by the Governor; three members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors’ Bureau; and the President of the Savannah Economic Development Authority. The Authority is considered a component unit of the State for financial reporting purposes because of the significance of its legal, operational and financial relationships with the State. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

Basis of Presentation

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) engaged in business-type activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority’s proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The Authority accounts for all financial activity in an enterprise fund. This fund accounts for those activities 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.

Fund Accounting

The accounts of the Authority are maintained in accordance with the principles of “Fund Accounting” in order to reflect limitations and restrictions placed on the use of available resources. The following proprietary funds are used by the Authority:

Convention Center Fund – The Savannah-Georgia Convention Center Authority fund accounts for the operation of the Convention Center operations which are operation of the convention center, parking, related expenses, improvements to the facilities, accumulation of financial resources for and the payment of debt principal, interest, and related costs.

Hotel Fund – The Hotel Fund accounts for the operation of the Signia by Hilton Savannah hotel and related expenses, including construction of and improvements to the facility, as well as the accumulation of financial resources for, and the payment of, debt principal, interest, and related costs.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with maturity dates within three months of the date acquired, such as certificates of deposit. The aforementioned definitions were applied in the preparation of the Statement of Cash Flows.

Receivables

Accounts receivable arising from operations are reported at gross value and comprise the majority of Authority’s receivables. Based on management’s evaluation, amounts uncollectible are not material, no provision has been made for such amounts.

Due from Other Governments

Due from other governments represents a portion of excise taxes levied and collected by local municipalities on rooms, lodgings, and accommodations which are owed to the Authority.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, machinery and equipment, are reported 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. 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 \$10,000. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Building and Building Improvements	5 to 60 years
Infrastructure	10 to 100 years
Machinery and Equipment	3 to 20 years

For projects managed by the Georgia State Financing and Investment Commission (GSFIC), GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the owning state entity when complete. For projects managed by the Authority, the Authority retains construction in progress on their books and are reimbursed by GSFIC. Once these projects are complete, the assets will transfer to the State.

The State currently owns the buildings and underlying land of the SCC. Accordingly, those assets are not reflected in the accompanying financial statements.

Customer Deposits

Customer deposits primarily includes deposits and payments received by the Authority in advance for future events, including space rental, food & beverage, utility services, internet and telecommunications, equipment rental, and event labor services related to event license contracts.

Net Position

The sum of assets less the sum of liabilities is reported as net position. Net position may be reported in three categories:

Investment in Capital Assets consists of capital assets, net of accumulated depreciation.

Restricted amounts result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted amounts consist of net position that does not meet the definition of the 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 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 use restricted-net position before unrestricted-net position if the expense is incurred for purposes for which both restricted and unrestricted net position are available.

Revenues and Expenses

Operating and Non-operating 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 are charges to customers for space rental, utility services, audio visual, catering and parking services. Operating expenses include regular operating expenses, equipment, contractual expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Advance payments related to event contracts are recorded as unearned revenue at the time the payments are received and recorded as income when the related event occurs.

NOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2025**Shared Revenues**

Pursuant to the Hotel and Motel Tax Act as enacted and amended by the General Assembly of the State, the County and the cities of Tybee Island, Pooler, and Garden City have agreed to levy and collect an excise tax in the amount of six percent on rooms, lodgings and accommodations within the special district defined in the Hotel and Motel Tax Act. A new agreement with the cities of Savannah and Port Wentworth beginning in fiscal year 2024 provides that they will levy and collect an eight percent tax. Counties and municipal authorities must expend an amount equal to 33 1/3 percent of the total taxes collected for the purpose of promoting tourism, conventions, and trade shows and must expend an amount equal to 16 2/3 percent of the total taxes collected for the purpose of either marketing or operating trade and convention facilities.

For the fiscal year ended June 30, 2025, the Authority recorded the following shared revenues:

Chatham County	\$	445,967
City of Savannah		6,600,715
City of Pooler		550,325
City of Tybee Island		905,751
City of Port Wentworth		350,259
City of Garden City		<u>83,189</u>
Total Hotel and Motel Tax Revenue	\$	<u>8,936,206</u>

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

NOTE 2: CHANGES IN FINANCIAL ACCOUNTING AND REPORTING**Implementation of New Accounting Standards**

In fiscal year 2025, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to

NOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2025

assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The adoption of this statement did not have a material impact on the Authority’s financial statements. This statement will be applied prospectively, with risks evaluated annually and the requirements of Statement No. 102 implemented as applicable.

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 and therefore, is a non-appropriated budget.

NOTE 4: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**State Collateralization Statutes and Policies**

Funds of the State 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 O.C.G.A. Section 50-17-59:

- (1) Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of the State.
- (2) Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of the State.
- (3) Bonds of any public authority created by the laws of the State, 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.
- (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.

SAVANNAH – GEORGIA CONVENTION CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT “D”

NOTE 5: DEPOSITS

Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. As of June 30, 2025, the Authority's bank balances totaled \$22,187,258. Of these deposits, \$21,937,258 were exposed to custodial credit risk as follows:

Type of Custodial Credit Risk	Bank Balances
Uninsured and collateralized with securities held by the pledging financial institutions	\$ 21,937,258
Total	\$ 21,937,258

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Convention Center			
	Beginning Balance (Restated)	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated:				
Construction in Progress	\$ 4,100,926	\$ 3,796,961	\$ (3,074,912)	\$ 4,822,975
Capital Assets:				
Building and Land Improvements	6,983,742	46,905	(260,938)	6,769,709
Infrastructure	709,620	-	-	709,620
Machinery and Equipment	6,548,211	322,425	(205,373)	6,665,263
Total Capital Assets	14,241,573	369,330	(466,311)	14,144,592
Less: Accumulated Depreciation:				
Building and Land Improvements	(1,329,221)	(198,854)	260,938	(1,267,137)
Infrastructure	(425,529)	(70,962)	-	(496,491)
Machinery and Equipment	(4,721,747)	(380,863)	205,373	(4,897,237)
Total Accumulated Depreciation	(6,476,497)	(650,679)	466,311	(6,660,865)
Total Capital Assets Being Depreciated, Net	7,765,076	(281,349)	-	7,483,727
Total Capital Assets, Net	\$ 11,866,002	\$ 3,515,612	\$ (3,074,912)	\$ 12,306,702

Of the total amount of deletions above, \$2,774,839 represents a transfer of an asset to the State of Georgia.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

	Hotel			
	Beginning			Balance
	Balance (Restated)	Additions	Deductions	June 30, 2025
Capital assets, not being depreciated:				
Land	\$ -	\$ 1,745,000	\$ -	\$ 1,745,000
Construction in Progress	551,792	5,953,377	-	6,505,169
Total Capital Assets, Net	\$ 551,792	\$ 7,698,377	\$ -	\$ 8,250,169

NOTE 7: AGREEMENTS

Subsequent to the formation of the Authority in 1995, the County and Authority entered into the original intergovernmental agreement dated December 20, 1996, whereby the County agreed to acquire, construct and equip the SCC and consequently lease it to the Authority in consideration of the Authority's agreement to operate, manage, and maintain the SCC. During its 1993-1994 Session, the State General Assembly authorized the sale of \$17.7 million in general obligation bonds for the purpose of financing the SCC. The following sale of these bonds in 1998 by the State eventually funded the existing SCC. On December 31, 2001, the State and County entered into a purchase option agreement effectively conveying title of the SCC property to the State and also establishing a "Use Agreement" whereby the State granted the County sole and exclusive right to use the SCC and also consented to the County's assignment of certain rights to the Authority. The use agreement has a maximum term to December 31, 2051. In addition, on September 29, 2006, the County and Authority executed an amendment to the original intergovernmental lease agreement to: (1) extend the term to December 31, 2051, to coincide with the State's use agreement and (2) add the property known as the Parking Facilities to the leased property. Finally, on October 13, 2010, the State, County and the Authority agreed to amend the 1996 and 2001 agreements to include improvements to the River Walk consisting of a passenger intermodal and docking facility.

NOTE 8: RISK MANAGEMENT

During 2025, the Authority was exposed to various risks of loss related to torts; errors and omissions; and theft of, damage to, and destruction of assets.

Under the County's lease agreement with the Authority, the Authority is responsible for indemnification of the building and contents, and other risks. At June 30, 2025, the Authority had obtained insurance coverage in accordance with its agreement with the County. Property coverage was obtained through the State's self-insurance program and was paid by the Authority through the Department of Economic Development. Additional insurance was obtained through the Department of Administrative Services to provide general and other liability coverages.

There have been no significant reductions in coverage from the prior year and settlements have not exceeded insurance coverage for each of the past four fiscal years.

NOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2025**NOTE 9: LITIGATION, CONTINGENCIES AND COMMITMENTS****Litigation**

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.

Contractual Commitments

On March 25, 2014, the Authority entered into an agreement with the GWCCA to promote, operate, and manage the facility for the duration of the management term. This term began on April 1, 2014, and lasted for three (3) years and three (3) months. In 2022, the Authority exercised its option to renew the agreement for an additional three (3) years. In January 2024, the Authority finalized a further renewal for two years, extending the contract until June 30, 2028. This agreement and its amendments include provisions for incentive payments based on county-wide room night generation, third-party assessments of customer satisfaction, and financial performance. However, the total incentive payments shall not exceed 100% of the base fee. The base fee paid to GWCCA for fiscal year 2025 was \$235,185. An incentive fee was accrued for fiscal year 2025 in the amount of \$80,962.

On February 21, 2003, the Authority entered an intergovernmental services agreement with Chatham Area Transit Authority (CAT). The agreement stipulated that CAT would operate a public water ferry service. In exchange, the Authority agreed to provide landside maintenance facilities and to provide financial support for the water ferry operation. The agreement automatically renews month to month and it may be cancelled any time after 30 days written notice. On January 1, 2019, the Authority entered a new agreement with CAT that limits the Authority’s exposure related to operating expense to \$50,000 per calendar year.

On March 14, 2024, the Authority entered into a Pre-Development Services Agreement with SHR Savannah Hotel LLC., to engage as the developer for a proposed convention center hotel project. The hotel is planned to be located on Authority-owned land adjacent to the west side of the Savannah Convention Center. An amendment to the Pre-Development Services Agreement was made on March 13, 2025.

Under the terms of the agreement, the contract will expire and terminate upon the earliest occurrence of one of the following:

- (i) execution of a Development Agreement between the Authority and the Developer;
- (ii) July 31, 2025 and;
- (iii) early termination as stipulated by the terms of the agreement.

NOTE 10: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025, consisted of the following:

	<u>Transfers From</u>
<u>Transfers to</u>	<u>Convention Center</u>
Hotel	\$ <u>5,953,377</u>

SAVANNAH – GEORGIA CONVENTION CENTER AUTHORITY
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JUNE 30, 2025

EXHIBIT “D”

Transfers are used to move revenues collected by the Convention Center Fund to the Hotel Fund to fund the hotel construction project.

NOTE 11: RESTATEMENT OF PRIOR YEAR NET POSITION

Change in Financial Reporting Entity

During fiscal year 2025, the Authority created a new separate major fund to account for the activity related to the hotel, which requires the restatement of the June 30, 2024 net position. Overall, there was no change in net position between the prior year and the current year, however, an adjustment was made to break the activities out between the major funds. In addition, capital assets related to the hotel were moved from the convention center fund to the hotel fund, resulting in restated beginning balances in the summary of changes note disclosures for capital assets (Note 6).

	<u>June 30, 2024</u> <u>As Previously</u> <u>Reported</u>	<u>Change in</u> <u>Financial</u> <u>Reporting Entity</u>	<u>June 30, 2024</u> <u>(Restated)</u>
Proprietary Funds and Business-type Activities			
Major Funds:			
Convention Center	\$ 38,470,114	\$ (551,792)	\$ 37,918,322
Hotel	<u>-</u>	<u>551,792</u>	<u>551,792</u>
Total Proprietary and Business-type Activities	<u>\$ 38,470,114</u>	<u>\$ -</u>	<u>\$ 38,470,114</u>

NOTE 12: SUBSEQUENT EVENT

On September 18, 2025, the Authority issued Savannah-GA Convention Center Authority Convention Center Hotel Revenue Bonds, Series 2025A, 2025B and Series 2025C (HMT Pledge) in the par amounts of \$89,850,000, \$216,475,000 and \$92,115,000, respectively. The Authority will use the proceeds of the Series 2025 Bonds, together with other available funds of the Authority and the hereinafter defined Manager and a letter of credit delivered by the Manager, to (i) finance the costs of acquiring, designing, constructing, equipping and operating a full-service, upscale convention center hotel with approximately 444 guest rooms and approximately 38,100 square feet of meeting space, located in the City of Savannah, Georgia to be operated under the Signia by Hilton brand (the “Hotel”), (ii) fund certain reserves and other required amounts in connection therewith, (iii) fund capitalized interest on the Series 2025 Bonds, and (iv) pay certain costs of issuing the Series 2025 Bonds.

In conjunction with this bond issue, the Authority has entered into a Qualified Hotel Management Agreement with Signia Hotel Management LLC (Manager) to manage and operate the 444 room 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.

SECTION II

INTERNAL CONTROL AND COMPLIANCE REPORT



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

**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 Savannah - Georgia Convention Center Authority
and
Mr. Kelvin D. Moore, CMP, Senior Vice President and General Manager

We have audited the financial statements of the business-type activities and each major fund of the Savannah - Georgia Convention Center Authority (Authority), a component unit of the State of Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 3, 2025. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

December 3, 2025