

Fiscal
Year
2012

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, 2012

Department of
Audits and Accounts

Greg S. Griffin
State Auditor

State Government Division
David Pennington, Director



GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY

-TABLE OF CONTENTS-

	<u>Page</u>
SECTION I	
FINANCIAL	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
EXHIBITS	
BASIC FINANCIAL STATEMENTS	
A STATEMENT OF NET ASSETS PROPRIETARY FUNDS—ENTERPRISE FUNDS	12
B STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS—ENTERPRISE FUNDS	14
C STATEMENT OF CASH FLOWS PROPRIETARY FUNDS—ENTERPRISE FUNDS	16
D NOTES TO THE FINANCIAL STATEMENTS	19
SECTION II	
INTERNAL CONTROL AND COMPLIANCE REPORT	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	41

(This page intentionally left blank)

SECTION I
FINANCIAL

(This page intentionally left blank)



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W. Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2180

INDEPENDENT AUDITOR'S REPORT

Honorable Nathan Deal, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the George L. Smith, II Georgia World Congress Center Authority
and
Mr. Frank Poe, Executive Director

Ladies and Gentlemen:

We have audited the accompanying financial statements of each major fund of the George L. Smith, II Georgia World Congress Center Authority, a component unit of the State of Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the George L. Smith, II Georgia World Congress Center Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as disclosed in the following paragraph, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the George L. Smith, II Georgia World Congress Center Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In accordance with section 50-6-1(c) of the Official Code of Georgia Annotated, Greg S. Griffin was appointed State Auditor on July 1, 2012. During the year under review, Mr. Griffin served as the State Accounting Officer. As the State Accounting Officer, Mr. Griffin was responsible for the State's accounting and financial reporting practices and managing the enterprise payroll system.

(This page intentionally left blank)

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary major funds of the George L. Smith, II Georgia World Congress Center Authority, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 on our consideration of the George L. Smith, II Georgia World Congress Center 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 5 through 9 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.

Respectfully submitted,



Greg S. Griffin
State Auditor

September 28, 2012

GSG:klc

(This page intentionally left blank)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the George L. Smith, II Georgia World Congress Center Authority's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2012 and comparing them to fiscal year ended June 30, 2011. The Georgia World Congress Center Authority manages the activities of the Georgia World Congress Center, the Georgia Dome and Centennial Olympic Park. Please read it in conjunction with the Authority's financial statements, which follow this section.

HIGHLIGHTS

Net Assets:

As of the close of fiscal year 2012, the Authority's combined ending net assets totaled \$74.6 million. Of this total, \$27.7 million is invested in capital assets, \$14.9 million is restricted by Georgia Dome Bond Covenants and \$31.9 million is unrestricted. The net assets of \$74.6 million are up from fiscal year 2011's \$69.9 million (after restatement).

Long-term Debt:

The Authority's total long-term debt obligations consist of \$100 million in revenue bonds for the Georgia Dome.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Georgia World Congress Center 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. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Georgia World Congress Center Authority uses fund accounting to reflect results of operations and to ensure and demonstrate compliance with financial-related legal requirements.

Proprietary Funds:

The Georgia World Congress Center Authority uses Enterprise Funds, a type of Proprietary Fund, to account for activities of the Georgia World Congress Center Fund, the Georgia Dome Fund and the Centennial Olympic Park Fund, all of which are considered to be major funds. Enterprise funds utilize accrual accounting; the same method used by private sector businesses and report activities that provide supplies and services to the general public. The basic proprietary funds financial statements are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash Flows. These statements can be found on pages 12-17 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 19-38 of this report.

FINANCIAL ANALYSIS

**Georgia World Congress Center Authority Net Assets
(FY 2011 amounts have been restated, when appropriate, due to restatement of
prior year net assets)**

	<u>FY 2012</u>	<u>FY 2011</u>
Other Assets	\$ 92,461,573	\$ 95,372,315
Capital Assets (net of depreciation)	<u>135,823,613</u>	<u>143,982,755</u>
Total Assets	\$ <u>228,285,186</u>	\$ <u>239,355,070</u>
Other Liabilities	36,288,824	35,550,860
Long-Term Liabilities:		
Current	9,112,052	12,627,659
Non-Current	<u>108,315,735</u>	<u>121,278,452</u>
Total Liabilities	\$ <u>153,716,611</u>	\$ <u>169,456,971</u>
Net Assets:		
Invested in capital assets, net of debt	\$ 27,726,634	\$ 22,172,755
Restricted	14,946,333	33,944,640
Unrestricted	<u>31,895,608</u>	<u>13,780,704</u>
Total Net Assets	\$ <u><u>74,568,575</u></u>	\$ <u><u>69,898,099</u></u>

The Authority's investment in capital assets (e.g. land, buildings, equipment, etc) is \$27.7 million or 37.2% of the Authority's total net assets. Georgia Dome revenue bond covenants, \$14.9 million, make up another 20% of the total net assets. The Authority has a remaining \$31.9 million in unrestricted assets.

Prior to the restatement, the Georgia World Congress Center Authority's net assets increased by \$6.1 million in FY 2012.

The following is a summary of Revenues, Expenses and changes in Net Assets for FY 2012 compared to FY 2011.

	<u>FY 2012</u>	<u>FY 2011</u>
Revenues:		
Operating Revenue	\$ 72,086,549	\$ 74,091,191
Non-operating Revenue:		
Net Hotel/Motel Tax	23,073,121	22,093,505
Investment Income	64,739	136,522
Other Non-Operating Revenue	<u>1,078,966</u>	<u>1,194,734</u>
Total Revenues	<u>\$ 96,303,375</u>	<u>\$ 97,515,952</u>
Expenses:		
Personal Services	\$ 27,323,267	\$ 26,840,101
Other Operating Expense	46,338,145	45,708,521
Depreciation Expense	12,245,156	12,048,738
Debt Service Expense	4,823,160	6,840,319
Other Non-Operating Expense	<u>903,171</u>	<u>1,099,191</u>
Total Expenses	<u>\$ 91,632,899</u>	<u>\$ 92,536,870</u>
Increase (Decrease) in Net Assets	\$ 4,670,476	\$ 4,979,082
Net Assets, July 1 (Restated - Note 1D)	69,898,099	64,919,017
Adjustments:		
Transfer In	1,501,011	1,386,942
Transfer Out	<u>-1,501,011</u>	<u>-1,386,942</u>
Total Net Assets, June 30	<u>\$ 74,568,575</u>	<u>\$ 69,898,099</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The Georgia World Congress Center Authority's investment in capital assets as of June 30, 2012 amounts to \$321.7 million, which with accumulated depreciation of \$185.9 million leaves a net book value of \$135.8 million. This investment in capital assets includes land, buildings, improvements and equipment. Actual depreciation charges for the year totaled \$12.2 million. It should be noted that land for the Georgia Dome and land and buildings for the convention center 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 28 of this report.

Debt Administration:

The Georgia World Congress Center Authority issued Revenue Bonds in the amount of \$200 million in 1990 for the construction of the Georgia Dome. These bonds are the only long-term debt held by the Authority. These bonds were refunded in 2000 in order to obtain a more favorable interest rate. The 2000 re-funded bonds were again refunded in November 2011 for a more favorable interest rate. A principal payment of \$7.4 million was made on July 1, 2012. Additional information on the Authority's long-term debt can be found in note 7 on pages 28-30 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 200-acre campus of the Georgia World Congress Center Authority serves as an economic catalyst for the community, generating economic benefits to the citizens of the state, as well as enhancing the overall quality of life for every Georgian.

An estimated 2.4 million visitors attended events at the Georgia World Congress Center, the Georgia Dome and Centennial Olympic Park during Fiscal Year 2012. According to a Georgia State study, those visitors spent nearly a billion new dollars, which generated an estimated economic impact of more than \$1.7 billion. Trade shows, conventions, sporting events also helped generate an estimated \$148.4 million in tax revenues for the state and local governments. Additionally, the GWCCA contributes to the region's economy by creating jobs.

Fiscal Year 2012 was an excellent year and proved to be a rewarding year for the Georgia World Congress Center Authority. We hosted many exciting events on campus including the SEC Football Championship, Brothers of the Sun Concert, Georgia State Football season, Chick-fil-a College Kickoff and Chick-fil-a Bowl, 10 Falcon games, Party in the Park concert and many trade shows, corporate events, high school and college graduations. The Georgia World Congress Center Authority's total revenues were \$8.7 million or 8.53% above projection. A large contributor to this increased revenue came from a new 1% H/M tax dedicated to marketing the GWCCA campus to events, The Brothers of the Sun Concert and increased Utility Revenue. With this increased revenue came additional expenses too. Expenses were \$5.2 million or 5.59% over budget. Therefore, we realized a net profit before depreciation of \$3.6 million better than projected. Considering the continued stressed economic climate, the Georgia World Congress Center Authority's financial performance was excellent.

Additionally, the Georgia World Congress Center Authority completed several major projects in FY12. The Dome replaced the field Turf and rekeyed the entire facility. Lighting upgrades were completed at the Dome and GWCC. The GWCC also renovated the building A restrooms and improved the B/C security gates to the loading docks. Additionally we purchased an integrated event management system (Ungerboeck) that will replace our current system (Concentrics) and completed a comprehensive salary survey comparing market salaries and minimum salaries with the industry and Atlanta/Georgia Market.

The 200-acre campus of the Georgia World Congress Center Authority is committed to servicing the State of Georgia as the leading economic generator and is committed to the tradeshow manager, convention attendee, football fan and the downtown community to provide the best atmosphere, customer service and environment for everyone, every day.

(This page intentionally left blank)

BASIC STATEMENTS FINANCIAL

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2012

EXHIBIT "A"

	MAJOR FUNDS			TOTAL
	GWCC FUND	GEORGIA DOME FUND	CENTENNIAL OLYMPIC PARK FUND	
<u>ASSETS</u>				
Current Assets				
Cash and Cash Equivalents	\$ 13,125,652.33	\$ 35,127,337.22	\$ 1,609,027.88	\$ 49,862,017.43
Accounts Receivable	8,445,423.60	10,354,944.07	166,337.30	18,966,704.97
Prepaid Items	25,945.00	53,999.44	109,279.62	189,224.06
Inventories	324,332.49			324,332.49
Total Current Assets	\$ 21,921,353.42	\$ 45,536,280.73	\$ 1,884,644.80	\$ 69,342,278.95
Noncurrent Assets				
Restricted				
Cash and Cash Equivalents				
Customer Deposits		\$ 6,482,362.92		\$ 6,482,362.92
Investments				
Revenue Bond Covenant Accounts		16,587,611.14		16,587,611.14
Accounts Receivable				
Customer Deposits		49,320.72		49,320.72
Total Restricted Assets		\$ 23,119,294.78		\$ 23,119,294.78
Capital Assets				
Land and Land Improvements	\$ 800,000.00		\$ 36,482,885.56	\$ 37,282,885.56
Building and Building Improvements		\$ 210,308,890.08		210,308,890.08
Less: Accumulated Depreciation		-147,551,667.04		-147,551,667.04
Improvements other than Buildings			35,797,674.53	35,797,674.53
Less: Accumulated Depreciation			-13,125,814.02	-13,125,814.02
Equipment	8,563,278.77	26,139,831.73	3,637,173.90	38,340,284.40
Less: Accumulated Depreciation	-4,918,908.01	-18,311,909.75	-1,997,823.12	-25,228,640.88
Capital Assets (Net of Accumulated Depreciation)	\$ 4,444,370.76	\$ 70,585,145.02	\$ 60,794,096.85	\$ 135,823,612.63
Total Noncurrent Assets	\$ 4,444,370.76	\$ 93,704,439.80	\$ 60,794,096.85	\$ 158,942,907.41
Total Assets	\$ 26,365,724.18	\$ 139,240,720.53	\$ 62,678,741.65	\$ 228,285,186.36

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 ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2012

EXHIBIT "A"

	MAJOR FUNDS			TOTAL
	GWCC FUND	GEORGIA DOME FUND	CENTENNIAL OLYMPIC PARK FUND	
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts Payable	\$ 4,286,212.69	\$ 4,873,477.12	\$ 201,197.15	\$ 9,360,886.96
Accrued Payroll/Payroll Withholdings	52,280.75	27,063.35	4,543.98	83,888.08
Compensated Absences	259,777.51	100,132.24	29,490.62	389,400.37
Deferred Revenue	2,823,651.67	23,057,934.04	276,026.95	26,157,612.66
Other Liabilities	228,448.18	66,418.35	2,169.74	297,036.27
Total Current Liabilities	\$ 7,650,370.80	\$ 28,125,025.10	\$ 513,428.44	\$ 36,288,824.34
Current Liabilities Payable from Restricted Assets				
Accrued Interest Payable		\$ 1,702,052.25		\$ 1,702,052.25
Revenue Bonds Payable		7,410,000.00		7,410,000.00
Total Current Liabilities Payable from Restricted Assets		\$ 9,112,052.25		\$ 9,112,052.25
Noncurrent Liabilities				
Compensated Absences	\$ 1,176,335.36	\$ 479,077.96	\$ 71,208.29	\$ 1,726,621.61
Customer Deposits Payable		6,466,216.95		6,466,216.95
Revenue Bonds Payable		99,975,000.00		99,975,000.00
Other Liabilities	113,754.71	33,072.73	1,068.68	147,896.12
Total Noncurrent Liabilities	\$ 1,290,090.07	\$ 106,953,367.64	\$ 72,276.97	\$ 108,315,734.68
Total Liabilities	\$ 8,940,460.87	\$ 144,190,444.99	\$ 585,705.41	\$ 153,716,611.27
Net Assets				
Invested in Capital Assets, Net of Related Debt	\$ 4,444,370.76	\$ -37,511,833.13	\$ 60,794,096.85	\$ 27,726,634.48
Restricted for:				
Revenue Bond Covenants		14,885,558.89		14,885,558.89
Maintenance of Art			60,773.46	60,773.46
Unrestricted	12,980,892.55	17,676,549.78	1,238,165.93	31,895,608.26
Total Net Assets	\$ 17,425,263.31	\$ -4,949,724.46	\$ 62,093,036.24	\$ 74,568,575.09
Total Liabilities and Net Assets	\$ 26,365,724.18	\$ 139,240,720.53	\$ 62,678,741.65	\$ 228,285,186.36

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

GEORGE L. SMITH, II **EXHIBIT "B"**
GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2012

	MAJOR FUNDS			TOTAL
	GWCC FUND	GEORGIA DOME FUND	CENTENNIAL OLYMPIC PARK FUND	
<u>OPERATING REVENUES</u>				
Space Rental	\$ 10,069,425.51	\$ 7,457,785.90	\$ 270,270.00	\$ 17,797,481.41
Rental - Suite		2,648,187.51		2,648,187.51
Rental - Equipment	44,266.00	63,673.00	2,770.00	110,709.00
Utility Services	5,936,142.02	103,623.16	23,581.00	6,063,346.18
Parking	3,632,433.76	811,983.49		4,444,417.25
Catering	4,740,123.00	6,219,430.00	120,587.44	11,080,140.44
Contributed Equipment	2,847,380.06	550,732.42	51,038.25	3,449,150.73
Advertising	98,784.70	4,111,235.05		4,210,019.75
Seats/Suites License Fee		19,013,907.88		19,013,907.88
Telecommunications	551,495.01	54,758.33		606,253.34
Holiday in Lights Revenue			117,586.25	117,586.25
Sponsorship		48,570.90	146,000.00	194,570.90
Miscellaneous	1,308,041.97	821,206.44	221,529.61	2,350,778.02
	\$ 29,228,092.03	\$ 41,905,094.08	\$ 953,362.55	\$ 72,086,548.66
<u>OPERATING EXPENSES</u>				
Personal Services	\$ 16,786,538.65	\$ 8,985,103.87	\$ 1,551,624.54	\$ 27,323,267.06
Regular Operating Expenses	10,527,721.38	6,957,698.05	624,685.67	18,110,105.10
Equipment/Computer	911,536.94	88,878.33	21,582.77	1,021,998.04
Professional Services	2,609,105.70	4,824,315.50	689,361.26	8,122,782.46
Other	281,509.93	233,022.26	15,367.55	529,899.74
Special Projects/Capital Outlay	416,751.69	480,954.48	66,391.25	964,097.42
Contractual - Game Tickets		8,664,806.00		8,664,806.00
Contractual - Falcons		4,501,557.34		4,501,557.34
Contractual - Commissions		4,422,898.31		4,422,898.31
	\$ 31,533,164.29	\$ 39,159,234.14	\$ 2,969,013.04	\$ 73,661,411.47
Operating Profit (Loss) Before Depreciation	\$ -2,305,072.26	\$ 2,745,859.94	\$ -2,015,650.49	\$ -1,574,862.81
Depreciation	388,900.99	10,328,320.31	1,527,934.71	12,245,156.01
Operating Profit (Loss)	\$ -2,693,973.25	\$ -7,582,460.37	\$ -3,543,585.20	\$ -13,820,018.82

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

GEORGE L. SMITH, II EXHIBIT "B"
 GEORGIA WORLD CONGRESS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2012

	MAJOR FUNDS			TOTAL
	GWCC FUND	GEORGIA DOME FUND	CENTENNIAL OLYMPIC PARK FUND	
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Hotel and Motel Tax	\$ 4,231,508.35	\$ 18,841,612.26		\$ 23,073,120.61
Investment Income	25,205.43	34,770.82	\$ 4,762.38	64,738.63
Vendor's Compensation on Sales Tax Collections	104,509.17	2,954.86	0.10	107,464.13
Insurance Recovery	24,851.00	2,322.00	396.00	27,569.00
Debt Service		-4,823,159.84		-4,823,159.84
Gain on Capital Asset Disposals	32,562.44	7,719.53	480.00	40,761.97
Bond Money Revenue - Georgia State Financing and Investment Commission	903,171.44			903,171.44
Bond Money Expense - Georgia State Financing and Investment Commission	-903,171.44			-903,171.44
Total Nonoperating Revenues (Expenses)	\$ 4,418,636.39	\$ 14,066,219.63	\$ 5,638.48	\$ 18,490,494.50
Net Income (Loss) Before Transfers	\$ 1,724,663.14	\$ 6,483,759.26	\$ -3,537,946.72	\$ 4,670,475.68
<u>TRANSFERS</u>				
Transfers In			\$ 1,501,010.80	\$ 1,501,010.80
Transfers Out	\$ -1,501,010.80			-1,501,010.80
Total Transfers	\$ -1,501,010.80		\$ 1,501,010.80	\$ 0.00
Changes in Net Assets	\$ 223,652.34	\$ 6,483,759.26	\$ -2,036,935.92	\$ 4,670,475.68
<u>NET ASSETS, JULY 1 (Restated - Note 1D)</u>	<u>17,201,610.97</u>	<u>-11,433,483.72</u>	<u>64,129,972.16</u>	<u>69,898,099.41</u>
<u>NET ASSETS, JUNE 30</u>	<u>\$ 17,425,263.31</u>	<u>\$ -4,949,724.46</u>	<u>\$ 62,093,036.24</u>	<u>\$ 74,568,575.09</u>

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, 2012

EXHIBIT "C"

	MAJOR FUNDS			TOTAL
	GWCC FUND	GEORGIA DOME FUND	CENTENNIAL OLYMPIC PARK FUND	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers	\$ 25,066,698.30	\$ 43,815,876.88	\$ 1,166,544.05	\$ 70,049,119.23
Customer Seat and Suite Deposits - Georgia Dome		-26,678.05		-26,678.05
Customer Seat and Suite License Fees - Georgia Dome		19,013,907.88		19,013,907.88
Cash Paid to Vendors	-20,266,473.16	-52,314,597.05	-2,202,311.95	-74,783,382.16
Cash Paid to Employees	-9,342,817.71	-5,401,059.32	-825,086.18	-15,568,963.21
Annual Payment (Contractual - Falcons)		-4,501,557.34		-4,501,557.34
Net Cash Provided By (Used In) Operating Activities	\$ -4,542,592.57	\$ 585,893.00	\$ -1,860,854.08	\$ -5,817,553.65
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Hotel and Motel Tax Received	\$ 16,235,552.48			\$ 16,235,552.48
Hotel and Motel Tax Distributed	-12,431,818.13			-12,431,818.13
Operating Transfer - Centennial Olympic Park Operations	-1,501,010.80		\$ 1,501,010.80	0.00
Other Noncapital Financing Activities	37,288.62	\$ -439,622.76		-402,334.14
Vendor's Compensation on Sales Tax Collections	104,509.17	2,954.86	0.10	107,464.13
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ 2,444,521.34	\$ -436,667.90	\$ 1,501,010.90	\$ 3,508,864.34
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Interest/Fees Paid on Refunding Revenue Bonds		\$ -4,823,159.84		\$ -4,823,159.84
Principal Payment on Refunding Revenue Bonds		-14,425,000.00		-14,425,000.00
Hotel and Motel Tax Received - Dedicated to Georgia Dome		16,839,606.34		16,839,606.34
Acquisition and Construction of Capital Assets	\$ -725,367.98	-999,714.47	\$ -10,740.00	-1,735,822.45
Net Cash Provided By (Used In) Capital and Related Financing Activities	\$ -725,367.98	\$ -3,408,267.97	\$ -10,740.00	\$ -4,144,375.95
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of Investment Securities	\$ -19,482,250.65	\$ -212,179,499.52		\$ -231,661,750.17
Proceeds from Sale and Maturity of Investments	19,482,250.65	232,893,414.13		252,375,664.78
Interest on Investments	25,205.43	34,770.82	\$ 4,763.73	64,739.98
Net Cash Provided By (Used In) Investing Activities	\$ 25,205.43	\$ 20,748,685.43	\$ 4,763.73	\$ 20,778,654.59
Net Increase (Decrease) in Cash and Cash Equivalents	\$ -2,798,233.78	\$ 17,489,642.56	\$ -365,819.45	\$ 14,325,589.33
<u>CASH AND CASH EQUIVALENTS - JULY 1</u>	<u>15,923,886.11</u>	<u>24,120,057.58</u>	<u>1,974,847.33</u>	<u>42,018,791.02</u>
<u>CASH AND CASH EQUIVALENTS - JUNE 30</u>	<u>\$ 13,125,652.33</u>	<u>\$ 41,609,700.14</u>	<u>\$ 1,609,027.88</u>	<u>\$ 56,344,380.35</u>

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, 2012

EXHIBIT "C"

	MAJOR FUNDS			
	GWCC FUND	GEORGIA DOME FUND	CENTENNIAL OLYMPIC PARK FUND	TOTAL
<u>RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Profit (Loss)	\$ -2,693,973.25	\$ -7,582,460.37	\$ -3,543,585.20	\$ -13,820,018.82
Adjustments to Reconcile Operating Profit (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Depreciation	\$ 388,900.99	\$ 10,328,320.31	\$ 1,527,934.71	\$ 12,245,156.01
Contract with Levy Restaurants for Equipment Purchases	-29,227.64	-42,201.50		-71,429.14
Lighting System Funded by Georgia Environmental Finance Authority	-2,238,000.00			-2,238,000.00
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	-78,111.59	-1,315,691.66	168,915.37	-1,224,887.88
Increase in Prepaid Items	-22,244.60	-52,682.79	-82,743.18	-157,670.57
Increase in Inventories	-50,309.12			-50,309.12
Increase (Decrease) in Liabilities (Other than Customer Deposits)	829,726.67	597,054.39	-53,452.73	1,373,328.33
Decrease in Customer Deposits Payable		-26,678.05		-26,678.05
Increase (Decrease) in Deferred Revenues	-649,354.03	-1,319,767.33	122,076.95	-1,847,044.41
Total Adjustments	\$ -1,848,619.32	\$ 8,168,353.37	\$ 1,682,731.12	\$ 8,002,465.17
Net Cash Provided By (Used In) Operating Activities	\$ -4,542,592.57	\$ 585,893.00	\$ -1,860,854.08	\$ -5,817,553.65

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

(This page intentionally left blank)

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

INDEX

	Page
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	20
NOTE 2. BUDGETS	25
NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	25
NOTE 4. DEPOSITS AND INVESTMENTS.....	26
NOTE 5. TRANSFERS.....	27
NOTE 6. CAPITAL ASSETS	28
NOTE 7. LONG-TERM DEBT.....	28
NOTE 8. RISK MANAGEMENT.....	30
NOTE 9. RETIREMENT PLANS.....	31
NOTE 10. OTHER POSTEMPLOYMENT BENEFITS	34
NOTE 11. LEAVE POLICIES	37
NOTE 12. OTHER FINANCIAL NOTES	37
NOTE 13. CONTINGENCIES.....	38

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The George L. Smith, II Georgia World Congress Center Authority (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.

B. 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 of Georgia) engaged in business-type activities utilizing the following funds:

Major Funds

PROPRIETARY FUNDS – ENTERPRISE FUNDS

These funds account 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.

GWCC Fund – Used to report activity associated with operations of the Georgia World Congress Center and certain administrative responsibilities related to the Georgia Dome and Centennial Olympic Park.

Georgia Dome Fund – Used to report activity associated with operations of the Georgia Dome.

Centennial Olympic Park Fund – Used to report activity associated with operations of the Centennial Olympic Park.

Interfund Eliminations

In accordance with the License Agreement (See Note 12), the GWCC Fund of the Authority collects an administrative overhead fee from the Georgia Dome Fund. The effect of this interfund activity has been eliminated from the GWCC Fund's operating revenues and expenses.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 Authority has elected to follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB) as well as Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES AND NET ASSETS

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include currency on hand, demand deposits with banks and other financial institutions, and the State investment pool that has the general characteristics of demand deposit accounts in that the Authority may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Cash and Cash Equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition. Funds of the Georgia Dome Fund on deposit with the Trustee for the purpose of continual investment are reflected as investments regardless of the term of the instruments. 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) but does 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. This investment is valued at the pool's share price, \$1.00 per share.

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.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

INVESTMENTS

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase. Also reported as investments are funds of the Georgia Dome Fund on deposit with the Trustee of the Series 2011 Refunding Revenue Bonds for the purpose of continual investment and certain other securities held for the production of revenue. Investments are stated at cost or amortized cost. Accounting principles generally accepted in the United States of America require that investments be reported at fair value, however, the variance in cost/amortized cost and fair value is deemed immaterial to the financial statements.

The Authority may invest regular funds in U. S. Government securities, certificates of deposit and repurchase agreements. In addition, the Series 2011 Refunding Revenue Bond covenants restrict the Authority to the following forms of investments for the Georgia Dome Fund:

- (1) Obligations issued by the United States government.
- (2) Obligations of any corporation of the United States government fully guaranteed by the United States government.
- (3) Obligations of the Federal Home Loan Bank.
- (4) Repurchase Agreements.

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, 2012, 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

Certain refunding revenue bond resources recorded in the Dome Fund are reflected as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

In addition, restricted assets include customer deposits paid to the Authority based on contracts for the rental of seats and suites within the Georgia Dome. Certain customer deposits are subject to refund upon expiration of the contracts.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are recorded in the Statement of Net Assets at historical cost. Donated capital assets are recorded at fair market 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 - 60 years
Improvements Other Than Buildings	15 - 50 years
Machinery and Equipment	3 - 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.

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.

DEFERRED REVENUE

Deferred Revenue includes amounts (customer payments) received or recognized as receivables for premium suites and seat contracts and advertising and event license contracts. Over \$18 million is primarily due to premium suites and seat contracts at the Georgia Dome for FY 2013 (90% of which has been collected and the remaining balance is on payment plans). The Authority records the amount of the contract that is billable for the upcoming fiscal year as a receivable with a corresponding amount recorded as deferred revenue, since the contract represents a legally enforceable claim.

NET ASSETS

The difference between fund assets and liabilities is "Net Assets". Net assets are reported in three categories:

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

Restricted Net Assets result when constraints placed on net assets 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 assets:

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

Revenue Bond Covenants – represents the balance of assets restricted by the revenue bond covenants not obligated for payment of current liabilities.

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.

Unrestricted Net Assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

Net Assets, July 1 (Restated)

The July 1 net asset total was restated to correct a prior year error that was identified during an investigation initiated by the Authority to determine the cause of their high water bills. The Authority questioned the readings from several water meters at the Georgia World Congress Center (GWCC) and Centennial Olympic Park (COP) and requested that the City of Atlanta (City) Department of Watershed Management test the water meters to determine if they were functioning properly. The investigation resulted in the replacement of several meters that were malfunctioning and the repair of a water leak. The City and the Authority agreed on credits/adjustments to several water and sewer accounts. The credits totaled \$1,268,296.43 for GWCC accounts and \$115,068.14 for COP accounts. The City agreed to deduct monthly charges for water and sewer services until the credits are reduced to zero, at which time the Authority will resume payment. The following table identifies the restated net asset total for the GWCC and COP fund.

		June 30, 2011		June 30, 2011
		As Previously	Adjustments	(Restated)
		Reported		
GWCC Fund	\$	15,933,314.54	\$ 1,268,296.43	\$ 17,201,610.97
COP Fund	\$	64,014,904.02	\$ 115,068.14	\$ 64,129,972.16

E. REVENUES AND EXPENSES

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 Sandy Springs, the City of Johns Creek, 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, 48.9% of such collections are to be paid to the Authority, with 39.3% dedicated to the purposes of the Domed Stadium Project and the remaining 9.6% to be used at the Authority's discretion. The flow of future shared revenues dedicated to the purposes of the Domed Stadium Project may not be terminated prior to the liquidation of all Series 2011 Refunding Revenue Bonds.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

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, comp. leave and banked holiday leave. Compensated leave is recorded as an expense as earned. Cost of compensated leave of terminated employees is covered by operations of the related fund.

SHORT TERM KEY EMPLOYEE INCENTIVE COMPENSATION PLAN

Short term key employee incentive compensation represents the obligation of the Authority to pay certain administrative employee's dollars based on annual personal performance evaluations and an evaluation of the overall performance of the Authority made by the Board. The short term compensation is expensed in the fund from which the employee's salary is paid in the year earned and paid over a three year period. If an employee terminates prior to the complete payout of the compensation earned, the balance is forfeited at termination. This plan was terminated in FY12. The balance remaining represents the dollars due current employees over the next 16 months per the plan.

F. TRANSFERS

Transfers are made up of interfund transfers which are used to move a portion of revenues from the GWCC Fund to the Centennial Olympic Park Fund for operations of the Centennial Olympic Park.

NOTE 2: 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 nonappropriated budget.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE WITH REVENUE BOND COVENANTS

The Authority is subject to certain covenants with regard to the issuance of the Series 2000/2011 Refunding Revenue Bonds (Domed Stadium Project). The 2000 revenue bonds were refunded in November 2011.

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.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

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

NOTE 4: DEPOSITS AND INVESTMENTS

A. 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. At June 30, 2012, the balances of the Authority's deposits were fully collateralized by a combination of depository insurance and securities held by the financial institution's agent in the Authority's name.

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Investments</u>
Per Statement of Net Assets	\$ 56,344,380.35	\$ 16,587,611.14
Reclassification from Investments for Risk Assessment Disclosure		
Bank of New York Cash	9,112,334.43	-9,112,334.43
Reclassification to Investments for Risk Assessment Disclosure		
State investment pool	<u>-593,991.99</u>	<u>593,991.99</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 64,862,722.79</u>	<u>\$ 8,069,268.70</u>

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

B. Investments

The Authority's investments as of June 30, 2012 are presented below. All investments are presented by investment type by maturity.

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Treasury Bill	27 Days	\$ 7,490,775.27
Georgia Fund 1 Investment Pool	WAM	593,991.99
		\$ 8,084,767.26

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's policy is to not invest in instruments over 12 months.

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.

The U. S. Agency Obligations were rated AA and the Georgia Fund 1 was rated AAA by Standard and Poor's.

NOTE 5: TRANSFERS

Transfers during the year ended June 30, 2012, consist of the following:

Transfers In	
Interfund	\$ 1,501,010.80
Transfers Out	
Interfund	-1,501,010.80
Total Transfers	\$ 0.00

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 37,282,885.56			\$ 37,282,885.56
Total Capital Assets Not Being Depreciated	\$ 37,282,885.56			\$ 37,282,885.56
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 210,308,890.08			\$ 210,308,890.08
Improvements Other Than Buildings	35,797,674.53			35,797,674.53
Equipment	34,566,379.45	\$ 4,086,013.56	\$ -312,108.61	38,340,284.40
Total Capital Assets Being Depreciated	\$ 280,672,944.06	\$ 4,086,013.56	\$ -312,108.61	\$ 284,446,849.01
Less Accumulated Depreciation For:				
Buildings and Building Improvements	\$ -139,666,560.85	\$ -7,885,106.19		\$ -147,551,667.04
Improvements Other Than Buildings	-11,932,558.20	-1,193,255.82		-13,125,814.02
Equipment	-22,373,955.49	-3,166,794.00	\$ 312,108.61	-25,228,640.88
Total Accumulated Depreciation	\$ -173,973,074.54	\$ -12,245,156.01	\$ 312,108.61	\$ -185,906,121.94
Total Capital Assets Being Depreciated, Net	\$ 106,699,869.52	\$ -8,159,142.45	\$ 0.00	\$ 98,540,727.07
Total Capital Assets, Net	\$ 143,982,755.08	\$ -8,159,142.45	\$ 0.00	\$ 135,823,612.63

NOTE 7: LONG-TERM DEBT

Long-term obligations at June 30, 2012 and changes for the fiscal year then ended are as follows:

	<u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One Year</u>
Refunding Revenue Bonds	\$ 121,810,000.00		\$ -14,425,000.00	\$ 107,385,000.00	\$ 7,410,000.00
Compensated Absences	1,838,391.44	\$ 338,961.22	-61,330.68	2,116,021.98	389,400.37
Key Employee Incentive Compensation	902,299.27		-457,366.88	444,932.39	297,036.27
	\$ 124,550,690.71	\$ 338,961.22	\$ -14,943,697.56	\$ 109,945,954.37	\$ 8,096,436.64

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

REVENUE BONDS PAYABLE

On November 29, 2011, the Authority issued \$107.4 million of Refunding Revenue Bonds (Domed Stadium Project), Series 2011 to refinance \$112.6 million of Series 2000 Domed Stadium Refunding Bonds, which are backed by a Hotel and Motel Tax imposed by the City of Atlanta, the City of Sandy Springs, the City of Johns Creek, the City of Chattahoochee Hills, and Fulton County, Georgia, as well as future operating revenues derived from the operation of the Georgia Dome. The original Series 2000 refinanced bonds had an average interest rate of 5.5-6.0% compared to the new average rate of 3.17%. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5.2 million and a reduction in the total debt service payments over the next 9 years by \$20.9 million. Refunding revenue bonds outstanding at June 30, 2012, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Domed Stadium Project	3.17%	\$ 107,385,000.00

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 7,410,000.00	\$ 1,584,603.75	\$ 8,994,603.75
2014	11,175,000.00	2,992,083.75	14,167,083.75
2015	11,530,000.00	2,632,209.50	14,162,209.50
2016	11,895,000.00	2,260,923.25	14,155,923.25
2017	12,270,000.00	1,877,908.00	14,147,908.00
2018-2021	<u>53,105,000.00</u>	<u>3,432,555.25</u>	<u>56,537,555.25</u>
	<u>\$ 107,385,000.00</u>	<u>\$ 14,780,283.50</u>	<u>\$ 122,165,283.50</u>

Interest due on July 1, 2012, in the amount of \$1,702,052.25 was recorded as a liability of the Georgia Dome Fund at June 30, 2012.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

COMPENSATED ABSENCES

Compensated absences are liquidated by the fund they are reported in and do not have scheduled future debt service requirements beyond one year.

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

The Department of Community Health administers for the State of Georgia a program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia. This plan is funded by participants covered in the plan, by employers' contributions paid by the various units of government participating in the plan, and appropriations made by the General Assembly of Georgia. The Department of Community Health has contracted with various outside parties to process claims in accordance with the State Employees' Health Benefit Plan as established by the Department. Details on the liability for unpaid claims are disclosed in the *State of Georgia Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2012.

Other Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and injuries to employees. The State of Georgia utilizes self-insurance programs established by individual agreement, statute or administrative action, to provide property insurance covering fire and extended coverage and automobile insurance and to pay losses that might occur from such causes; liability insurance for employees against personal liability for damages arising out of performance of their duties; survivors benefits for eligible members of the Employees' Retirement System; consolidating processing of unemployment compensation claims against State agencies and the payment of sums due to the Department of Labor; and workers' compensation insurance coverage for employees of the State and for the receipt of benefits as prescribed by the workers' compensation statutes of the State of Georgia. These self-insurance funds are accounted for as internal service funds of the State of Georgia where assets are set aside for claim settlements. The majority of the risk management programs are funded by assessments charged to participating organizations. A limited amount of commercial insurance is purchased by the self-insurance funds applicable to property, employee and automobile liability, fidelity and certain other risks to limit the exposure to catastrophic losses. Otherwise, the risk management programs service all claims against the State for injuries and property damage. Financial information relative to the self-insurance funds will be presented in the *State of Georgia Comprehensive Annual Financial Report* for the year ended June 30, 2012.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

NOTE 9: RETIREMENT PLANS

The Georgia World Congress Center Authority participates in various retirement plans administered by the State of Georgia under the Employees' Retirement System of Georgia (ERS System). This system issues separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The significant retirement plans that the Georgia World Congress Center Authority participates in are described below. 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.

Employees' Retirement System of Georgia

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the TRS. One of the ERS System plans, the Employees' Retirement System of Georgia (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was 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 and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan of ERS (SRBP-ERS). SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the 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 the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). Members of the GSEPS plan may also participate in the GSEPS 401(k) defined contribution component described below. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to the GSEPS plan.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

Under the old plan, 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 a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Postretirement cost-of-living adjustments may 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.

Member contribution rates are set by law. 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 Georgia World Congress Center Authority pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Georgia World Congress Center Authority 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 Georgia World Congress Center Authority is required to contribute at a specified percentage of active member payroll established by the Board of Trustees and determined annually in accordance with an actuarial valuation and minimum funding standards as provided by law. These Georgia World Congress Center Authority contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2012 were based on the June 30, 2009, actuarial valuation as follows:

Old Plan *	11.63%
New Plan	11.63%
GSEPS	7.42%

* 6.88% exclusive of contributions paid by the employer on behalf of old plan members

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

The following table summarizes the Georgia World Congress Center Authority employer contributions by defined benefit plan for the years ended June 30, 2012, 2011, and 2010 (dollars in thousands):

	<u>ERS</u>	
	<u>Required Contribution</u>	<u>Percent Contributed</u>
2012	\$ 1,561	100%
2011	\$ 1,403	100%
2010	\$ 1,491	100%

GSEPS 401(k) Defined Contribution Component

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 1% of salary, along with a matching contribution from the State. The State will match 100% of the employee's initial 1% contribution. Employees can elect to contribute up to an additional 4% and the State will match 50% of the additional 4% of salary. Therefore, the State will match 3% against the employee's 5% total savings. 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%

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

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 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. Distributions are made in installments or in a lump sum.

In 2012, the Georgia World Congress Center Authority employer and employee GSEPS contributions were \$42,020.33 and \$78,156.71, respectively.

Georgia Defined Contribution Plan

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

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

Member contributions are 7.5% of gross salary. There are no employer contributions. Contribution rates are established and may be amended by State statute. Earnings are credited to each member's account in a manner established by the Board. Upon termination of employment, the amount of the member's account is refundable upon request by the member. Total contributions by employees during the fiscal year ended June 30, 2012, were \$177,825.51, which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS

The Georgia World Congress Center Authority participates in the following State of Georgia other postemployment benefit (OPEB) plans: the Georgia State Employees Post-employment Health

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

Benefit Fund (administered by the Department of Community Health) and the State Employees' Assurance Department – OPEB (administered by the ERS System). Separate financial reports that include the applicable financial statements and required supplementary information for these plans are publicly available and may be obtained from the offices that administer the plans.

Georgia State Employees Post-employment Health Benefit Fund

The Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers eligible former employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. The State OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the health insurance plan for State employees. The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board).

The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

The combined required contribution rates established by the Board for the active and retiree plans for the fiscal year ended June 30, 2012, were as follows:

June 2011	22.667%	of covered payroll for July 2011 coverage
July - November 2011	27.363%	of covered payroll for August - December 2011 coverage
December 2011 - April 2012	34.063%	of covered payroll for January - May 2012 coverage
May - June 2012	27.363%	of covered payroll for June - July 2012 coverage

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation.

The following table summarizes the Georgia World Congress Center Authority combined active and retiree contributions to the health insurance plans for the years ended June 30, 2012, 2011, and 2010 (dollars in thousands):

	<u>Required Contribution</u>	<u>Percent Contributed</u>
2012	\$ 4,820	100%
2011	\$ 4,034	100%
2010	\$ 3,464	100%

State Employees' Assurance Department – OPEB

State Employees' Assurance Department – OPEB (SEAD-OPEB) is a cost-sharing multiple-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees' (ERS), Judicial (JRS), and Legislative (LRS) Retirement Systems. Eligibility was amended to exclude GSEPS members of ERS effective January 1, 2009, and to exclude members of JRS and LRS hired on or after July 1, 2009. Pursuant to Title 47 of the OCGA, benefit provisions of the plan were established and can be amended by State statute.

Contributions by plan members are established by the ERS Board of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The ERS Board of Trustees establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. For the fiscal year ended June 30, 2012, contributions of ERS "old plan" members were 0.45% of earnable compensation, 0.22% of which was paid by the employer. Contributions of ERS "new plan" members and of members of the Judicial and Legislative Retirement Systems were 0.23% of earnable compensation.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

The SEAD-OPEB annual required contribution was 0.61% of payroll for fiscal year 2012 based on the actuarial valuation as of June 30, 2009. The ERS Board of Trustees voted and approved that the contribution would be paid from existing assets of the Survivors Benefit Fund (SBF) instead of requiring payment by the employers. The contribution by SBF made on-behalf of Georgia World Congress Center Authority for fiscal year 2012 was \$71,342.64. There were no required employer contributions for the fiscal years ended June 30, 2011, and 2010. The contribution total is not reflected in the financial statements.

NOTE 11: LEAVE POLICIES

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.

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. **See Note 1E - Compensated Absences.** 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.

NOTE 12: OTHER FINANCIAL NOTES

LICENSE AGREEMENT

On July 1, 1990, the Authority entered into a License Agreement (Falcons Agreement) with Atlanta Falcons Football Club, LLC, the holder of the National Football League Franchise for and owner of the Atlanta Falcons (Falcons). The expiration of the Falcons Agreement is the latter of June 30, of the license year (State fiscal year) of the maturity of the refunding revenue bonds or June 30 of the twentieth license year. As part of the Falcons Agreement, certain financial obligations between the Authority and the Falcons were established. These obligations pertain to the license fee payable by the Falcons to the Authority and the annual payments due from the Authority to the Falcons as described below.

GEORGE L. SMITH, II
GEORGIA WORLD CONGRESS CENTER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

LICENSE FEE

The license fee is payable by the Falcons to the Authority and amounts to ten percent (10%) of the net ticket proceeds, as defined in the Falcons Agreement, for each game day or exhibition performed by the Falcons in the Georgia Dome and cannot be less than \$50,000.00 for each Falcons game at the Georgia Dome.

ANNUAL FIXED PAYMENT

The Authority has agreed to pay the Falcons the amount of \$4,000,000.00 each year beginning on April 1, 1993, and continuing each April 1 thereafter for the term of the Falcons Agreement.

NOTE 13: CONTINGENCIES

Litigation, claims and assessments filed against the Authority, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the *State of Georgia Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2012.

SECTION II

INTERNAL CONTROL AND COMPLIANCE REPORT

(This page intentionally left blank)



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W. Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2180

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*

Honorable Nathan Deal, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the George L. Smith, II Georgia World Congress Center Authority
and
Mr. Frank Poe, Executive Director

We have audited the financial statements of each major fund of the George L. Smith, II Georgia World Congress Center Authority, a component unit of the State of Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 28, 2012. 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.

Internal Control Over Financial Reporting

Management of the George L. Smith, II Georgia World Congress Center Authority is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the George L. Smith, II Georgia World Congress Center Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the George L. Smith, II Georgia World Congress Center Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the George L. Smith, II Georgia World Congress Center Authority's internal control over financial reporting.

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

(This page intentionally left blank)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George L. Smith, II Georgia World Congress Center Authority's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, members of the George L. Smith, II Georgia World Congress Center Authority Board, and management of the State of Georgia, and is not intended to be, and should not be used by, anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

September 28, 2012

GSG:klc