



LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Popular Annual Financial Report

FOR THE YEAR ENDED JUNE 30, 2019 | CLARK COUNTY, NV



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Las Vegas Convention and Visitors Authority

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Introductory Message



It is my pleasure to present the Las Vegas Convention and Visitors Authority's (LVCVA) Popular Annual Financial Report (PAFR) for the fiscal year (FY) ended June 30, 2019.

The PAFR summarizes the LVCVA's financial activities and performance results gathered from our FY 2019 Comprehensive Annual Financial Report (CAFR). The CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by the firm of Piercy Bowler Taylor & Kern, receiving an "unmodified" opinion. An unmodified opinion is given when the auditor can state that the financial statements are accurately and fairly presented, in all material aspects.

The PAFR, however, is an unaudited report and presented on a non-GAAP basis. It is a condensed and simplified presentation and does not include all segregated funds, required presentations, all financial statements, nor notes to the financial statements. The PAFR is intended to simplify but not replace the CAFR. Individuals desiring to view a full disclosure of our financials can obtain a copy of the CAFR at <http://www.lvcva.com/who-we-are/funding-and-finance> or by contacting the Chief Financial Officer.

On behalf of Las Vegas Convention and Visitors Authority, I would like to thank you for taking the time to read our PAFR. We hope this report will provide you with information about our financials and the services we provide.

A handwritten signature in black ink, appearing to be "Ed Finger". The signature is stylized and written over a horizontal line.

Ed Finger, CPA
Chief Financial Officer

To view this report and other financial information, including the Comprehensive Annual Financial Report (CAFR), please visit the Financial Information at <http://www.lvcva.com/who-we-are/funding-and-finance>.

About the Las Vegas Convention and Visitors Authority

The LVCVA was originally created in 1955 as the Clark County Fair and Recreation Board to acquire and operate convention facilities within the Las Vegas metropolitan area. It is a unique organization as it does not operate as a typical membership-based convention and visitor's bureau. Instead, the LVCVA is a government agency established by state law, funded primarily by room tax revenues, and governed by an autonomous Board of Directors.

While resorts advertise and market their individual properties, the LVCVA is the marketing organization for Southern Nevada, including the extended destinations of Laughlin, Mesquite, Boulder City, and Primm.

In response to challenges presented by increased global competition for both convention and tourist travelers, the LVCVA has continued to stand by its mission:

“To attract visitors by promoting Las Vegas as the world’s most desirable destination for leisure and business travel.”



(Las Vegas Strip)

The LVCVA fulfills its mission primarily through national and international advertising campaigns, sales efforts, public relations, special events, and operation of the Las Vegas Convention Center (LVCC).

Internationally, the LVCVA has international office representation which covers the following areas: Australia, New Zealand, Canada, China, Hong Kong, Taiwan, Europe, France, Germany, Scandinavia, Switzerland, Austria, Japan, Mexico, Central America, South America, South Korea, Italy, Spain, Ireland, and the United Kingdom.

Las Vegas Convention Center

The LVCC opened in 1959 with a 20,340 square foot rotunda, 18 meeting rooms, and a 90,000 square foot exhibit hall. Today, the LVCC encompasses approximately 3.2 million square feet, with 2.2 million square feet of meeting and exhibit space. The LVCC hosted 56 conventions and tradeshow in FY 2019, along with other special events, making it one of the busiest convention facilities in the world. Some of the largest conventions and shows held here annually include: Consumer Electronics Show (CES), MAGIC International, Specialty Equipment Marketing Association (SEMA), and National Association of Broadcasters (NAB). The LVCC attracted an estimated 1.7 million attendees for the fiscal year. The LVCC can host nearly any event imaginable, from the largest conventions to international sporting events. With over 2,000 access points, the LVCC offers one of the most robust Wi-Fi installations in the country.



Cashman Center

Cashman Center, which opened in 1983, is a multi-use facility encompassing 483,000 square feet on a 55-acre site near downtown Las Vegas. The facility includes exhibit space, meeting rooms, a theatre, and a 10,000-seat baseball stadium. On June 1, 2017, the LVCVA transferred ownership of Cashman Center to the City of Las Vegas for potential site redevelopment. In conjunction with the transfer, the LVCVA entered into a management operating agreement with the City of Las Vegas. As part of this operating agreement, the LVCVA operated the convention facility portion until December 31, 2017, at which time the convention facility section was placed in a "mothball" status and the LVCVA operated the stadium portion until May 2019, when the baseball team moved to a new facility and the management operating agreement was terminated.

Major Initiatives in FY 2019

Las Vegas Convention Center District (LVCCD)

The LVCCD project was introduced in 2012. The project is intended to protect the competitive advantage that Las Vegas has as the number one tradeshow destination in North America. The LVCCD includes the expansion of the LVCC with the construction of an exhibit hall, plus all required meeting rooms and ancillary support space, in addition to a comprehensive renovation plan to modernize the existing facility. The LVCCD will position the organization for continued long-term success and expand the reach and impact of the Las Vegas brand. Over the past year, the LVCVA made significant progress on its strategic vision to protect existing tradeshow business and to attract new shows to Las Vegas.

The LVCCD project consists of three essential phases. Phase One, completed in January 2017, was the acquisition and site preparation of the Riviera Hotel and Casino property. The property was purchased in 2015 and was cleared in anticipation of an expansion of the Las Vegas Convention Center. Prior to new construction, the cleared lot was paved and utilized for outdoor exhibits and overflow parking. The LVCVA funded Phase One of the project with existing resources, including debt capacity.

Phase Two is currently under construction and expected to be completed in December 2020. Phase Two will add approximately 1.4 million total square feet, with 600,000 square feet of new indoor and outdoor exhibit space, plus additional square footage for meeting rooms, additional parking, new food and beverage outlets, and support and service spaces. The budget for Phase Two of the LVCCD project is \$980.3 million as approved by the Board on October 8, 2019. No additional debt is expected to be issued because of the budget overage. As of September 2019, Phase Two is 46% complete.



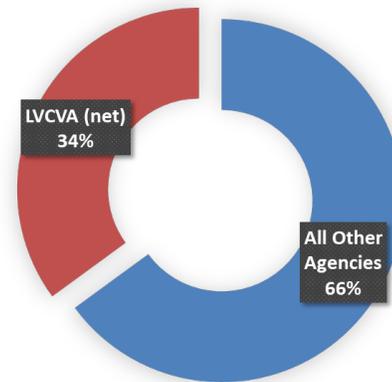
(Rendering of the new convention center addition)

Phase Three consists of renovation, modernization, and additions to the current facility. Improvements include upgrades to the exhibit halls, meeting rooms, restrooms, and entrances with upgraded technology, lights, and design. Phase Three will also provide new food and beverage outlets. Structuring the project in this manner provides space for the LVCVA's trade shows while existing facilities are closed for renovation during Phase Three. The existing exhibit halls will be renovated on a schedule such that there is no diminishment of leasable exhibition space during the project from existing, pre-expansion space. The budget for Phase Three is \$540 million and is currently in the architectural design phase.

Room Tax

Room tax collections are the LVCVA's primary revenue source. However, the LVCVA benefits from only a portion of all Southern Nevada room tax collections. The following chart indicates the allocation of room tax revenues. The LVCVA has discretionary use slightly more than one third of all room tax revenues generated, after taking into account "collection allocation" and debt service payments for NDOT transportation projects.

**Southern Nevada Room Tax Allocation
(as of FY19)**



Financial Management and Accountability

Strategic planning has been a key focus of the LVCVA over the last decade. Finance staff updates long-term operating forecasts to ensure alignment with the LVCVA's strategic objectives, including the enhancement of the global Las Vegas brand as a destination for serious business as well as fun. The primary objectives of the advertising programs are to promote domestic and international visitation for leisure activities and emphasize the importance of the meetings and convention industry.

In addition, Finance staff continues to review the design and compliance effectiveness of the LVCVA's internal policies and procedures and external reporting adherence to accounting principles and Governmental Accounting Standards. This includes review of government finance industry best practices and review of new accounting standards statements. In FY 2019, the LVCVA updated and refreshed internal ethics, travel, investment, and debt policies.

Marketing

The Marketing Division continues its efforts on expanding the reach of the Las Vegas brand message domestically and internationally. For FY 2019, marketing initiatives included the following:

- Launched a drive market campaign (August – December 2018) that targeted our core audience in Los Angeles, San Diego, and Phoenix. Campaign assets created included four broadcast TV spots, four radio spots, 20 social media cuts, emails, digital, and public relations. Forty (40) hotel deals and offers were featured on VisitLasVegas.com/deals, which garnered 220,000 page visits and generated 23,000 property referrals during the campaign.
- Implemented several research studies (including journalists, focus groups in six US cities, and national quantitative studies with nearly 1,400 respondents) to assess and define the current state of the brand "What Happens Here, Stays Here." The next phase will focus on creative development and include additional research to develop and refine messaging in preparation for a January 2020 campaign launch.
- The Sports Marketing department oversaw the 2019 Ultimate Vegas Sports Weekend, which included a Fan Fest featuring NASCAR, USA Sevens Rugby, UFC, Vegas Golden Knights, Tuff Hedeman Bull Riding, Las Vegas Aces, UNLV, Las Vegas Lights, and the Las Vegas Aviators. This public event consisted of interactive experiences, athlete appearances, and the ultimate tailgate party held at the Downtown Events Center. To maximize this event, Public Relations hosted 40 domestic and international media from 11 countries, with journalists experiencing and covering at least three of the weekend's signature events.

- The Public Relations department hosted more than 250 international journalists from 21 countries and 140 domestic journalists. This resulted in 3.8 billion impressions/circulation with a PR value of \$78.7 million internationally, and 3.1 billion impressions/circulation with a PR value of \$18 million domestically.
- Increased total Las Vegas airline seat capacity by a projected 3.1% in FY 2019; domestic capacity is up 2.9%, while international is up 5.3%. The estimated annualized overall economic impact of new air service for FY19 is projected to hit \$1.8 billion. As a result of increased capacity, McCarran International Airport welcomed 49.7 million arriving and departing passengers for 2018, making it the busiest year in the airport's history.
- Secured and launched first nonstop service from Amsterdam to Las Vegas by KLM. El Al Israel Airlines launched service to Las Vegas from Tel Aviv in June 2019. In addition, Las Vegas was the first trans-border destination by two new Canadian airlines, Swoop and Flair Air. Domestically, air service continued to grow with 27 markets receiving new airline service to Las Vegas and 62 markets gaining capacity increases by existing airlines, which represents more than 1.65 million new inbound domestic seats for the fiscal year. Overall, 27 markets saw new airline entrants or significant capacity increases by existing airlines, representing more than 366,000 new inbound international seats for the fiscal year.
- The International Sales department exceeded 1,000 participants in destination educational programs, which brought travel professionals from 22 countries.
- The Leisure Sales team increased its travel agent database to 15,129 users with 19% completing online destination courses and entering over 14,000 bookings to Las Vegas to date.
- Elevated the LVCVA brand and its national advocacy strength in the community by engaging 13 educational institutions from the local hospitality and culinary workforce sectors to provide content to the Department of Commerce's U.S. Travel and Tourism Advisory Board (TTAB) for the creation of a National Workforce Training and Best Practices Strategy.



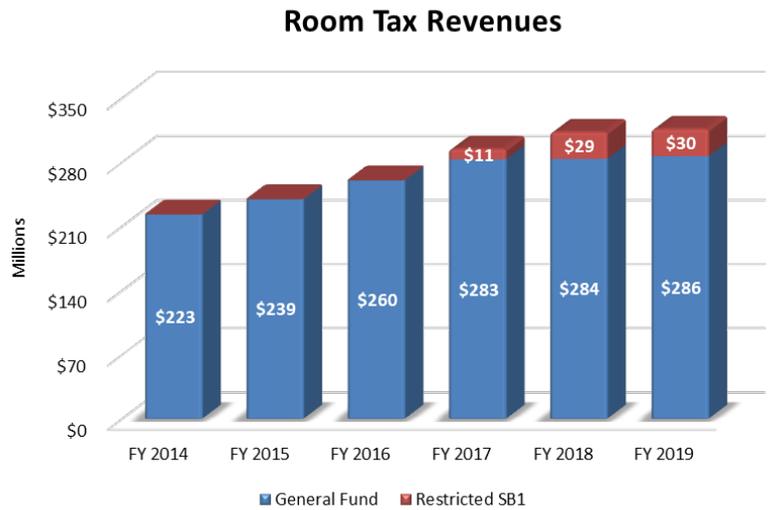
(Fremont Street Experience)

Economic Indicators

Room Tax Revenues

The overall economy of the Las Vegas area is heavily dependent upon its tourism and convention industries. General fund and Senate Bill 1 (SB1) room tax revenues remained stable over the previous year, marking the ninth-consecutive year of year-over-year growth in revenues.

Visitor volume and hotel stays are very important to the LVCVA, especially since the majority of LVCVA revenues are provided by room taxes. Several factors come into play in determining what these revenues will be, including: number of available rooms, rate of occupancy, average daily room rate (ADR), and total annual visitors.



Area Room Inventory

There are over 160,000 hotel/motel rooms in the Southern Nevada Region served by the LVCVA. Las Vegas continues to rank as the No. 1 city in the U.S. for hotel/motel room inventory. This hotel and motel stay not only provides tax revenues but is also important in creating and supporting local jobs. Hotel properties represent seven of the top ten Southern Nevada employers. Las Vegas continues to reinvest in its future and engage visitors with new amenities, including expanding restaurants and nightlife options, renovated rooms, and exciting attractions.

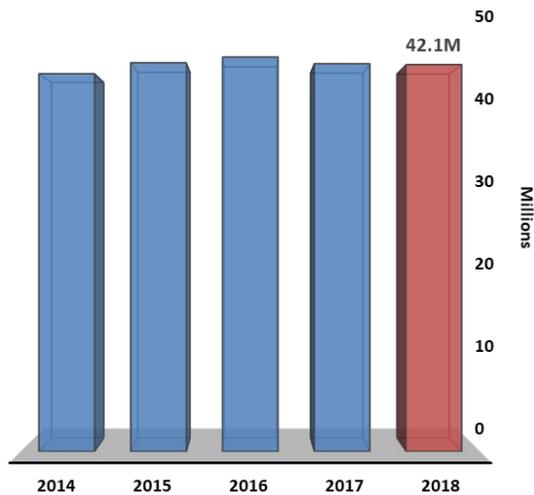
Top Ten Las Vegas Hotels by Number of Rooms

	Estimated Rooms at 12/31/18	% of Total Rooms
➤ MGM Grand	4,968	3.1%
➤ Luxor	4,400	2.7%
➤ Venetian	4,027	2.5%
➤ Aria	4,004	2.5%
➤ Excalibur	3,981	2.5%
➤ Bellagio	3,933	2.4%
➤ Caesars Palace	3,794	2.3%
➤ Circus Circus	3,763	2.3%
➤ Flamingo Las Vegas	3,460	2.2%
➤ Mandalay Bay	3,211	2.0%

In addition to the properties above, the Las Vegas market has another 106,582 rooms, while Laughlin has 9,759 rooms, Jean/Primm provide over 3,000 rooms, and Mesquite has nearly 1,900 rooms.

Visitor Volume – Last Five Calendar Years

Market research for calendar year 2018 shows steady and consistent visitation of 42.1 million visitors to the destination. This is a slight decline from 42.2 million visitors in 2017.



Occupancy Rates – Last Five Calendar Year

The occupancy rate for the Las Vegas metropolitan area decreased slightly, from 89.7% in 2017 to 88.2% in 2018, due to lower visitor counts, but continued to exceed the national average by 22 points during the 2018 calendar year, which shows continued demand and attractiveness for the destination.



Conventions & Meetings

Las Vegas was recognized for the 25th consecutive year as the No. 1 destination of the Trade Show News Network's Top 250 Trade Shows in the United States for calendar year 2018. Las Vegas hosted more than 24,000 annual events and over 6.5 million annual delegates.



ADR

The most volatile factor in calculating room taxes is ADR. With hotel rooms being booked over the internet, price fluctuations are common with hotels having the ability to respond quickly to occupancy trends. ADR averaged \$119.07 in FY 2019, a 0.7% increase over the \$118.23 result in FY 2018, due primarily to a decline in room inventory in FY 2019. The LVCVA expects ADR to remain stable based on an improving global economy.

ADR IMPACT
Each \$1 change in ADR changes LVCVA room tax revenue by more than \$2 million annually

Actual FY 2019 room tax achieved its highest level in the LVCVA's history but was relatively flat compared to FY 2018, up 1%. Even with a lower than anticipated increase, the revenue total reflects the continued demand for the destination. Economic stabilization, consumer confidence, and targeted ad campaigns continued to drive growth in ADR throughout FY 2019.

Principal Officials

Board of Directors

The Las Vegas Convention and Visitors Authority is governed by a Board of Directors consisting of fourteen members. Eight members are elected officials of either Clark County or one of its incorporated cities. The Las Vegas Metro Chamber of Commerce (CC) and Nevada Resort Association (NRA) nominate three each of the remaining six members. Seven of eight elected officials are selected periodically by their respective governing bodies; their terms on the Board are coterminous with their terms of office. The elected official from the second least populated incorporated city serves a two-year term, starting with their term in office. The six remaining members serve a two-year term and can be re-appointed to additional two-year terms. As of September 30, 2019, members of the board included:

Commissioner Larry Brown, Chair	Clark County
Ms. Marilyn Spiegel, Vice Chair	Resort Hotel Industry (NRA)
Councilman John Marz, Secretary	City of Henderson
Mr. Gregory Lee, Treasurer	Tourism (CC)
Mayor Pro Tem Michele Fiore	City of Las Vegas
Mayor Carolyn G. Goodman	City of Las Vegas
Councilwoman Pamela Goynes-Brown	City of North Las Vegas
Mr. Tom Jenkin	Resort Hotel Industry (CC)
Mayor Kiernan McManus	City of Boulder City
Mr. Anton Nikodemus	Resort Hotel Industry (NRA)
Councilman George Rapson	City of Mesquite
Ms. Mary Beth Sewald	Other Commercial Interests (CC)
Mr. Steve Thompson	Central Business District (NRA)
Commissioner Lawrence Weekly	Clark County

CEO & Senior Executives

The LVCVA Board of Directors serves as a policy-making body and employs a President to serve as Chief Executive Officer (CEO). As of September 30, 2019, the LVCVA CEO and senior executives consisted of:

Mr. Steve Hill	Chief Executive Officer/President
Ms. Caroline Bateman	Legal Counsel
Mr. Ed Finger	Chief Financial Officer
Ms. Lori Nelson-Kraft	Sr. VP of Communications & Govt Affairs
Mr. Brian Yost	Chief Operating Officer

Overall Financial Position

The following financial information includes a Statement of Net Position for governmental activities. Governmental funds normally include the general fund, capital funds, debt service funds, special revenue funds, and certain internal service funds. The LVCVA presents a general fund, LVCCD capital fund, LVCCD debt service fund, capital projects fund, debt service fund, and internal service fund. The LVCVA does not have a special revenue fund. The general fund is the primary operating fund for the LVCVA. The information for revenues and expenditures is presented on a modified accrual basis.

Las Vegas Convention & Visitors Authority		
Statement of Net Position		
As of June 30, 2019		
	Governmental Activities	Governmental Activities
	FY 2018	FY 2019
ASSETS		
Current and other assets	\$ 688,975,867	\$ 1,063,919,932
Capital assets	684,073,176	1,031,674,280
TOTAL ASSETS	1,373,049,043	2,095,594,212
DEFERRED OUTFLOWS OF RESOURCES	25,323,804	25,249,889
LIABILITIES		
Current liabilities	102,155,189	166,118,498
Noncurrent liabilities	1,142,057,043	1,698,923,520
TOTAL LIABILITIES	1,244,212,232	1,865,042,018
DEFERRED INFLOWS OF RESOURCES	10,575,336	30,948,909
NET POSITION		
Net investment in capital assets	226,056,855	231,566,617
Restricted	236,655,652	293,276,770
Unrestricted	(319,127,228)	(299,990,213)
TOTAL NET POSITION	\$ 143,585,279	\$ 224,853,174

The Statement of Net Position presents the LVCVA's financial position from a long-term perspective. It reports all of the LVCVA's assets and deferred outflows (what we have) and liabilities and deferred inflows (what we owe), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the LVCVA's financial position is improving or deteriorating.

Net position is made up of three components: 1) Net investment in capital assets, which represents the LVCVA's investment in capital assets, less any related outstanding debt used to acquire those assets; 2) Restricted net position, which reflects legal constraints from debt covenants or other restrictions that limit the LVCVA's ability to use those assets for day-to-day operations; and 3) Unrestricted net position, representing accessible resources.

Explanation of Significant Differences:

Net position increased \$81.3 million, from \$143.6 million to \$224.9 million, during FY 2019, including a reduction in negative unrestricted net position of \$19.1 million. This is primarily a result of the LVCVA continued practice of moderating expense growth, which produces revenues in excess of expenses. Restrictions for debt service also increased \$40.0 million due primarily to the issuance of debt with capitalized interest.

The LVCVA is focused on the next stages of the LVCCD to ensure the continued long-term success of the organization and the destination. To that end, cash and cash equivalents increased by approximately \$367.5 million, while total liabilities increased \$620.8 million, which are both attributable to the receipt of debt issuance funds for the project. Debt issuances are also the primary driver in the increase in restricted net position.

The increase in capital assets of \$347.6 million is primarily due to the increase in construction in progress of \$300.8 million and the land purchases of \$61.0 million related to Phase Two of LVCCD project. These increases were partially offset by depreciation and amortization of \$14.2 million.

The primary driver in deferred inflows increase of \$20.3 million is related to changes in post-employment benefits other than pensions, which adjusts based on revised actuarial assumptions and calculations.

The LVCVA remains vigilant to maintain fiscal stability through conservative budgeting and continuous monitoring. This provides the organization with the ability to react swiftly to economic conditions and preserve adequate fund balances to meet operating cash flow requirements and debt service obligations.

Where the Money Came From

The revenues presented below are from general fund activities, the LVCVA's primary operating fund. In FY 2019, general fund operating revenues represented 86.4% of total revenues. All amounts are reported using the modified accrual basis of accounting, which means revenues are recognized when they become measurable and available to pay current period liabilities. General fund revenues decreased 1% from previous fiscal year.

General Fund

(Modified accrual basis)

REVENUES:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	% Change from FY 18
Room taxes	\$ 239,318,802	\$ 259,967,636	\$ 281,389,017	\$ 283,540,300	\$ 286,428,607	1%
Gaming fees	1,726,843	1,646,281	1,593,600	1,581,702	1,620,485	2%
Use of facilities	49,001,769	56,884,742	59,984,761	58,809,912	54,875,029	-7%
Other fees & charges	2,966,604	3,950,825	8,022,338	7,019,488	4,107,973	-41%
Interest & other	193,357	200,074	397,606	453,044	819,620	81%
	\$ 293,207,375	\$ 322,649,558	\$ 351,387,322	\$ 351,404,446	\$ 347,851,714	-1%

Room Taxes: Room tax revenues increased by \$2.8 million, 1% over the previous fiscal year, primarily due to the increase in ADR.

Use of Facilities: This category includes revenues generated by the operation of the LVCC and Cashman Center. The decreased of 7% from FY 2018 is primarily due to the anticipated, customary cyclical rotation of trade shows, as well as the transfer of Cashman Center operations to the City of Las Vegas in May 2019.

Other Fees & Charges: Other fees & charges decreased by \$3 million from FY 2018. The decrease is primarily due to the recognition of donated media from the October 1, 2017 tragedy in FY 2018.

Interest & Other: Interest & other includes investment interest, interest and penalties related to room tax, and other miscellaneous revenues. The 81% increase in FY 2019 was attributable to higher interest rates, as well as increased cash and investment balances from debt issuances.

Where the Money Went

The operating expenditures presented in the following chart are from general fund activities. The general fund is the largest source of expenditures for the LVCVA. It is used for the general operations and activities of the LVCVA and does not include capital, debt service, or the internal service fund activities, which are accounted for in separate funds. The modified accrual basis of accounting is used for the general fund, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

General Fund

(Modified accrual basis)

EXPENDITURES:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	% Change from FY 18
General government	\$ 14,322,106	\$ 16,146,746	\$ 19,532,835	\$ 20,029,693	\$ 19,536,345	-2%
Marketing	34,725,317	36,537,160	45,094,547	39,813,998	38,220,616	-4%
Advertising	93,148,972	95,012,365	95,905,154	106,726,431	100,315,540	-6%
Special events grants	8,765,599	11,665,284	12,196,297	12,551,768	15,315,686	22%
Operations	39,453,977	41,415,858	39,289,787	39,898,070	38,729,965	-3%
Other community support	24,104,565	26,161,392	25,000,000	25,000,000	25,000,000	0%
	<u>\$ 214,520,536</u>	<u>\$ 226,938,805</u>	<u>\$ 237,018,620</u>	<u>\$ 244,019,960</u>	<u>\$ 237,118,152</u>	<u>-3%</u>

General Government: Decrease in expenditures of \$0.5 million is primarily due to lower legal expenditures, which is due to the nature of the expense periodically vary.

Marketing/Advertising and Special Events: Marketing showed a decrease compared to the previous fiscal year due to fewer hosted industry events and expenditures related to global and business sales in a strategic effort to identify cost reductions. The decrease in Advertising is primarily attributable to a one-time \$3 million media donation in FY 2018, as well as continued efforts to mitigate expenses. The LVCVA continues its commitment to support special events in Southern Nevada and adjusts its funding yearly. In FY 2019, Special events grants rose \$2.8 million, mainly due to the naming rights for the Las Vegas Ballpark of \$2.0 million and additional expenditure for NASCAR race sponsorship of \$1.25 million.

Operations: Decrease in expenditures of \$1.2 million is primarily due to the transfer of Cashman Center operations to the City of Las Vegas in May 2019.

Other Community Support: Other Community Support remained the same in FY 2019. This expenditure is directly driven by "collection allocation," which is a 10% fee returned to the collecting government agencies. Provisions in SB1 capped the maximum funds for collection allocations returned to the collecting entities at \$25 million. Any collection allocation exceeding the cap is transferred to the LVCCD capital fund in accordance with the new law.

Debt at June 30, 2019

The LVCVA issues general obligation bonds and revenue bonds to provide funding for the improvement, acquisition, or construction of major capital assets. At June 30, 2019, the LVCVA had a total outstanding bonded debt of \$1.6 billion. During the fiscal year, the LVCVA completed two draws on the line of credit with JPMorgan (LOC) for land purchases and one new issuance of \$500 million for the LVCCD project. The LVCVA also completed two debt refundings, which provided future cost savings and paid and closed the LOC with the issuance of fixed rate long-term debt.

Bond Ratings: Current LVCVA bonds issued through Clark County are rated “AA+” by Standard and Poor’s (S&P) and “Aa1” by Moody’s. An “AA+” rating by S&P is equivalent to Moody’s “Aa1,” an investment grade rating reflecting a very strong capacity to meet financial commitments. LVCVA’s separate bond ratings, as of June 30, 2019, were “A+” by S&P and “Aa3” by Moody’s. The Moody’s rating was upgraded from “A1” to “Aa3” in August 2018. A good bond rating enables the LVCVA to borrow money at the most competitive interest rates available.

Summary of Debt Instruments

(In thousands)

	GO Bonds	Revenue Bonds	Total
Principal balance, June 30, 2018	\$ 828,245	\$ 172,710	\$ 1,000,955
Principal payments	(62,280)	(1,000)	(63,280)
New issuances		612,860	612,860
Principal balance, June 30, 2019	\$ 765,965	\$ 784,570	\$ 1,550,535

Types of Debt

General Obligation (GO) Bonds: The LVCVA may issue general obligation bonds in the name of, and on behalf of, Clark County. GO bonds are direct and general obligations of Clark County, and the full faith and credit of the County is pledged for the payment of principal and interest, subject to certain Nevada constitutional and statutory limitations. The GO bonds are additionally secured by a pledge of revenues from the LVCVA. As a matter of practice, the LVCVA has never had to use property taxes for debt service, using only net pledged revenues derived from operations.

Direct-Pay Bonds: Some of the outstanding LVCVA bonds are considered to be direct-pay bonds, which are also referred to as “Build America Bonds.” The LVCVA was able to obtain certain tax advantages when issuing taxable obligations for capital projects that meet certain requirements of the U.S. Tax Code and U.S. Treasury Regulations under the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). In FY 2019, the LVCVA received over \$4.6 million in federal subsidies to offset a portion of interest obligations on these bonds.

Revenue Bonds: Under Nevada Law, the LVCVA may issue revenue bonds payable solely from the net revenues derived from operations and room taxes. Revenue bonds are not general obligations of Clark County, and no ad valorem taxes may be levied to pay the debt service. The LVCVA’s LOC was a subordinate revenue bond.

Debt Policy

The Board of Directors has adopted a debt policy, which is applicable to all debt issuance activities of the LVCVA. This policy establishes the requirements and procedures for ensuring compliance with federal laws relating to issuance and post-issuance monitoring of tax-exempt bonds and taxable direct-pay bonds. During the year, the LVCVA, with input from its financial advisors, streamlined and consolidated its debt policy. The updated policy included revising the internal debt coverage ratio to include any self-imposed debt reserves as part of the calculation.

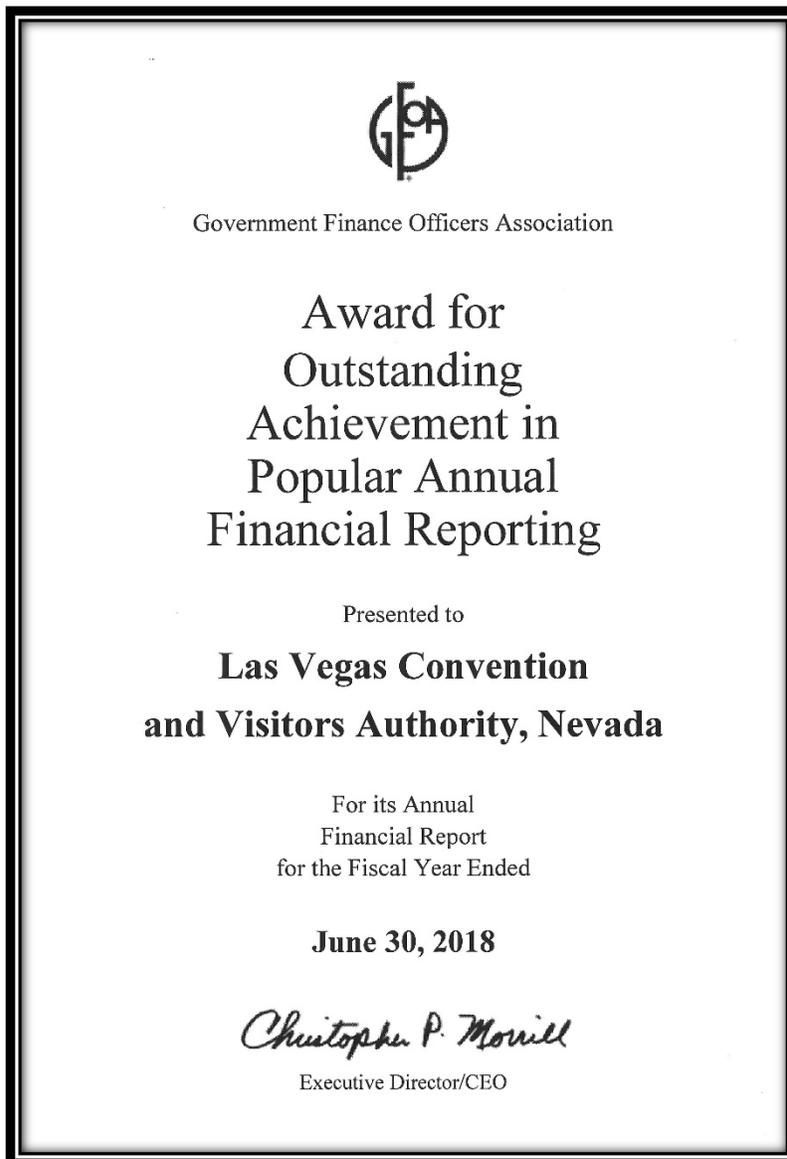
Awards

PAFR Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the LVCVA for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

To achieve an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The LVCVA has received a Popular Award for the last nine consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA for consideration.



Comprehensive Annual Financial Report (CAFR) Award

The LVCVA comprehensive annual financial reports for the years ended 2014-2018, from which the information on pages 7, 8, and 10-14 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements, and we will be submitting our current year CAFR to the GFOA for consideration.

We hope you found reading the Las Vegas Convention and Visitors Authority FY 2019 Popular Annual Financial Report both informative and enjoyable, and we invite you to read our other financial documents: the Comprehensive Annual Financial Report (CAFR) and the Annual Budget, along with this document, by going to: <http://www.lvcva.com/who-we-are/funding-and-finance>.





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