



LAS VEGAS CONVENTION AND VISITORS AUTHORITY
POPULAR ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021 | 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, 2021.

The PAFR summarizes the LVCVA's financial activities and performance results gathered from our FY 2021 Comprehensive Annual Financial Report. The comprehensive annual financial report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by the firm of BDO USA, LLP, 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 Comprehensive Annual Financial Report. Individuals desiring to view a full disclosure of our financials can obtain a copy of the Comprehensive Annual Financial Report at <http://www.lvcva.com/who-we-are/funding-and-finance> or by contacting the Chief Financial Officer.

On behalf of the 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 read 'Ed Finger', with a horizontal line drawn above it.

Ed Finger, CPA
Chief Financial Officer

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

About the Las Vegas Convention and Visitors Authority

The LVCVA is a government agency, established by Nevada state law, primarily funded by room tax, and governed by an autonomous board of directors. The LVCVA was created to directly drive tourism to Southern Nevada, through ownership and operation of the Las Vegas Convention Center (LVCC), and to enhance the marketing, sales, and advertising efforts of our resort and industry partners.

The LVCVA's board of directors serves on behalf of a broad cross-section of stakeholders within the local tourism and business industry and includes 14 members representing Clark County and its incorporated cities, as well as tourism, hospitality, and business leaders.

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.

The LVCVA's 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 through national and international advertising campaigns, sales efforts, public relations, and special events, as well as owning and operating a convention center, which is unique to a destination marketing organization.

Las Vegas Convention Center

The newly expanded LVCC is one of the busiest convention facilities in the world. With the opening of the new West Exhibit Hall in January 2021, the facility now encompasses 4.6 million square feet located within a short distance of more than 100,000 guest rooms. The center is well known among industry professionals for its versatility. In addition to approximately 2.6 million square feet of exhibit space, 200 meeting rooms handle seating capacities ranging from 20 to 2,500. Grand lobbies and registration areas link exhibit halls and meeting rooms and allow simultaneous set-up, break-down, and exhibiting of multiple events. The COVID-19 pandemic and government regulations limited large gatherings during most of the fiscal year 2021. So, convention activity was paused and LVCC was at the forefront of the return of significant convention activity, hosting World of Concrete in June 2021.



Economic Indicators and Conditions

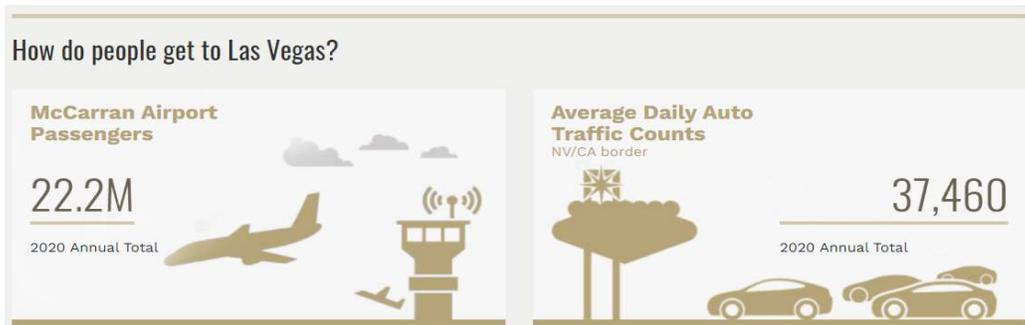
Room Tax

Tourism is the largest industry and economic driver in Southern Nevada. Las Vegas is the home of 18 of the 20 largest hotels in the United States, and Southern Nevada has a hotel room inventory exceeding 160,000, with nearly 150,000 of those rooms located in the Las Vegas metropolitan area.

Top Ten Las Vegas Hotels by Number of Rooms

	Estimated Rooms at 12/31/20	% of Total Rooms
➤ MGM Grand	4,968	3.2%
➤ Luxor	4,400	2.8%
➤ Venetian	4,049	2.6%
➤ Aria	4,004	2.6%
➤ Excalibur	3,981	2.6%
➤ Bellagio	3,933	2.5%
➤ Caesars Palace	3,794	2.4%
➤ Circus Circus	3,763	2.4%
➤ Flamingo Las Vegas	3,446	2.2%
➤ Mandalay Bay	3,211	2.1%

In addition to the properties above, the Las Vegas market has approximately 108,000 additional rooms, while Laughlin has over 8,600 rooms, Jean/Primm provides over 1,400 rooms, and Mesquite has nearly 1,700 rooms.



A 10.5%-14% room tax is imposed on lodging establishments in Clark County, Nevada by the Nevada State Legislature. 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 LVCVA has discretionary use of slightly more than one third of all room tax revenues generated, after considering collection allocation and debt service payments for Nevada Department of Transportation (NDOT) projects.

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

Room tax is affected by the number of lodging rooms available, occupancy rate, and average daily room rate (ADR). Although new inventory was added due to property openings at the end of the fiscal year, including Resorts World's 3,500 new rooms, there were some properties that have yet to re-open at all after the 2020 mandated shut down, or gradually re-opened their rooms. Therefore, for most of the fiscal year, available room

inventory decreased overall. COVID-19 drove both a 33% occupancy decrease and 18.9% ADR decrease, both in comparison to FY 2020. Room taxes and gaming fees decreased \$97.4 million, 41% below the prior year.

Conventions & Meetings

Facility charges for services decreased by 84%, as compared to the prior year, due to the COVID-19 pandemic, which effectively shut the convention facilities in mid-March 2020. The LVCVA didn't have any significant conventions until June 2021.

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. Management remains vigilant to maintain fiscal sustainability through conservative budgeting and continuous monitoring of actual financial results and economic trends at the local, state, and national levels. Such approach allows the LVCVA the ability to react swiftly to changing conditions and sustain operations during challenging periods.

In response to the significant and unprecedented decrease in revenues, LVCVA management reduced spending, in varying levels, in all functions. This included significant staff furloughs, as well as terminating or reducing contractual commitments and discretionary spending and transfers, leaving actual government-wide expenditures \$95.7 million below the prior year. The net result was that government wide expenses exceeded revenues by \$55.7 million. Cost reduction efforts during the fiscal year resulted in General Fund spend down of fund balance of \$30.3 million, as compared to the budgeted spend down of \$60.9 million. While the continuing impact of the COVID-19 pandemic is still unknown, room rates and occupancy rates have increased significantly and conventions have returned, albeit with fewer attendees. The LVCVA has continued to reduce operating budgets and strategically utilize funds to fulfill its mission. The LVCVA is dedicated to the preservation of adequate fund balances to meet minimal operating cash flow requirements and to satisfy debt service obligations. The LVCVA's financial planning assumes that it will take more than two years for full revenue recovery from the COVID-19 economic impact, led by the continued return of leisure travel and followed by the full return of meeting and convention travel. However, the future impact of the COVID-19 pandemic is still evolving.

Major Initiatives in FY 2021

Las Vegas Convention Center District

In January 2021, Phase Two expansion of the Las Vegas Convention Center District (LVCCD) was completed and added approximately 1.4 million total square feet, with 600,000 square feet of exhibition space, plus additional square footage for meeting rooms, additional parking, new food and beverage outlets, and support and service spaces. The Phase Two expansion cost approximately \$1 billion.

The most significant future capital item is Phase Three of the LVCCD project, consisting of the renovation, modernization, and addition to the existing facility to create consistency with the Phase Two expansion. The Phase Three architectural design phase is planned to resume in early 2022. The estimated budget for Phase Three of the LVCCD project is \$600 million. The renovation is expected to begin in fiscal year 2023.

Transportation Services

In December 2020, the LVCVA purchased the Las Vegas Monorail out of bankruptcy for approximately \$24.5 million. The 3.9-mile system has seven stops along the east side of the Strip and allows passengers to travel the Strip in 15 minutes. Historically, the Monorail moves nearly 5 million passengers per year and is integral to overall Strip resort corridor transportation, especially to LVCC convention attendees.

In May 2021, the LVCC Loop opened to passengers and provides convenient transportation for convention and trade show attendees across the LVCC campus, connecting the new West Hall with the existing campus (North/Central/South Halls). Three passenger stations offer convenient access between key LVCC destinations and nearby transportation connections. The \$53 million system allows customers to turn a 30-minute walk across campus into a two-minute underground ride in a Tesla. The system is designed to transport more than 4,400 convention attendees per hour across the campus.



Las Vegas Loop Central Station

Marketing

The reopening of the destination in June 2020 was highlighted by a commercial simply showing the re-lighting of the famous Las Vegas Strip, ending with “Now Open.” Late summer and fall campaigns focused on the #VegasSmart effort to not only highlight Las Vegas being open, but also safely open.



In May 2021, “Boom Boom Clap,” launched. As part of the “Vegas You” campaign, it was created to serve as a reminder, as travel became a reality for more and more guests, that Las Vegas was ready and excited to welcome visitors.

In late summer 2021, the “The Greatest Arena on Earth,” campaign was launched, highlighting Las Vegas as the ultimate destination to watch and experience sports, and to also experience the surrounding Vegas experiences.

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. As of June 30, 2021, members of the board included:

Councilman John Marz, Chair	City of Henderson
Ms. Marilyn Spiegel, Vice Chair	Resort Hotel Industry (NRA)
Commissioner Jim Gibson, Secretary	Clark County
Mr. Anton Nikodemus, Treasurer	Resort Hotel Industry (NRA)
Mr. Scott Deangelo	General Business (CC)
Councilwoman Michele Fiore	City of Las Vegas
Mayor Carolyn G. Goodman	City of Las Vegas
Councilwoman Pamela Goynes-Brown	City of North Las Vegas
Ms. Jan Jones-Blackhurst	Resort Hotel Industry (CC)
Mayor Kiernan McManus	City of Boulder City
Commissioner Michael Naft	Clark County
Ms. Mary Beth Sewald	Other Commercial Interests (CC)
Mr. Steve Thompson	Central Business District (NRA)
Councilman Brian Wursten	City of Mesquite

CEO & Senior Executive Team

The LVCVA Board of Directors serves as a policy-making body and employs a President to serve as Chief Executive Officer (CEO). As of June 30, 2021, the LVCVA CEO and senior executive team consisted of:

Mr. Steve Hill	Chief Executive Officer/President
Ms. Caroline Bateman	General Counsel
Mr. Ed Finger	Chief Financial Officer
Ms. Lori Nelson-Kraft	Sr. VP of Communications
Ms. Stana Subaric	Sr. VP of People and Culture
Ms. Kate Wik	Chief Marketing Officer
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.

	Governmental Activities FY 2020	Governmental Activities FY 2021
ASSETS		
Current and other assets	\$ 730,653,942	\$ 333,714,177
Capital assets	1,595,862,021	1,766,739,245
TOTAL ASSETS	2,326,515,963	2,100,453,422
DEFERRED OUTFLOWS OF RESOURCES	24,576,272	39,840,061
LIABILITIES		
Current liabilities	263,025,999	71,507,185
Noncurrent liabilities	1,816,027,308	1,841,029,433
TOTAL LIABILITIES	2,079,053,307	1,912,536,618
DEFERRED INFLOWS OF RESOURCES	33,175,022	44,569,609
NET POSITION		
Net investment in capital assets	261,668,738	297,678,000
Restricted	240,632,838	53,737,706
Unrestricted	(263,437,670)	(168,228,450)
TOTAL NET POSITION	\$ 238,863,906	\$ 183,187,256

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 decreased \$55.7 million during FY 2021. Net investment in capital assets increased \$36 million primarily due to the addition of the building assets for the LVCCD expansion. Restricted net position decreased \$186.9 million, of which \$132 million is attributable to a reduction in debt resources as restricted bond proceeds were used to complete a debt defeasement on a cross-over refunding initiated in 2017. Unrestricted net position improved \$95.2 million as a result of the changes above.

Where the Money Came From

The revenues presented below are from General Fund activities, the LVCVA's primary operating fund. In FY 2021, General Fund operating revenues represented 89.9% 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 57% from previous fiscal year, attributable to the COVID-19 pandemic.

General Fund
(Modified accrual basis)

REVENUES:	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	% Change from FY 20
Room taxes	\$ 281,389,017	\$ 283,540,300	\$ 286,428,607	\$ 233,394,445	\$ 111,240,941	-52%
Gaming fees	1,593,600	1,581,702	1,620,485	1,409,665	1,427,732	1%
Use of facilities	59,984,761	58,809,912	54,875,029	48,344,032	5,257,454	-89%
Transportation	-	-	-	-	2,266,358	100%
Other fees & charges	8,022,338	7,019,488	4,107,973	4,463,495	2,104,498	-53%
Interest & other	397,606	453,044	819,620	2,745,312	1,735,439	-37%
	\$ 351,387,322	\$ 351,404,446	\$ 347,851,714	\$ 290,356,949	\$ 124,032,422	-57%

Room Taxes: Room tax revenues decreased by \$122 million, 52% below the previous fiscal year. During the year, both business and leisure travel were greatly reduced, resulting in low occupancy and ADR, all related to the COVID-19 pandemic, culminating in the significant reduction in overall revenue for the year.

Use of Facilities: This category represents revenues generated by the operation of the LVCC. The decrease of 89% from FY 2020 is solely due to the COVID-19 pandemic as most shows and events in the LVCC were delayed or cancelled through June 2021.

Other Fees & Charges: Other fees & charges decreased \$2.3 million, primarily related to loss of ancillary revenue from lack of show activity.

Interest & Other: Interest & other includes investment interest, interest and penalties related to room tax, and other miscellaneous revenues. The 37% decrease in FY 2021 was attributable to reduced cash and investment balances, as well as lower interest rates.

Where the Money Went

The operating expenditures presented in the following chart are from General Fund activities. The General Fund is generally the largest source of current 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 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 2017	FY 2018	FY 2019	FY 2020	FY 2021	% Change from FY 20
General government	\$ 19,532,835	\$ 20,029,693	\$ 19,536,345	\$ 16,556,545	\$ 11,064,160	-33%
Marketing	45,094,547	39,813,998	38,220,616	28,462,981	8,195,538	-71%
Advertising	95,905,154	106,726,431	100,315,540	81,183,541	52,041,490	-36%
Special events grants	12,196,297	12,551,768	15,315,686	15,770,524	9,679,335	-39%
Operations	39,289,787	39,898,070	38,729,965	40,313,033	14,397,759	-64%
Transportation	-	-	-	-	5,361,774	100%
Other community support	25,000,000	25,000,000	25,000,000	23,480,411	11,266,867	-52%
	<u>\$ 237,018,620</u>	<u>\$ 244,019,960</u>	<u>\$ 237,118,152</u>	<u>\$ 205,767,035</u>	<u>\$ 112,006,923</u>	<u>-46%</u>

General Government: Decrease in expenditures of \$5 million is primarily due to strategically implemented cost containment as room tax and facility revenues were unprecedentedly reduced during the fiscal year due to the COVID-19 pandemic.

Marketing/Advertising and Special Events: Marketing showed a decrease compared to the previous fiscal year because of strategically implemented cost containment. The decrease in Advertising expenses is primarily attributable to the reduction of advertising activities to mirror the decline in business and leisure travel to Southern Nevada during the COVID-19 pandemic. In FY 2021, special events grants decreased 39%, mainly due to the due to cancellations or postponement of events in the wake of the COVID-19 pandemic.



Electric Daisy Carnival – Special Event



Allegiant Stadium in Las Vegas, NV

Operations/Transportation: Decrease in expenditures of \$26 million is primarily due to the closure of the LVCC as government regulations limited capacity for large gatherings, resulting in limited shows during the fiscal year, as well as furloughed employees and reduced utility costs. The transportation costs, new in FY 2021, are related to the operation of the Las Vegas Monorail and Vegas Loop. See Major Initiatives above for more information.

Other Community Support: Other Community Support decreased as compared to FY 2020, related to the decrease in room tax revenue. This expenditure is collection allocation, which is a 10% distribution 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, 2021

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, 2021, the LVCVA had total outstanding bonded debt of \$1.6 billion. During the fiscal year, the LVCVA issued debt of \$21.5 million for the purchase of the Las Vegas Monorail. In July 2020, the LVCVA effectively refunded General Obligation/Revenue Bonds 2010C, a crossover refunding originally done in 2017, with the refunded bonds carried on the books until they could be called in July 2020. This reduced principal debt by \$132.4 million during the fiscal year.

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, 2021, was “Aa3” by Moody’s.

Summary of Debt Instruments

(In thousands)

	GO Bonds	Revenue Bonds	Medium Term Bonds	Total
Principal balance, June 30, 2020	\$ 940,840	\$ 829,800	\$ -	\$ 1,770,640
Principal payments	(145,470)	(3,730)	(100)	(149,300)
New issuances	-	-	21,500	21,500
Principal balance, June 30, 2020	<u>\$ 795,370</u>	<u>\$ 826,070</u>	<u>\$ 21,400</u>	<u>\$ 1,642,840</u>

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.

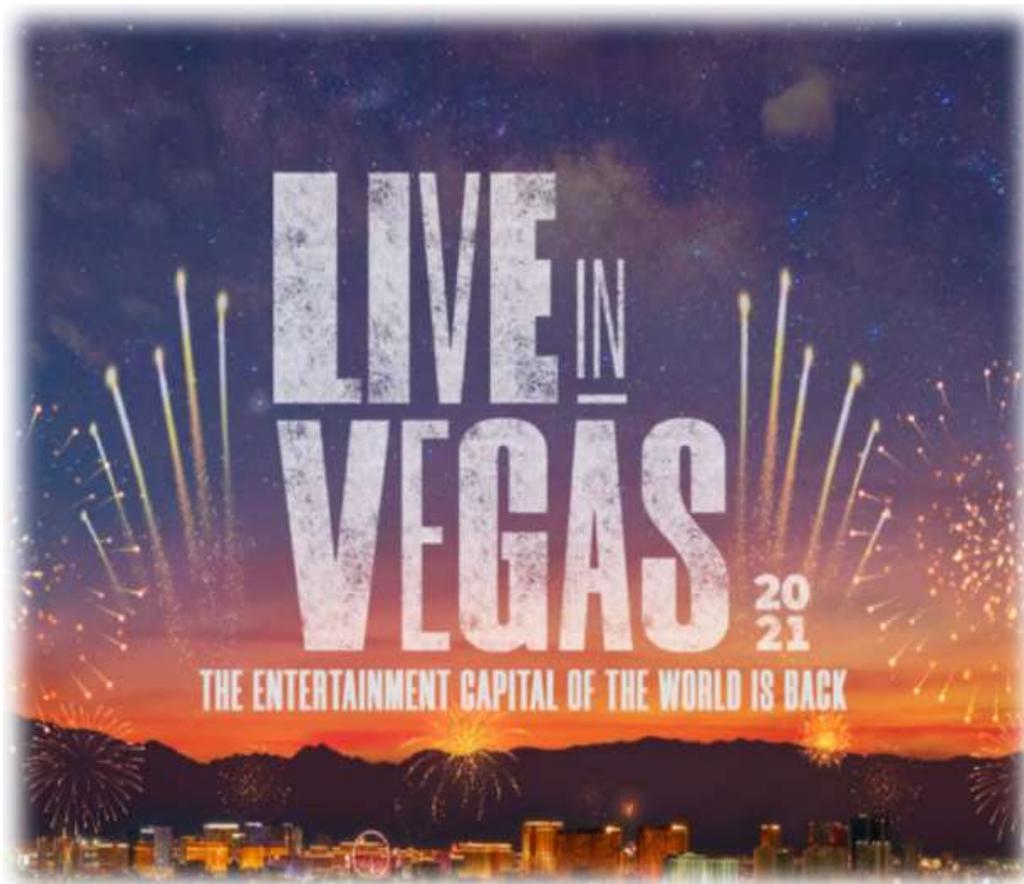
Direct-Pay Bonds: One of the outstanding LVCVA bonds is considered to be a direct-pay bond, which is also referred to as “Build America Bonds.” The LVCVA was able to obtain certain tax advantages when issuing taxable obligations for capital projects that meet certain requirements of the U.S. Tax Code and U.S. Treasury Regulations under the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). In FY 2021, the LVCVA received over \$1.5 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 direct placement bond with a bank is also a 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.

The LVCVA coverage ratio is 1.2x as of June 30, 2021. The LVCVA has budgeted that, as a result of increased travel and tourism, revenues should be sufficient to comply with the coverage ratios in the bond resolutions for the fiscal year ending June 30, 2022.



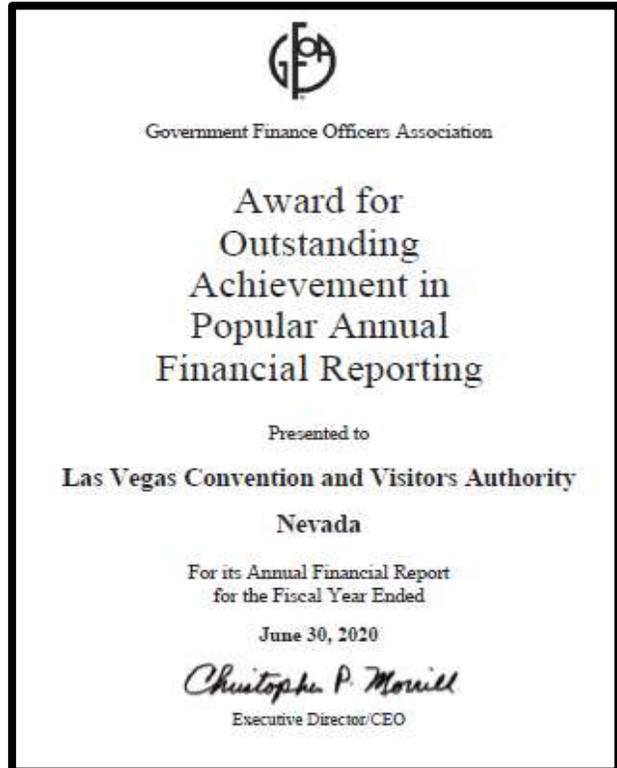
Awards

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, 2020. 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 fourteen 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 Award

The LVCVA comprehensive annual financial reports for the years ended 2017-2020, from which the information on pages 7-11 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 a Comprehensive Annual Financial Report 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 Comprehensive Annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

We hope you found reading the Las Vegas Convention and Visitors Authority FY 2021 Popular Annual Financial Report both informative and enjoyable, and we invite you to read our other financial documents along with this document, by going to: <http://www.lvcva.com/who-we-are/funding-and-finance>.



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