



LAS VEGAS CONVENTION AND VISITORS AUTHORITY
POPULAR ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022 | CLARK COUNTY, NV

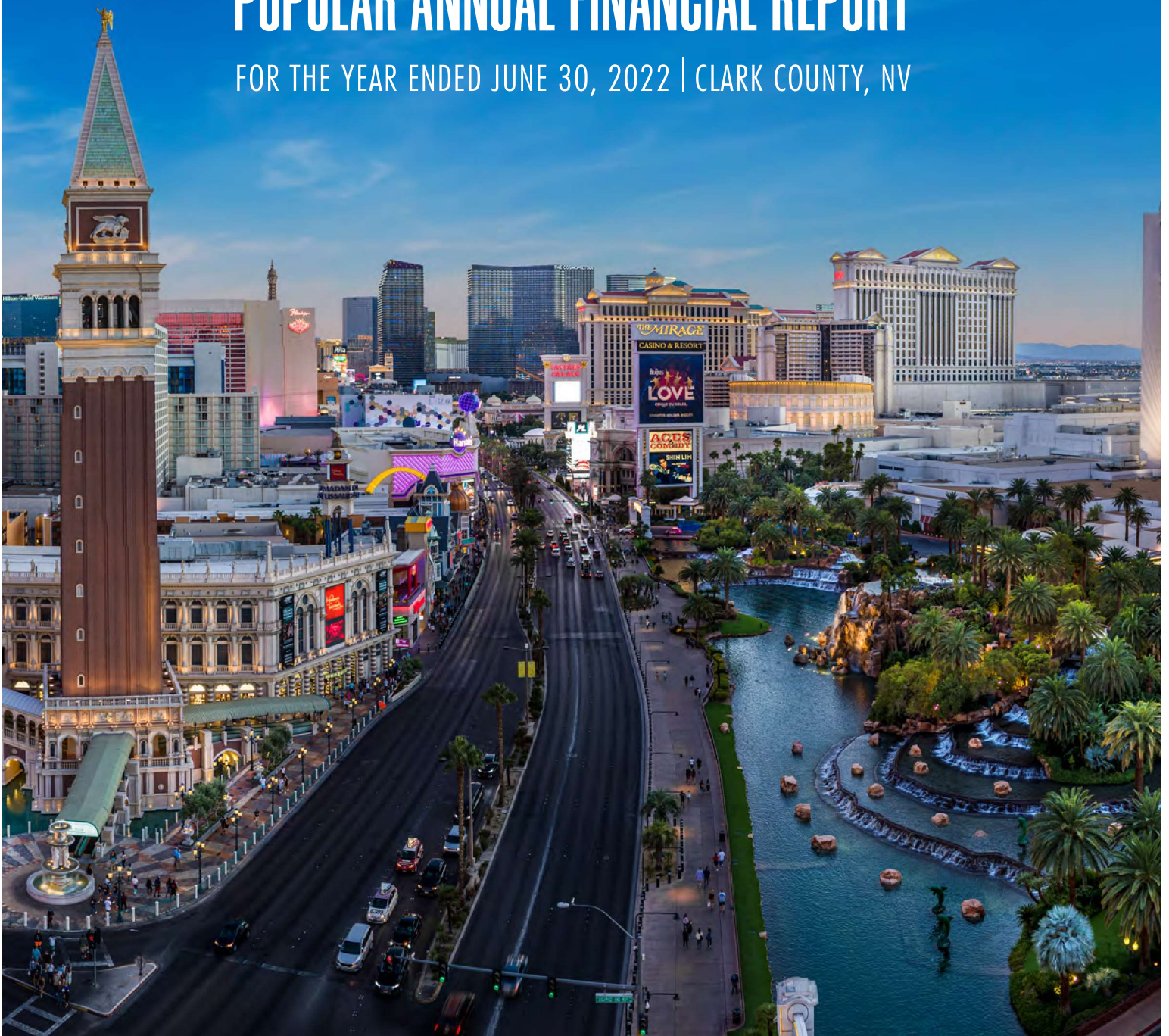


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Las Vegas Convention and Visitors Authority

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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) ending June 30, 2022.

The PAFR summarizes the LVCVA's financial activities and performance results gathered from our FY 2022 Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by the firm of Eide Bailly, 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, or notes to the financial statements. The PAFR is intended to simplify but not replace the ACFR. Individuals desiring to view a full disclosure of our financials can obtain a copy of the ACFR 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, consisting of a horizontal line followed by a stylized, cursive signature.

Ed Finger, CPA
Chief Financial Officer

To view this report and other financial information, including the Annual Comprehensive 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. The facility 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. Convention activity resumed at the end of FY 2021, and the LVCC was at the forefront of the return of significant convention activity, hosting 83 events in FY 2022.



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 <u>12/31/21</u>	% of Total <u>Rooms</u>
➤ MGM Grand	4,997	3.1%
➤ Luxor	4,400	2.7%
➤ Venetian	4,029	2.5%
➤ Aria	4,002	2.5%
➤ Excalibur	3,981	2.5%
➤ Bellagio	3,933	2.4%
➤ Caesars Palace	3,794	2.4%
➤ Circus Circus	3,763	2.3%
➤ Resorts World	3,506	2.2%
➤ Flamingo Las Vegas	3,446	2.1%

In addition to the properties above, the Las Vegas market has approximately 109,000 additional rooms, while Laughlin has over 8,600 rooms, Jean/Primm provides over 1,400 rooms, and Mesquite has over 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). While room inventory held flat compared to FY 2021, occupancy percentage increased from 73.7% to 79.8% in FY 2022. The most volatile factor in calculating room taxes is ADR. ADR averaged \$142.23 in FY 2022, a 55.2% increase over the \$91.76 result in FY 2021, and 19.6% over FY 2019, the previous highest room tax revenue year.

This resulted in actualized FY 2022 room tax and gaming fees of \$295.4 million, the highest level in the LVCVA's history, and an increase of \$192 million, or 136% above the prior year. The increase was driven by domestic travel demand and higher ADR.

Conventions & Meetings

Facility revenues for Operations increased 943% compared to the prior year, totaling \$62.7 million, as a result of the return of conventions and use of the fully-expanded building for an entire fiscal year. Although convention attendance remains below pre-pandemic levels, when compared to FY 2021, attendance has increased dramatically, by over 1 million attendees. Total expenses to operate the facility were \$69.6 million, including depreciation and amortization, an increase of 61% compared to FY 2021. The increase is primarily due to the return of events to the building, as staff costs increased upon the return of all employees from furlough, as well as increased utilities costs, due to occupation of the building.

Transportation Services

Since the opening of the Las Vegas Loop and taking over operations of the Las Vegas Monorail, transportation services increased \$14.5 million to \$20.1 million in FY 2022. Program revenues for Transportation increased 788%, resulting from a full year of operations and attendees using the Las Vegas Monorail. Total expenses for Transportation were \$26.6 million, including depreciation and amortization, an increase of 237% compared to FY 2021. The increase is due to a full year of operating the transportation systems, coupled with a full schedule of events at the facility.

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.

The LVCVA is dedicated to the preservation of adequate fund balances to meet minimal operating cash flow requirements and satisfy debt service obligations. The LVCVA's financial planning assumes that it will take more than two years for full revenue recovery from COVID-19's economic impact, led by the continued return of leisure travel and followed by the full return of meeting and convention travel. The future impact, if any, of COVID-19 is unknown.

Major Initiatives in FY 2022

Las Vegas Convention Center District

Currently, the most significant 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 resumed in fiscal year 2022. The estimated budget for Phase Three is \$600 million. The renovation is expected to begin in fiscal year 2023, with the most significant work occurring between January 2024 and December 2025.

Transportation Services

The Las Vegas Monorail had a successful return in its first full fiscal year of LVCVA ownership, moving over 3.3 million passengers, and generating over \$2 million in operating income.

In June 2022, the Las Vegas Loop opened the first fare-generating portion of the system to Resorts World, also the first part of the system connected to a resort property. Although privately owned, this connected transportation system will support convention transportation to and from the LVCC. The LVCC portion of the Loop moved approximately 500,000 passengers in its first full year of operation.



Marketing



In late summer 2021, the “The Greatest Arena on Earth,” campaign was launched, highlighting Las Vegas as the ultimate destination to watch sports, surrounded by the spectacular scenery and adventures of the Las Vegas valley.

The LVCVA also continued to drive the return of meetings and conventions through the “Vegas Means Business” campaign, and carried out successful diversity, wedding, and extended destination campaigns throughout the year. Special events in the destination have resumed, including NASCAR races, National Finals Rodeo, and new events,

such as the NFL Draft, occurred for the first time.

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, 2022, members of the board included:

Councilman John Marz, Chair	City of Henderson
Mr. Anton Nikodemus, Vice Chair	Resort Hotel Industry (NRA)
Commissioner Jim Gibson, Secretary	Clark County
Mr. Scott DeAngelo, Treasurer	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
Mr. Brian Gullbrants	Resort Hotel Industry (NRA)
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, 2022, 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. Nadine Jones	Sr. VP of People and Culture
Ms. Kate Wik	Chief Marketing Officer
Mr. Brian Yost	Chief Operating Officer

What is the economic impact of the Las Vegas tourism industry?



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's Statement of Net Position As of June 30, 2022

	Governmental Activities	Governmental Activities
	FY 2021	FY 2022
ASSETS		
Current and other assets	\$ 333,714,177	\$ 427,881,725
Capital assets	1,766,739,245	1,748,939,726
TOTAL ASSETS	2,100,453,422	2,179,188,370
DEFERRED OUTFLOWS OF RESOURCES	39,840,061	42,650,935
LIABILITIES		
Current liabilities	71,507,185	81,693,371
Noncurrent liabilities	1,841,029,433	1,768,570,583
TOTAL LIABILITIES	1,912,536,618	1,850,263,954
DEFERRED INFLOWS OF RESOURCES	44,569,609	82,898,484
NET POSITION		
Net investment in capital assets	297,678,000	303,145,255
Restricted	53,664,875	54,579,329
Unrestricted	(168,155,619)	(71,414,636)
TOTAL NET POSITION	\$ 183,187,256	\$ 286,309,948

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 \$103.1 million during FY 2022. Although the LVCVA expected a slower recovery from the pandemic, with only an 83% increase to room tax and a 917% increase to use of facilities, FY 2022 exceeded those estimates with an actualized 162% increase in room tax and 1,009% increase in facility use, and this higher revenue was the main driver behind the overall improvement in net position. Net investment in capital assets increased \$5.5 million primarily due to the decrease in debt proceeds netted against the decrease in capital asset value resulting from depreciation. Restricted net position increased \$0.9 million, related to modest movement in the required set asides for July annual debt payments. Unrestricted net position improved \$96.7 million, primarily due to the significant increase in revenues.

Where the Money Came From

The revenues presented below are from General Fund activities, the LVCVA's primary operating fund. In FY 2022, General Fund operating revenues represented 92.3% 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 increased 205% from previous fiscal year.

General Fund
(Modified accrual basis)

REVENUES:	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	% Change from FY 21
Room taxes	\$ 283,540,300	\$ 286,428,607	\$ 233,394,445	\$ 111,240,941	\$ 294,024,289	164%
Gaming fees	1,581,702	1,620,485	1,409,665	1,427,732	1,376,692	-4%
Use of facilities	58,809,912	54,875,029	48,344,032	5,356,563	59,392,255	1009%
Transportation	-	-	-	2,266,358	20,130,733	788%
Other fees & charges	7,019,488	4,107,973	4,463,495	2,005,391	2,236,044	12%
Interest & other	453,044	819,620	2,745,312	1,735,437	584,784	-66%
	\$ 351,404,446	\$ 347,851,714	\$ 290,356,949	\$ 124,032,422	\$ 377,744,797	205%

Room Taxes: Room tax revenues increased by \$182.8 million, 164% above the previous fiscal year, and the highest total room tax ever received, eclipsing the previous high of \$286.4 million in FY 2019. Due to the surge in leisure travel, occupancy percentage increased from 73.7% to 79.8% in FY 2022. Convention and international travel is still recovering and therefore, overall occupancy for the destination has not yet reached pre-COVID-19 levels. The most volatile factor in calculating room taxes is ADR.

ADR averaged \$142.23 in FY 2022, a 55.2% increase over the \$91.76 average for FY 2021, and 19.6% over FY 2019, the previous highest room tax revenue year.

Use of Facilities: This category represents revenues generated by the operation of the LVCC. The increase of 1009% from FY 2021 is due to the return of convention and event activity, and the expanded building space. However, COVID-19 continues to affect the number of show attendees resulting in 6% lower ancillary revenues than in FY 2019.

Transportation: This category represents revenues generated by the operation of the Las Vegas Monorail. The increase of 788% from FY 2021 is due to a full year of operating the transportation system, combined with a full schedule of events at the facility.

Other Fees & Charges: Other fees & charges, consisting of revenue from event participation, registration services, wedding fees, and miscellaneous revenue, stayed consistent with the previous year.

Interest & Other: Interest & other includes investment interest, interest and penalties related to room tax, and other miscellaneous revenues. The 66% decrease from the prior year is primarily due the unrealized loss relating to investment value on June 30, 2022. As the LVCVA's investment policy is to hold investments until maturity, this value is a temporary snapshot in time indicator but is not the maturity value of the investment. A decrease in the average amount of funds available, coupled with the decrease in market rates also factored into the decline in earnings.

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 2018	FY 2019	FY 2020	FY 2021	FY 2022	% Change from FY 21
General government	\$ 20,029,693	\$ 19,536,345	\$ 16,556,545	\$ 11,064,160	\$ 15,658,529	42%
Marketing	39,813,998	38,220,616	28,462,981	8,195,538	15,846,705	93%
Advertising	106,726,431	100,315,540	81,183,541	52,041,490	75,768,893	46%
Special events grants	12,551,768	15,315,686	15,770,524	9,679,335	25,892,489	168%
Operations	39,898,070	38,729,965	40,313,033	14,397,759	37,352,645	159%
Transportation	-	-	-	5,361,774	20,601,964	284%
Other community supp	25,000,000	25,000,000	23,480,411	11,266,867	25,000,000	122%
	<u>\$ 244,019,960</u>	<u>\$ 237,118,152</u>	<u>\$ 205,767,035</u>	<u>\$ 112,006,923</u>	<u>\$ 216,121,225</u>	93%

General Government: Increase in expenditures of \$4.5 million is primarily due to the return to pre-COVID business operations, including return of staff from furlough.

Marketing/Advertising and Special Events: The increases in Marketing showed an increase compared to the previous fiscal year. The increase and Advertising expenses supported a tourism rebound for the destination. In FY 2022, special events grants increased 168%, as regular events in the destination resumed and new events, such as the NFL Draft, occurred.



Electric Daisy Carnival – Special Event



Allegiant Stadium in Las Vegas, NV

Operations/Transportation: Increase in operations expenditures of \$23 million is primarily due to the return of furloughed employees and increased utility costs as facility usage returned. The transportation costs are related to the operation of the Las Vegas Monorail and Vegas Loop. FY 2022 expenses primarily increased 284% as compared to FY 2021 as there was a full year of activity, compared to only 1 month of operations in the prior year for the Las Vegas Monorail.

Other Community Support: Other Community Support increased as compared to FY 2021, related to the increase 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 law.

Debt on June 30, 2022

The LVCVA issues general obligation bonds and revenue bonds to provide funding for the improvement, acquisition, or construction of major capital assets. On June 30, 2022, the LVCVA had total outstanding bonded debt of \$1.6 billion.

Summary of Debt Instruments (In thousands)

	GO Bonds	Revenue Bonds	Medium Term Bonds	Total
Principal balance, June 30, 2021	\$ 795,370	\$ 826,070	\$ 21,400	\$ 1,642,840
Principal payments	(27,685)	(34,655)	(100)	(62,440)
New issuances	15,355	23,615	-	38,970
Principal balance, June 30, 2022	<u>\$ 783,040</u>	<u>\$ 815,030</u>	<u>\$ 21,300</u>	<u>\$ 1,619,370</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. In FY 2022, 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.

Bond Ratings: 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, 2022, were “A” by S&P and “Aa3” by Moody’s.

New and Upcoming Debt

The LVCVA issued two refunding bonds in FY 2022. In October 2021, the LVCVA issued \$23,615,000 Series 2021 Revenue Refunding Bonds for the purpose of refunding the Series 2019A Revenue Refunding Bonds. The 2021 Bonds have interest rates of 5.0%, with a final installment date of July 1, 2026. Total savings of the refunding are \$955,604. In April 2022, the LVCVA issued \$15,355,000 Series 2022 General Obligation/Revenue Refunding Bonds for the purpose of refunding the Series 2012 General Obligation/Revenue Bonds. The 2022 Bonds have interest rates of 1.96%, with a final installment date of July 1, 2032. Total savings of the refunding are \$753,716.

In September 2022, the LVCVA issued \$150 million in revenue bonds to be used for Phase Three construction. The final \$150 million of LVCCD authorized debt is also planned for fiscal year 2024.



LVCC Loop Tunnel During Final Construction

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 more than double the 1.5x minimum coverage. The LVCVA has budgeted revenues sufficient to comply with the coverage ratios in the bond resolutions for the fiscal year ending June 30, 2023.

Awards

PAFR & ACFR Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given the Award for Outstanding Achievement in Popular Annual Financial Reporting to the LVCVA for its Popular Annual Financial Report (PAFR) for the years ending 2007-2020. The LVCVA's Annual Comprehensive Financial Report (ACFR) for the years ending 2018-2020, from which the information on pages 7-11 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA. Both the FY 2021 ACFR and PAFR have been submitted to the GFOA for consideration of the awards, however, at the time of printing, the results have not been received. The LVCVA believes it will receive both awards and will be submitting the FY 2022 reports to the GFOA for reward consideration.

We hope you found reading the Las Vegas Convention and Visitors Authority FY 2022 PAFR 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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