

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Richmond, Virginia



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

On the cover: During the year the Greater Richmond Convention Center achieved a Global Biorisk Advisory Council (GBAC) star rating. This accreditation means that the Center has established and maintained a cleaning, disinfection, and infectious disease prevention program to minimize risks associated with infectious agents like the coronavirus.

**GREATER RICHMOND
CONVENTION CENTER AUTHORITY**

Richmond, Virginia



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Prepared by
The County of Chesterfield, Virginia's Accounting Department
Fiscal Agent for the Greater Richmond Convention Center Authority
Deborah D. Baicy, Fiscal Services Coordinator**



**GREATER RICHMOND CONVENTION CENTER AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2021**

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INTRODUCTORY SECTION (unaudited)



Greater Richmond Convention Center Authority



Greater Richmond Convention Center Authority Members

Lincoln Saunders
City of Richmond

John A. Vithoukas
Henrico County

Joseph P. Casey
Chesterfield County

John A. Budesky
Hanover County

Nancy C. Thomas
Retail Merchants
Association

Mailing Address

Richmond Region Tourism
401 North 3rd Street
Richmond, VA 23219

804/782-2777
FAX 804/780-2577

visitrichmondva.com
richmondcenter.com

September 28, 2021

The Honorable Members of the Commission of the
Greater Richmond Convention Center Authority
Richmond, Virginia

Members of the Commission:

We are pleased to submit to you the Annual Comprehensive Financial Report (the "ACFR") of the Greater Richmond Convention Center Authority (the "Authority") for the fiscal year ended June 30, 2021. State law requires that all authorities have their financial activity audited annually as of June 30 by an independent certified public accountant and that an audited financial report be submitted within three months after the end of the fiscal year to the Auditor of Public Accounts of the Commonwealth of Virginia. This report has been prepared by the County of Chesterfield, Virginia's (the "County") Accounting Department, fiscal agent for the Authority, in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (the "GASB").

The fiscal affairs of the Authority are managed by the staff of the Accounting Department of the County pursuant to a resolution adopted by the Authority's Commission on April 17, 1998, designating the County to act as its fiscal agent effective July 1, 1998. Responsibility for both the completeness and the reliability of the contents of the CAFR rests with County management. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with U.S. generally accepted accounting principles (the "GAAP"). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cherry Bekaert LLP, a firm of licensed certified public accountants, audited the Authority's financial statements. The independent auditors' responsibility is to express an opinion on the Authority's financial statements based on their audit. The auditors conducted the audit in accordance with professional auditing standards, which require that the auditors plan and perform the audit to obtain reasonable assurance about

whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The independent auditors concluded based upon the audit, that there was a reasonable basis for forming and expressing an unmodified opinion that the Authority's financial statements as of and for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP, in all material respects. The report of independent auditor is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (the "MD&A"). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Profile of the Authority

The Authority was created on January 9, 1998 for the purpose of acquiring, constructing, equipping, maintaining, and operating a regional convention center facility. The political subdivisions participating in the incorporation of the Authority are the City of Richmond and the Counties of Chesterfield, Hanover and Henrico (the "participating jurisdictions"). The Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association.

The Authority, together with the Richmond Region Tourism (the "RRT"), has successfully worked on a cooperative basis to construct the Greater Richmond Convention Center (the "Center") located in downtown Richmond. The Center is a modern multi-purpose facility that attracts significant numbers of people to the region. At 700,000 gross square feet, the Center is the largest meeting and exhibition facility in the Commonwealth of Virginia. Since the Center opened in 2003, over one billion dollars of infrastructure and improvements have been invested in the surrounding area.

The Center is managed by Global Spectrum, L.P., doing business as Spectra Venue Management (the "Manager"), an Atairos Partner Company, pursuant to a Convention Center Operating Agreement. The Manager promotes, operates, supervises, maintains and manages the Center. The Manager works closely with the Authority to establish an annual operating budget and operating plan for the Center and to monitor operating performance against the budget and plan throughout the year. The Manager is responsible for sales, marketing, promotion and advertising of the Center for events to be held within 18 months of the booking date.

The catering, concessions and other food services at the Center are provided by ARAMARK Corporation (the "Food Services Manager") through the Food Service Management Agreement. The Food Services Manager works closely with the Authority to establish an annual food service budget and operating plan for the Center and to monitor performance against the budget and plan throughout the year.

The President/CEO of RRT provides all necessary services to monitor the performance of the Manager and the Food Services Manager, pursuant to an Operations Contract Supervision Agreement. In addition, the RRT has been acting as the agent for sales, marketing, promotion and advertising for the Center for events to be held more than 18 months after the booking date.

An annual budget is prepared and approved by the Authority. The Authority's budget incorporates the operating budgets prepared by the Manager and Food Services Manager. The budget also includes the projected hotel tax collections for each participating jurisdiction. Each participating jurisdiction has levied an 8% transient occupancy tax (the "hotel tax") on accommodations rented for fewer than 30 consecutive days which is remitted to the Authority monthly. Prior to the beginning of each fiscal year, each participating jurisdiction delivers a projection to the Authority of the hotel tax payments expected to be made in the coming fiscal year.

The Authority seeks financial advice from its Finance Committee, which includes a member from the financial leadership of each of the participating jurisdictions. The Finance Committee meets on a regular basis to monitor the Authority's financial and operational performance. The Authority's Finance Committee evaluates its budget and long-term financial needs annually. The Manager has prepared a long-term Capital Needs Plan to identify future capital needs and costs to replace or refurbish major systems. This plan has been incorporated into a 10-year forecast of revenues and expenses, which is updated annually during the budget process.

Factors Affecting Economic Condition

The primary source of revenues for the Authority is the hotel tax payments made by the participating jurisdictions. Prior to the declaration of the COVID-19 pandemic, tourism in the Richmond region was off to another record start with hotel occupancy numbers up and a busy slate of conventions, trade shows and sports tournaments on the books. Subsequent to the pandemic, the central Virginia hotel market saw a decrease in hotel occupancy and cancellation of events due to the Commonwealth declaring a state of emergency and ordering a statewide ban on public and private gatherings to 10 or fewer people. As the Commonwealth loosened restrictions, the region started welcoming sports events back and there were more than 40 sports tourism events booked throughout the region through the end of calendar year 2020. In calendar year 2021, over 150 youth sporting events have taken place or are scheduled. The events are an important boost to the region's hospitality industry and are projected to bring a direct economic impact of \$75.0 million.

The Richmond region has four strong "pillars" that should help accelerate our rebound and minimize the long-term impact of the pandemic: (1) the region continues to compete successfully against other same size destinations with convention, meeting and sports tourism business; (2) the presence of major companies in the region continue to feed a steady flow of those who must travel for work; (3) the region is within a day's drive of half the nation's population, which makes it a convenient destination for weekend travelers; and (4) the region has friends and family that regularly come for visits. The U.S. Travel Association declared that the "drive" markets opened sooner, and leisure travel came back first. Richmond's drivability, open space and outdoor activities will continue to be important to attract the leisure traveler. Just recently, HGTV featured 11 Black-Owned Businesses in Richmond, Virginia *You Have to Visit*; REDBOOK listed the top 30 destinations in the world naming Richmond among the Up-and-Coming Travel destinations *You Should Check out ASAP*; and *Southern Living Magazine* named the 12 Best Destinations for a Classic Southern Christmas, listing Richmond as number 5. Although the pandemic drastically impacted meetings and conventions, we are optimistic about future events now with over 20 events on the books until the end of the calendar year.

The Authority's fiscally responsible financial policies, solid financial results and sound management were reaffirmed in fiscal year 2021. Fitch Ratings performed a review of the Authority's credit rating and affirmed its rating of 'AA-' and removed the rating from Negative Watch to Negative Outlook. All three rating agencies (Fitch Ratings, Moody's Investors Service, and Standard & Poor's) continued to monitor the Authority's financial performance throughout the year. Credit ratings are the rating agency's opinion on the relative ability of an entity to meet financial commitments.


Awards and Acknowledgements

In response to the COVID-19 outbreak, the Global Biorisk Advisory Council (“GBAC”) unveiled its GBAC Star facility accreditation program on cleaning, disinfection and infectious disease prevention. GBAC Star is an outbreak prevention, response and recovery accreditation. During the year, the Center achieved a GBAC Star rating. This accreditation means that the Center has established and maintained a cleaning, disinfection, and infectious disease prevention program to minimize risks associated with infectious agents like the coronavirus; the proper cleaning protocols, disinfection techniques, and work practices in place to combat biohazards and infectious disease; and highly informed cleaning professionals who are trained for outbreak and infectious disease preparation and response.

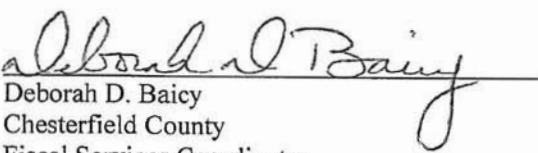
The Center has been certified by the Virginia Department of Environmental Quality as a Virginia Green Convention Center. Virginia Green is the Commonwealth of Virginia’s campaign to promote environmentally friendly practices in all aspects of Virginia’s tourism industry. Virginia Green has established core activities specific to each sector of tourism, and these practices are considered the required minimum for participation in the program. The Center’s staff is dedicated to environmental responsibility and the Virginia Green program. Virginia Green practices include recycling, waste reduction, and conservation. This environmental commitment is actively communicated to meeting and event planners as well as visitors who are encouraged to participate in the facility’s green practices.

We would like to thank the members of the Authority for your interest and support in planning and conducting the financial operations of the Authority in a responsible manner.

Respectfully submitted,



Brandon Hinton
Greater Richmond Convention Center Authority
Finance Committee Chairman



Deborah D. Baicy
Chesterfield County
Fiscal Services Coordinator

**GREATER RICHMOND CONVENTION CENTER AUTHORITY
DIRECTORY OF OFFICIALS
JUNE 30, 2021**

Commission Members

John A. Budesky, Chairman
County of Hanover

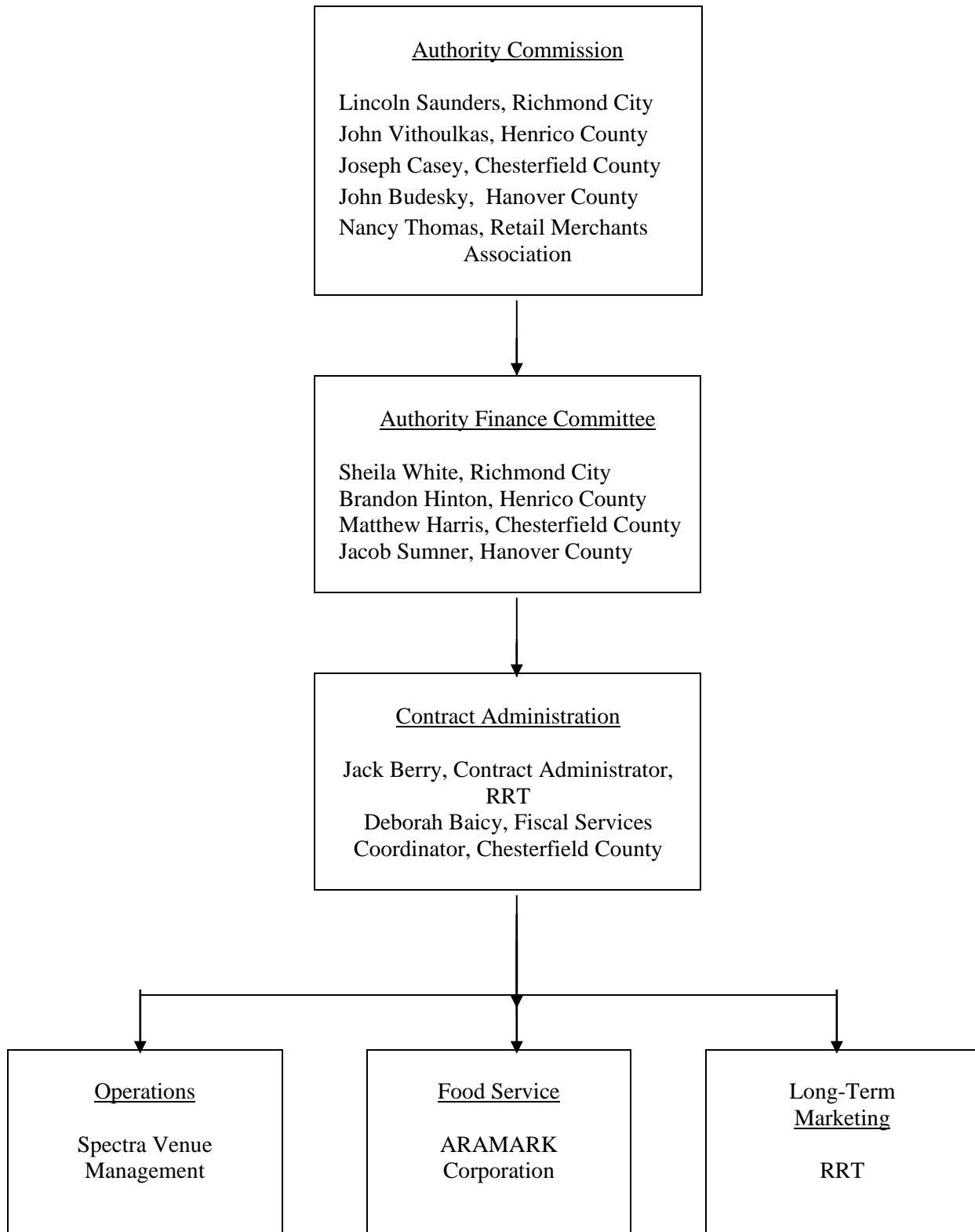
Joseph P. Casey, Vice Chairman
County of Chesterfield

John A. Vithoukias, Secretary/Treasurer
County of Henrico

J.E. Lincoln Saunders
City of Richmond

Nancy C. Thomas
Retail Merchants Association

**GREATER RICHMOND CONVENTION CENTER AUTHORITY
AUTHORITY STRUCTURE
JUNE 30, 2021**



FINANCIAL SECTION



Report of Independent Auditor

To the Members of the Commission
Greater Richmond Convention Center Authority
Chesterfield, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Richmond Convention Center Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards, and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2021, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the Table of Contents, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory and Statistical Sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Richmond, Virginia
September 28, 2021

GREATER RICHMOND CONVENTION CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

This section of the Greater Richmond Convention Center Authority's (the "Authority") Annual Comprehensive Financial Report presents our discussion and analysis of the Authority's financial performance as of and during the fiscal year ended June 30, 2021. Please read it in conjunction with the Authority's financial statements and notes, which follow this section.

FY 2021 FINANCIAL HIGHLIGHTS

- Total net position increased \$1,992,533 (2.4%) to \$85,190,115.
- Capital assets net of accumulated depreciation decreased by \$2,752,521 (1.9%) to \$143,481,664.
- Long-term debt outstanding decreased \$6,698,297 (7.0%) to \$88,821,665.
- Revenues decreased \$4,633,809 (18.5%) to \$20,418,552.
- Expenses decreased \$4,794,025 (20.6%) to \$18,426,019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's annual financial report consists of two parts – management's discussion and analysis (this section) and the financial statements. The financial statements offer financial information about the Authority's financial position, activities and additional information about its cash flows. The activities of the Authority are accounted for as an enterprise fund, which is used to account for operations intended to recover all or a significant portion of their costs through user fees. Accordingly, the Authority's financial statements are presented in accordance with the economic resources measurement focus and the accrual basis of accounting.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net position. The Authority's assets and deferred outflows of resources exceeded liabilities by \$85,190,115 at the close of the most recent fiscal year. This represents a \$1,992,533 (2.4%) increase from last year (see Table 1).

Table 1
Condensed Summary of Net Position
As of June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|----------------------|----------------------|
| Assets: | | |
| Current and other assets | \$ 36,840,856 | \$ 41,869,624 |
| Capital assets, net | <u>143,481,664</u> | <u>146,234,185</u> |
| Total assets | <u>180,322,520</u> | <u>188,103,809</u> |
| Deferred outflows of resources: | | |
| Deferred amount on refunding, net | <u>2,010,898</u> | <u>2,358,582</u> |
| Liabilities: | | |
| Long-term debt outstanding | 88,821,665 | 95,519,962 |
| Other liabilities | <u>8,321,638</u> | <u>11,744,847</u> |
| Total liabilities | <u>97,143,303</u> | <u>107,264,809</u> |
| Net position: | | |
| Net investment in capital assets | 66,548,897 | 62,950,805 |
| Restricted | 18,486,566 | 18,479,564 |
| Unrestricted | <u>154,652</u> | <u>1,767,213</u> |
| Total net position | <u>\$ 85,190,115</u> | <u>\$ 83,197,582</u> |

GREATER RICHMOND CONVENTION CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

The largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, and equipment), less any related debt used to acquire those assets that is still outstanding (78.1% at June 30, 2021). The Authority uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (21.7% at June 30, 2021) represents resources that are subject to external restrictions on how they may be used. The remaining balance (0.2% at June 30, 2021) is unrestricted net position.

Changes in net position. The Authority's total revenues decreased from the prior year by \$4,633,809 (18.5%) to \$20,418,552. Approximately 88.9% of the Authority's revenues came from transient occupancy taxes and 9.5% from a reimbursement from a participating jurisdiction in fiscal year 2021. The remaining revenues are investment earnings and miscellaneous revenues. The Authority's total expenses decreased from the prior year by \$4,794,025 (20.6%) to \$18,426,019. In fiscal year 2021, approximately 30.2% of the Authority's expenses relate to transient occupancy tax rebates to the participating localities, 27.5% of expenses relate to facility costs, 19.1% of expenses relate to bond amortization and interest, 18.2% of expenses relate to depreciation expense, and 5.0% of expenses relate to professional fees, insurance premiums and miscellaneous expenses (see Table 2).

Table 2
Condensed Summary of Changes in Net Position
Years ended June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Revenues: | | |
| Operating revenues: | | |
| Net food and beverage revenues | \$ - | \$ 156,441 |
| Non-operating revenues: | | |
| Transient occupancy tax | 18,148,192 | 24,073,302 |
| Reimbursement from participating jurisdiction | 1,948,079 | - |
| Net investment earnings and other income | <u>322,281</u> | <u>822,618</u> |
| Total revenues | <u>20,418,552</u> | <u>25,052,361</u> |
| Expenses: | | |
| Operating expenses: | | |
| Depreciation expense | 3,358,756 | 3,328,236 |
| Facility operating expenses | 5,067,522 | 4,369,536 |
| Other expenses | 928,451 | 655,761 |
| Non-operating expenses: | | |
| Transient occupancy tax rebate | 5,556,933 | 11,143,481 |
| Bond amortization and interest expense | <u>3,514,357</u> | <u>3,723,030</u> |
| Total expenses | <u>18,426,019</u> | <u>23,220,044</u> |
| Change in net position | 1,992,533 | 1,832,317 |
| Total net position, beginning of year | <u>83,197,582</u> | <u>81,365,265</u> |
| Total net position, end of year | <u>\$85,190,115</u> | <u>\$83,197,582</u> |

The Authority's revenues decreased by \$4,633,809 (18.5%) and total expenses decreased by \$4,794,025 (20.6%) compared to prior year financial activity. Key elements contributing to these results are as follows:

GREATER RICHMOND CONVENTION CENTER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
(unaudited)

- The transfer of transient occupancy tax from participating jurisdictions decreased by \$5,925,110 (24.6%) due to the economic impact of the COVID-19 pandemic. Stay at home orders issued by the Commonwealth of Virginia (the “Commonwealth”) and bans placed on indoor gatherings effectively shut down convention centers across the country. During the pandemic, hotel occupancy declined, and events cancelled.
- In the current year, food and beverage operations had a net loss of \$797,897 which has been reported as a facility expense and in the previous year had a net profit of \$156,441 which was reported as operating revenue. Food and beverage operating revenues continued to decrease due to the COVID-19 pandemic.
- Reimbursement from participating jurisdictions in the amount of \$1,948,079 was reported in the current fiscal year due to decreased hotel tax collections in the City of Richmond. This is the amount due from the City since their tax payment was not sufficient to meet their allocated share of the Authority’s annual costs. See Note 8 of the notes to the financial statements for more detailed information related to the City’s payment.
- Transient occupancy tax rebate decreased by \$5,586,548 (50.1%) due to the decrease in hotel taxes and an increase in the Authority’s annual costs. See Notes 7 and 8 to the financial statements for more detailed information related to the transient occupancy tax and rebate payments.
- Facility operating expenses increased by \$697,983 (16.0%) mainly due to an increase in operator expenses in the amount of \$93,226 (3.5%) and the food and beverage net operating deficit in the amount of \$797,897. The increase in operating expenses is due to the pandemic and the Commonwealth’s bans on indoor gatherings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the Authority had invested \$143,481,664 for land, construction in progress, buildings, improvements other than buildings, and equipment (See Table 3). This amount represents a net decrease of \$2,752,521 (1.9%) from fiscal year 2020.

Table 3
Summary of Capital Assets
As of June 30, 2021 and 2020
(net of accumulated depreciation)

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|----------------------|----------------------|
| Land | \$ 20,202,899 | \$ 20,202,899 |
| Construction in progress | 563,795 | - |
| Buildings | 119,941,442 | 122,827,530 |
| Improvements other than buildings | 603,898 | 693,326 |
| Equipment | <u>2,169,630</u> | <u>2,510,430</u> |
| Total capital assets | <u>\$143,481,664</u> | <u>\$146,234,185</u> |

The \$2,752,521 decrease in capital assets is attributed to annual depreciation expense of \$3,358,756, which was offset by the capitalization of additional capital costs incurred during the year in the amount of \$606,235. More detailed information about the Authority’s capital assets is presented in Note 4 of the notes to the financial statements.

GREATER RICHMOND CONVENTION CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

Long-term Debt

At year-end, the Authority had \$88,821,665 in bonds outstanding, net of bond premium, a decrease of \$6,698,297 (7.0%) compared to fiscal year 2020. The reduction in long-term debt is primarily due to payments of bond principal during the fiscal year. More detailed information about the Authority's Hotel Tax Revenue Bonds liability is presented in Note 5 of the notes to the financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chesterfield County Accounting Department, 9901 Lori Road, Chesterfield, Virginia 23832.

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Statement of Net Position
June 30, 2021

| | |
|--|----------------------|
| ASSETS: | |
| Current assets: | |
| Cash and cash equivalents with fiscal agent (Note 3) | \$ 3,642,838 |
| Due from participating jurisdiction (Note 8) | 1,948,079 |
| Advance for operations (Note 6) | 62,114 |
| Prepaid item | 58,554 |
| Restricted: | |
| Cash equivalents with trustee (Note 3) | 11,682,474 |
| Cash and cash equivalents with fiscal agent (Note 3) | 15,314,126 |
| Investments with fiscal agent (Note 3) | 2,000,000 |
| Due from participating jurisdictions (Note 8) | 2,132,600 |
| Interest receivable | 71 |
| Total restricted assets | <u>31,129,271</u> |
| Total current assets | <u>36,840,856</u> |
| Noncurrent assets: | |
| Capital assets (Note 4): | |
| Land | 20,202,899 |
| Construction in progress | 563,795 |
| Buildings | 172,544,697 |
| Improvements other than buildings | 2,231,780 |
| Equipment | 5,233,038 |
| Accumulated depreciation | <u>(57,294,545)</u> |
| Net capital assets | <u>143,481,664</u> |
| Total noncurrent assets | <u>143,481,664</u> |
| Total assets | <u>180,322,520</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred amount on refunding, net of amortization (Note 5) | <u>2,010,898</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Liabilities payable from restricted assets: | |
| Accounts payable | 596,836 |
| Due to broker | 2,000,000 |
| Accrued interest on bonds payable (Note 5) | <u>167,869</u> |
| Total liabilities payable from restricted assets | 2,764,705 |
| Due to participating jurisdictions (Note 8) | 5,556,933 |
| Bonds payable, net (Note 5) | <u>6,893,776</u> |
| Total current liabilities | 15,215,414 |
| Noncurrent liabilities: | |
| Bonds payable, net (Note 5) | <u>81,927,889</u> |
| Total liabilities | <u>97,143,303</u> |
| NET POSITION: | |
| Net investment in capital assets | 66,548,897 |
| Restricted for: | |
| Debt service | 3,769,277 |
| Operations | 5,895,389 |
| Renewal and replacement | 8,821,900 |
| Unrestricted | 154,652 |
| Total net position | <u>\$ 85,190,115</u> |

See accompanying notes to the financial statements.

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

| | |
|--|----------------------|
| Operating expenses: | |
| Operator expenses, net (Note 6) | 2,734,278 |
| Net food and beverage loss (Note 6) | 797,897 |
| Depreciation expense (Note 4) | 3,358,756 |
| Marketing | 525,000 |
| Professional services | 415,157 |
| Insurance | 242,851 |
| Facility expenses | 1,010,347 |
| Miscellaneous | <u>270,443</u> |
| Total operating expenses, net | <u>9,354,729</u> |
| Operating loss | <u>(9,354,729)</u> |
| Non-operating revenues (expenses): | |
| Transient occupancy tax (Notes 7 and 8) | 18,148,192 |
| Reimbursement from participating jurisdiction (Note 8) | 1,948,079 |
| Interest income | 51,938 |
| Miscellaneous revenue | 270,600 |
| Net decrease in fair value of investments | (257) |
| Transient occupancy tax rebate (Note 8) | (5,556,933) |
| Bond amortization and interest expense (Note 5) | <u>(3,514,357)</u> |
| Net non-operating revenues | <u>11,347,262</u> |
| Change in net position | 1,992,533 |
| Total net position, beginning of year | <u>83,197,582</u> |
| Total net position, end of year | <u>\$ 85,190,115</u> |

See accompanying notes to the financial statements.

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2021

| | |
|---|-----------------------|
| Cash flows from operating activities: | |
| Payments to the Operator | \$ (2,516,598) |
| Payments for Authority operating expenses | (1,443,948) |
| Payments for facility operating expenses | (1,057,321) |
| Payments for food service operations | (959,270) |
| Net cash used in operating activities | <u>(5,977,137)</u> |
| Cash flows from non-capital financing activities: | |
| Receipt of transient occupancy tax | 17,359,319 |
| Payment of transient occupancy tax rebate | (11,143,481) |
| Net cash provided by non-capital financing activities | <u>6,215,838</u> |
| Cash flows from capital and related financing activities: | |
| Payments for principal on bonds | (5,505,000) |
| Payments for interest on bonds | (4,371,250) |
| Purchase of capital assets | (523,307) |
| Receipt of miscellaneous revenue | 270,600 |
| Net cash used in capital and related financing activities | <u>(10,128,957)</u> |
| Cash flows from investing activities: | |
| Proceeds from maturity of investments | 6,174,470 |
| Proceeds from investment activities | 530 |
| Interest received | 51,976 |
| Net cash provided by investing activities | <u>6,226,976</u> |
| Net decrease in cash and cash equivalents | (3,663,280) |
| Cash and cash equivalents with fiscal agent and trustee, beginning of year | <u>34,302,718</u> |
| Cash and cash equivalents with fiscal agent and trustee, end of year | <u>\$ 30,639,438</u> |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$ (9,354,729) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation expense | 3,358,756 |
| Change in assets and liabilities: | |
| Increase in advance for operations | (62,114) |
| Increase in accounts payable | 91,690 |
| Increase in prepaid items | (10,740) |
| Net cash used in operating activities | <u>\$ (5,977,137)</u> |

See accompanying notes to the financial statements.

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

1. DESCRIPTION OF THE AUTHORITY AND ITS ACTIVITIES

The Greater Richmond Convention Center Authority (the “Authority”), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56 of Title 15.2, Code of Virginia. The political subdivisions participating in the incorporation of the Authority are the City of Richmond (the “City”) and the Counties of Chesterfield, Hanover and Henrico. The Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association.

The Authority was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center or centers. The facility was completed in February 2003 and is referred to as the Greater Richmond Convention Center. The Authority has responsibility for the operation and maintenance of the facility.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Model - The financial statements presented for the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (the “GAAP”) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (the “GASB”). GAAP sets the reporting model requirements for the annual financial reports of state and local governments. For entities like the Authority that are engaged solely in business-type activities, the annual financial report includes:

- Management’s Discussion and Analysis – GAAP requires that financial statements be accompanied by a narrative introduction and analytical overview of the Authority’s financial activities in the form of “management’s discussion and analysis.”
- Statement of Net Position – The Statement of Net Position is designed to display the financial position of the Authority. The net position of the Authority is broken down into three categories – (1) net investment in capital assets, (2) restricted for debt service, operations, and renewal and replacement, and (3) unrestricted.
- Statement of Revenues, Expenses and Changes in Net Position – The Statement of Revenues, Expenses and Changes in Net Position is designed to display the financial activities of the entity for the period under audit.
- Statement of Cash Flows – The Statement of Cash Flows is designed to display the cash inflows and outflows for the operating, financing and investing activities of the Authority. The direct method of presenting cash flows is utilized.

B. Basis of Accounting

The Authority uses the accrual basis of accounting and the economic resources measurement focus. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred. Operating expenses include the net cost of services incurred for operations, net food and beverage deficit, administrative expenses, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition of “operating” are reported as non-operating revenues and expenses.

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

C. Investment Policy

The Authority follows a deposit and investment policy in accordance with the Commonwealth of Virginia statutes. Investments with a maturity date of greater than one year from the date of purchase are stated at fair value and money market investments with a maturity date of one year or less from the date of purchase are stated at amortized cost, which approximates fair value, in accordance with GAAP. Deposit and investment instruments include Commonwealth of Virginia Local Government Investment Pool (the "LGIP"), money market funds, Virginia Investment Pool Fund (the "VIP"), Virginia State Non-Arbitrage Program (the "SNAP") and U.S. Government Securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1 - 359 et seq.

D. Cash Equivalents

For the purpose of the Statement of Cash Flows, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents.

E. Restricted Assets

Certain cash, cash equivalents, investments and amounts due from participating jurisdictions are classified as restricted assets on the Statement of Net Position. The trust indenture requires the Authority to maintain a debt service reserve fund, an operating reserve fund, and a renewal and replacement account. The Trustee maintains funds reserved for debt service in the amount of \$11,682,474 and the fiscal agent maintains the operating reserve fund in the amount of \$6,400,000 and the renewal and replacement account in the amount of \$8,914,126. At June 30, 2021, the localities had collected \$2,132,600 (Note 8) of transient occupancy tax that was remitted to the Authority for debt service subsequent to year-end. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as they are needed.

F. Bond Premiums and Deferred Amount on Refunding

Bond premiums and deferred amount on refunding are amortized over the life of the bonds using the bonds outstanding method.

G. Capital Assets

Capital assets include land, buildings, improvements other than buildings, construction in progress and equipment. Capital assets acquired are stated at cost. The standard threshold for capitalization of tangible property is \$5,000 or more per unit with an expected useful life greater than one year. The standard threshold for capitalization of computer software is \$50,000 with an expected useful life greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When capital assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in the results of operations.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives for capital assets are as follows: buildings range from 40 to 60 years, improvements other than buildings range from 8 to 25 years, and equipment ranges from 8 to 10 years.

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

H. Risk Management

The Authority maintains all-risk property insurance on the building and contents at replacement cost. The property policy also provides coverage for boiler and machinery risks. In addition, the Authority obtains general liability insurance to cover the premises liability and public officials' liability insurance through the Virginia Municipal League program. Global Spectrum, L.P., now doing business as Spectra Venue Management (the "Operator") assumes responsibility for the operational insurance coverages. There has not been any reduction in insurance coverage from the prior year and the amount of settlements in each of the past three years did not exceed the amount of insurance coverage.

I. Income Taxes

The Authority is a governmental entity and, therefore, is exempt from federal and state income taxes.

3. DEPOSITS AND INVESTMENTS WITH FISCAL AGENT AND TRUSTEE

As of June 30, 2021, the fair value of the Authority's deposits and investments, with their respective credit ratings, was as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|---------------------------------|---------------------|----------------------|
| Demand deposits | \$ 8,151,346 | N/A |
| Federal Home Loan Bank | 2,000,000 | AA+ |
| LGIP | 6,799,926 | AAAm |
| VIP – Stable NAV Liquidity Pool | 11,108,356 | AAAm |
| SNAP | <u>4,579,810</u> | AAAm |
| Total deposits and investments | <u>\$32,639,438</u> | |

A. Credit Risk

The County of Chesterfield, Virginia (the "County") acts as fiscal agent for the Authority and, per agreement, invests the Authority's cash balance. Accordingly, the Authority is subject to the County's investment policy. In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (the "Policy") permits investments in U.S. Government obligations; obligations of the Commonwealth of Virginia or political subdivisions thereof; certain obligations of other states; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development by the Asian Development Bank and the African Development Bank; certain prime quality commercial paper; bankers' acceptances; repurchase agreements; negotiable certificates of deposit; high quality corporate notes; and qualified investment pools including the LGIP, VIP and SNAP.

The Virginia Security for Public Deposits Act (the "Act") requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral to a pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Accordingly, all deposits in banks and savings and loans are considered to be insured.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed in accordance with GAAP. Pursuant to

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a weekly basis this valuation is compared to current market to monitor any variance. The fair value of the Authority's position in the pool is the same as the value of the pool shares. Redemptions from the LGIP can be made on any banking day.

The VIP is a Section 115 governmental trust fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP is governed by a Board of Trustees. The VIP is committed to managing certain risk limiting provisions of the VIP Stable NAV Liquidity Pool to maintain a stable net asset value (NAV) at \$1 per share, daily liquidity and a competitive yield. The VIP reports the fair value of investments, which approximates amortized costs, to its participants. The Authority reports the VIP at amortized cost.

SNAP was originally established as a professionally managed money market/mutual fund program to provide local governments with a method of pooling general obligation and note proceeds for temporary investment. SNAP assists issuing officials in complying with the arbitrage rebate requirements of the Internal Revenue Code of 1986 and the pool invests only in those investments permitted by Virginia statutes. On October 27, 2016, the SNAP Fund was established as a local government investment pool that is not registered as an investment company with the Securities Exchange Commission. The SNAP Fund values portfolio securities by the amortized cost method in accordance with GAAP and periodically monitors the relationship between the amortized cost value per share and the net asset value per share based upon available indications of market value and takes corrective action, if required, to minimize any material dilution or other unfair results which might arise from differences between amortized cost and NAV value. The fair value of the Authority's position in the pool is the same as the value of the pool shares. Redemptions from the SNAP can be made on any banking day.

The Policy establishes limitations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

| | |
|--|--------------|
| Corporate bonds | 100% maximum |
| Municipal bonds | 100% maximum |
| Commercial paper | 35% maximum |
| LGIP | 100% maximum |
| Money market funds | 75% maximum |
| Negotiable certificates of deposit | 100% maximum |
| Repurchase agreements | 100% maximum |
| U.S. Treasury obligations | 100% maximum |
| U.S. Government agency securities and instruments of government sponsored organizations | 100% maximum |
| VIP | 100% maximum |

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investor's Service, and Duff and

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

Phelps, Inc. Negotiable certificates of deposit and bank deposit notes must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service for maturities of one year or less, and a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service for maturities over one year and not exceeding five years. High quality corporate notes must be rated at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service with maturities of no more than five years. All credit ratings in the table on page 20 are ratings by Standard and Poor’s. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as “N/A” in the credit rating column in the above table.

B. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. As of June 30, 2021, \$7,102,664 of the \$8,151,346 demand deposits was exposed to custodial credit risk. since the funds were invested in money market accounts that were uncollateralized and not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the money market accounts seek to preserve the value of the investments, it is possible to incur losses. The Federal Home Loan Bank investment in the amount of \$2.0 million was unsettled at year-end and was exposed to custodial credit risk only to the extent that the counterparty holds a deposit or margin account against them.

C. Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk as follows:

| | |
|--|--------------|
| Commercial paper | 25% maximum |
| Commercial paper issue | 5% maximum |
| Repurchase agreements | 15% maximum |
| Money market funds | 10% maximum |
| Certificates of deposit – commercial banks | 45% maximum |
| Corporate bonds | 15% maximum |
| LGIP | 100% maximum |
| VIP | 100% maximum |
| U.S. Treasuries and agencies | 100% maximum |

As of June 30, 2021, excluding the demand deposits, the Authority’s investment portfolio is as follows:

| <u>Issuer</u> | <u>% of Portfolio</u> |
|------------------------|-----------------------|
| VIP | 45.4% |
| LGIP | 27.7% |
| SNAP | 18.7% |
| Federal Home Loan Bank | 8.2% |

D. Interest Rate Risk

As a means of limiting exposure to fair value losses from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than 5 years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Notes to the Financial Statements
June 30, 2021

As of June 30, 2021, the Authority had the following investments, maturities, and call dates:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity Date</u> | <u>Call Date</u> |
|---------------------------------|---------------------|----------------------|------------------|
| LGIP | \$ 6,799,926 | July 1, 2021 | N/A |
| VIP – Stable NAV Liquidity Pool | 11,108,356 | July 1, 2021 | N/A |
| SNAP | 4,579,810 | July 1, 2021 | N/A |
| Federal Home Loan Bank | <u>2,000,000</u> | January 22, 2024 | October 22, 2021 |
| Total investments | <u>\$24,488,092</u> | | |

E. Fair Value Hierarchy

The Authority's portfolio categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of investments with Level 1 inputs being quoted prices in active markets for identical assets; Level 2 inputs being significant other observable inputs; and Level 3 inputs being significant unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2021:

| Investments by fair value – Level 2 | <u>Fair Value</u> |
|-------------------------------------|-------------------|
| Federal Home Loan Bank | \$2,000,000 |

Government agencies classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique to value securities based on the securities' relationship to benchmark quoted prices.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

| | <u>Balance July 1, 2020</u> | <u>Increases</u> | <u>Balance June 30, 2021</u> |
|---|---------------------------------|----------------------|----------------------------------|
| Capital assets not being depreciated: | | | |
| Land | \$ 20,202,899 | \$ - | \$ 20,202,899 |
| Construction in progress | <u>-</u> | <u>563,795</u> | <u>563,795</u> |
| Total capital assets not being depreciated | <u>20,202,899</u> | <u>563,795</u> | <u>20,766,694</u> |
| Capital assets being depreciated: | | | |
| Buildings | 172,544,697 | - | 172,544,697 |
| Improvements other than buildings | 2,231,780 | - | 2,231,780 |
| Equipment | <u>5,190,598</u> | <u>42,440</u> | <u>5,233,038</u> |
| Total capital assets being depreciated | <u>179,967,075</u> | <u>42,440</u> | <u>180,009,515</u> |
| Less accumulated depreciation for: | | | |
| Buildings | 49,717,167 | 2,886,088 | 52,603,255 |
| Improvements other than buildings | 1,538,454 | 89,428 | 1,627,882 |
| Equipment | <u>2,680,168</u> | <u>383,240</u> | <u>3,063,408</u> |
| Total accumulated depreciation | <u>53,935,789</u> | <u>3,358,756</u> | <u>57,294,545</u> |
| Total capital assets being depreciated, net | <u>126,031,286</u> | <u>(3,316,316)</u> | <u>122,714,970</u> |
| Capital assets, net | <u>\$146,234,185</u> | <u>\$(2,752,521)</u> | <u>\$143,481,664</u> |

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

5. HOTEL TAX REVENUE BONDS

On February 29, 2000, the Authority issued bonds for the purpose of (1) financing a portion of the costs of the acquisition, expansion, renovation and replacement of a convention center facility, including the construction of access, streetscape and other improvements; (2) funding a debt service reserve fund for the Series 2000 Bonds; (3) funding payment of a portion of the interest on the bonds through December 15, 2002; and (4) paying the costs of issuing the bonds. On March 16, 2005, the Authority issued \$148,735,000 in Hotel Tax Revenue Refunding Bonds, the proceeds of which were used to refund \$138,275,000 of the outstanding Series 2000 Bonds; fund a debt service reserve fund for the Series 2005 Bonds; and pay the costs of issuing the refunding bonds.

On March 19, 2015, the Authority issued \$111,245,000 in Hotel Tax Revenue Refunding Bonds, the proceeds of which, together with other available funds, were used to defease and refund the entire outstanding Series 2005 Bonds in the aggregate principal amount of \$124,815,000 and pay the costs of issuing the refunding bonds.

Revenue bonds outstanding at June 30, 2021 are as follows:

| | Original <u>Issue Amount</u> | Interest <u>Rates</u> | Future Annual Principal <u>Requirements</u> | Amount <u>Outstanding</u> |
|--------------------------|---------------------------------|--------------------------|---|------------------------------|
| 2015 Hotel Tax, Due 2032 | \$111,245,000 | 5.00% | \$5,780,000 - \$9,330,000 | \$81,920,000 |
| Add: Premium | | | | <u>6,901,665</u> |
| Net revenue bonds | | | | <u>\$88,821,665</u> |

Debt service requirements to maturity for the revenue bonds are as follows:

| Year Ended <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|---------------------|---------------------|----------------------|
| 2022 | \$ 5,780,000 | \$ 4,096,000 | \$ 9,876,000 |
| 2023 | 6,065,000 | 3,807,000 | 9,872,000 |
| 2024 | 6,370,000 | 3,503,750 | 9,873,750 |
| 2025 | 6,685,000 | 3,185,250 | 9,870,250 |
| 2026 | 7,020,000 | 2,851,000 | 9,871,000 |
| 2027-2031 | 40,670,000 | 8,624,500 | 49,294,500 |
| 2032 | <u>9,330,000</u> | <u>466,500</u> | <u>9,796,500</u> |
| Total | <u>\$81,920,000</u> | <u>\$26,534,000</u> | <u>\$108,454,000</u> |

A summary of long-term debt transactions for the year ended June 30, 2021 is as follows:

| | Balance <u>July 1, 2020</u> | <u>Decrease</u> | Balance <u>June 30, 2021</u> | Amounts Due Within <u>One Year</u> |
|-------------------|--------------------------------|--------------------|---------------------------------|--|
| Bonds payable | \$87,425,000 | \$5,505,000 | \$81,920,000 | \$5,780,000 |
| Add: Premium | <u>8,094,962</u> | <u>1,193,297</u> | <u>6,901,665</u> | <u>1,113,776</u> |
| Net bonds payable | <u>\$95,519,962</u> | <u>\$6,698,297</u> | <u>\$88,821,665</u> | <u>\$6,893,776</u> |

For the year ended June 30, 2021, the Authority reported total bond amortization and interest expense in the amount of \$3,514,357. This includes \$4,371,250 of interest paid on the Series 2015 Bonds, \$347,684 of deferred amount on refunding costs amortization and \$167,869 of interest accrued for the Series 2003 and 2015 Bonds, less \$1,193,297 of bond premium amortization and \$179,149 of interest accrued in the prior year.

The Authority, as security for payment of any outstanding principal and interest on the Bonds, pledged and assigned without recourse to the Trustee the following property: (1) all rights, title

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

and interest in the pledged revenues, which includes the transient occupancy tax collections and earnings on the debt service reserve fund; (2) all land, buildings, improvements and equipment; and (3) funds held by the Trustee in the bond accounts. The outstanding bonds contain a provision that in an event of default, the timing of repayment of the outstanding amounts become immediately due if the Authority is unable to make payment.

6. OPERATING AGREEMENTS

A. Operations

On July 1, 2012, the Authority entered into an operating agreement with the Operator, to manage and operate the Greater Richmond Convention Center. The agreement requires the Authority to provide the Operator with all funds necessary to pay operating expenses incurred to the extent that operating revenues are insufficient. For the year ended June 30, 2021, the Operator had a deficit of \$2,734,278. The Authority paid a total of \$2,516,598 to the Operator during the current year, which includes the Operator's deficit, an advance of \$62,114 at June 30, 2021, previous year's accrued liability of \$14,772 less current year's accrued liability of \$294,566.

The Authority reimburses the Operator for capital expenditures made in accordance with the approved capital expense budget. Total payments to the Operator in fiscal year 2021 for capital expenditures were \$1,248,048. The Authority reimbursed the Operator \$56,271 for expenses accrued in the previous year and accrued a liability in the amount of \$92,226 at year-end for reimbursement of capital expenses.

The Operator's financial activity for the year ended June 30, 2021 is reported below:

| | |
|------------------------|----------------------|
| Operating revenues | \$ 871,582 |
| Operating expenses | <u>(3,899,444)</u> |
| Operating loss | (3,027,862) |
| Non-operating revenues | <u>293,584</u> |
| Net loss | <u>\$(2,734,278)</u> |

B. Food Service

On July 1, 2008, the Authority entered into a food service management agreement with ARAMARK Corporation (the "Aramark") to provide food services at the Greater Richmond Convention Center. For the year ended June 30, 2021, Aramark reported Authority-related net operating loss of \$797,897. During the year, the Authority made payments to Aramark in the amount of \$959,270, which includes net food and beverage deficit, previous year's accrued liability in the amount of \$308,998, less accrued liability of \$147,625 at June 30, 2021. The food service financial activity for the year ended June 30, 2021 is reported as follows:

| | |
|----------------------------|--------------------|
| Operating revenues | \$ 227,142 |
| Operating expenses | <u>(925,039)</u> |
| Operating loss | (697,897) |
| Non-operating expenses | <u>(100,000)</u> |
| Net food and beverage loss | <u>\$(797,897)</u> |

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Notes to the Financial Statements
June 30, 2021

7. TRANSIENT OCCUPANCY TAX COLLECTIONS

Section 58.1-3819 of the Code of Virginia authorizes the Counties of Chesterfield, Hanover, and Henrico (the “Counties”) to levy a 2% transient occupancy tax and the City to levy a 5% transient occupancy tax on accommodations rented for fewer than 30 consecutive days. In accordance with Section 58.1-3823 of the Code of Virginia, the Counties and the City levied additional taxes designated to be spent for tourism and the expansion of the convention center. Effective August 1, 1996, the Counties levied an additional 4% and the City levied an additional 1% tax, bringing all localities to a 6% tax. Effective August 1, 1998, an additional 2% tax was levied by all localities which, for the Counties, is restricted for the convention center project.

Each locality collects, administers and enforces the transient occupancy tax. All hotels are required to report its liability for the occupancy tax to the locality and remit the full amount of such taxes on or before the 20th day of the month following the month in which the liability occurred. On the 15th of the following month, the localities electronically transmit the tax collected to the Authority in accordance with the Hotel Tax Payment Agreement.

8. RELATED-PARTY TRANSACTIONS

Fiscal Agent Agreement: On April 17, 1998, the Commission of the Authority adopted a resolution designating Chesterfield County to act as its fiscal agent effective July 1, 1998 and the County accepted such designation. On May 19, 1999, the Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Authority to (1) direct and monitor the investment and disbursement of funds held by the trustee from future revenue bonds; (2) receive and manage revenues transferred on behalf of the Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with GAAP and coordinate with outside independent auditors; (4) monitor and control the Authority’s budget, and (5) secure arbitrage reporting and financial advisory services. In accordance with the terms of the fiscal agent agreement, during the current year, the Authority made payments of \$96,750 to the County and accrued a liability of \$32,250. The agreement is effective until the Authority or the County gives written notice to the other of its desire to terminate the agreement.

Interlocal Agreement: Each locality intends that its respective tax payment will be sufficient to fund its allocated share of operating costs. If a locality’s annual tax payment is not sufficient to meet its allocated share, each locality has agreed to appropriate and pay the amount of such deficiency in excess of \$1.5 million to the Authority (the “Due To payment”). The Authority will deposit these funds into the Residual Account and distribute the funds to the other localities for tax remitted in excess of their allocated share. Any monies on deposit in the Authority’s Residual Account at the end of each fiscal year will be distributed, subject to the approval of the Authority, to the participating jurisdictions as set forth in the Agreement.

The first distribution of Residual Account monies is to rebate an amount equal to 25% percent of the aggregate tax payments made, provided that the participating jurisdiction’s tax payment exceeded its allocated share. The total rebate for fiscal year 2021 is \$3,581,650.

The second distribution of Residual Account monies is to rebate the amount of tax remitted in excess of the participating jurisdictions’ respective allocated share. The total excess tax rebate for fiscal year 2021 is \$1,975,283.

The City’s tax payment was not sufficient to meet its allocated share for fiscal year 2021. In accordance with the Interlocal Agreement, the City is required to pay the cumulative “due to” balance in excess of \$1.5 million. At June 30, 2021, the City’s cumulative liability is \$3,448,079,

GREATER RICHMOND CONVENTION CENTER AUTHORITY

Notes to the Financial Statements

June 30, 2021

including the \$1.5 million, and the City is required to pay \$1,948,079 to the Authority by December 1, 2021.

For the year ended June 30, 2021, the amount of transient occupancy tax revenue, the rebate and the excess tax owed at year-end are noted as follows:

| | Occupancy Tax | Rebate | Excess Tax Rebate | Total Rebate |
|---------------------|---------------------|--------------------|----------------------|--------------------|
| City of Richmond | \$ 3,821,590 | \$ - | \$ - | \$ - |
| Henrico County | 8,943,748 | 2,235,937 | 920,232 | 3,156,169 |
| Chesterfield County | 4,583,087 | 1,145,772 | 879,399 | 2,025,171 |
| Hanover County | <u>799,767</u> | <u>199,941</u> | <u>175,652</u> | <u>375,593</u> |
| Total | <u>\$18,148,192</u> | <u>\$3,581,650</u> | <u>\$1,975,283</u> | <u>\$5,556,933</u> |

At June 30, 2021, the localities had collected \$2,132,600 of transient occupancy tax that was remitted to the Authority subsequent to year-end.

9. CONTINGENT LIABILITIES

During the year, the Commonwealth of Virginia’s Department of Taxation performed a sales and use tax audit of the Authority resulting in a \$245,894 tax assessment. The Authority intends to appeal the assessment; the amount, if any, due after the appeal process cannot be determined at this time.

10. SUBSEQUENT EVENT

On September 17, 2021, the Authority authorized the refunding of a portion of the outstanding 2015 Bonds to achieve debt service savings. The Authority will issue and sell taxable hotel tax revenue refunding bond (the “2021 Bond”) and use the proceeds to defease and advance refund the 2015 Bonds. Then 90 days prior to the call date of September 15, 2025, if permissible, issue and sell tax-exempt hotel tax revenue refunding bond (the “2025 Bond”) and use the proceeds to currently refund the 2021 Bond. The 2021 Bond is due June 15 in each of the years 2022 through 2032. Interest on this bond is due semiannually in December and June beginning December 2021. The taxable rate is fixed at 2.09% and the tax-exempt forward rate commitment is fixed at 1.60%. Closing on the 2021 Bond is expected to take place on September 29, 2021.



STATISTICAL SECTION (unaudited)

This part of the Greater Richmond Convention Center Authority’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements and required supplementary information says about the Authority’s overall financial health.

| | <u>Pages</u> |
|---|--------------|
| Financial Trends | 29-30 |
| <i>These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 31-32 |
| <i>These schedules contain information to help the reader assess the Authority’s significant revenue source, and transient occupancy tax collections.</i> | |
| Debt Capacity | 33-34 |
| <i>These schedules present information to help the reader assess the affordability of the Authority’s current level of outstanding debt.</i> | |
| Demographic and Economic Information..... | 35-36 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment of the Greater Richmond region.</i> | |
| Operating Information..... | 37-38 |
| <i>These schedules present information related to the level of activity at the facility and infrastructure data to help the reader understand the operating activities at the Greater Richmond Convention Center.</i> | |



Table I

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Net Position
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013* | 2012 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net investment in capital assets | \$ 66,548,897 | \$ 62,950,805 | \$ 59,686,277 | \$ 55,361,494 | \$ 52,093,425 | \$ 48,613,620 | \$ 45,281,550 | \$ 46,258,002 | \$ 44,528,299 | \$ 43,351,324 |
| Restricted for: | | | | | | | | | | |
| Debt Service | 3,769,205 | 2,007,027 | 5,372,905 | 5,086,326 | 4,861,566 | 4,794,050 | 4,521,806 | 4,012,934 | 3,636,615 | 3,817,157 |
| Operations | 5,895,461 | 6,034,054 | 6,398,713 | 6,357,525 | 6,395,964 | 6,386,862 | 6,371,568 | 6,370,323 | 6,329,070 | 6,393,838 |
| Renewal and Replacement | 8,821,900 | 10,438,483 | 11,860,289 | 11,006,906 | 9,067,940 | 7,590,643 | 5,898,059 | 5,053,455 | 4,455,847 | 3,983,309 |
| Unrestricted | 154,652 | 1,767,213 | (1,952,919) | (1,744,165) | (1,558,882) | (1,460,749) | (1,134,430) | (1,133,057) | 115,682 | 1,769,310 |
| Total net position | \$ 85,190,115 | \$ 83,197,582 | \$ 81,365,265 | \$ 76,068,086 | \$ 70,860,013 | \$ 65,924,426 | \$ 60,938,553 | \$ 60,561,657 | \$ 59,065,513 | \$ 59,314,938 |

* In fiscal year 2014, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which requires bond issuance costs to be recognized as an expense in the period incurred. As a result, net position as of June 30, 2013 was restated by \$1,535,379. For statistical reporting purposes, net position amounts prior to June 30, 2013 were not restated.

Table II

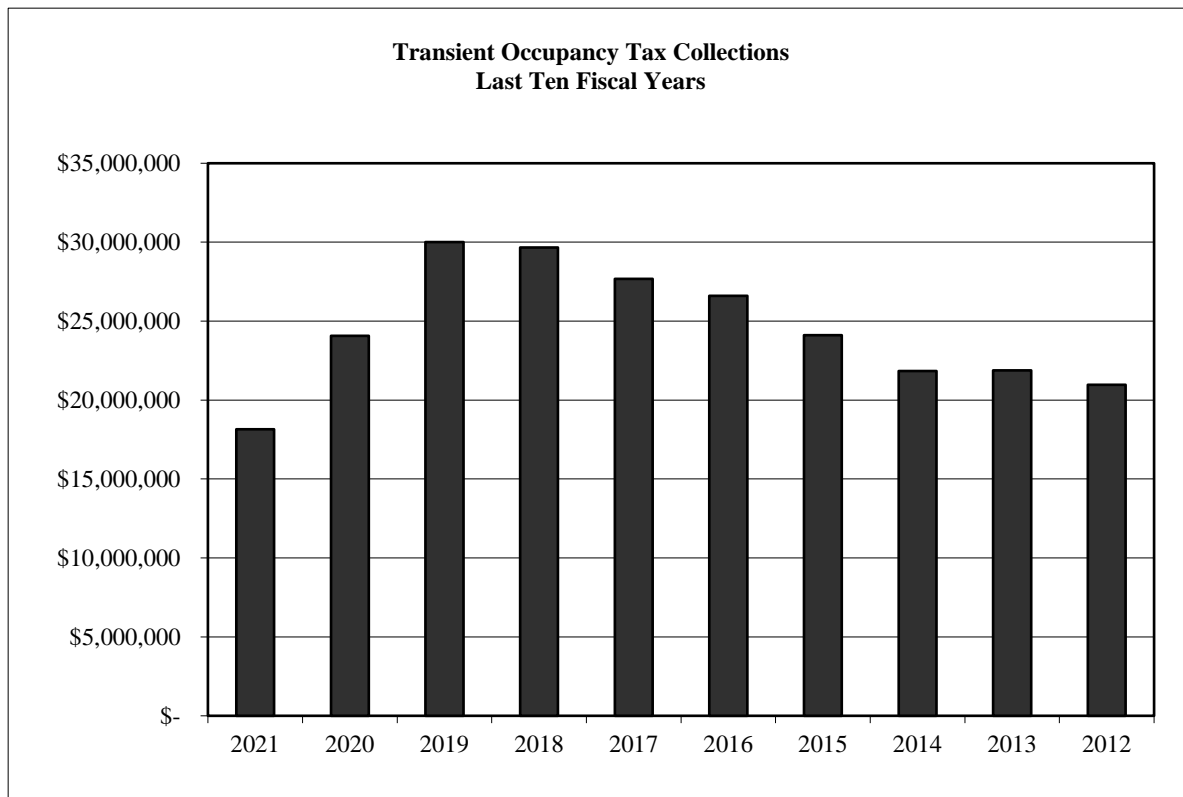
GREATER RICHMOND CONVENTION CENTER AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013* | 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Operating revenues: | | | | | | | | | | |
| Net food and beverage revenues | \$ (797,897) | \$ 156,441 | \$ 797,971 | \$ 722,839 | \$ 1,077,036 | \$ 633,446 | \$ 857,785 | \$ 760,778 | \$ 496,956 | \$ 595,637 |
| Operating expenses: | | | | | | | | | | |
| Operator expenses | 2,734,278 | 2,641,052 | 2,046,939 | 1,883,976 | 1,677,367 | 1,742,899 | 1,858,183 | 1,888,218 | 1,961,518 | 2,065,161 |
| Depreciation expense | 3,358,756 | 3,328,236 | 3,254,368 | 3,216,093 | 3,196,618 | 3,123,387 | 3,090,019 | 3,072,278 | 3,085,365 | 3,122,401 |
| Marketing | 525,000 | 665,200 | 650,000 | 456,848 | 550,000 | 600,000 | 350,000 | 350,000 | 350,000 | 350,000 |
| Professional services | 415,157 | 449,685 | 425,887 | 534,153 | 473,448 | 543,987 | 485,276 | 418,360 | 476,573 | 411,713 |
| Insurance | 242,851 | 202,944 | 195,957 | 192,931 | 192,396 | 192,395 | 203,536 | 234,138 | 222,453 | 161,316 |
| Facility expenses | 1,010,347 | 1,063,284 | 607,591 | 177,883 | 161,031 | 234,499 | 56,721 | 158,963 | 285,246 | 182,507 |
| Miscellaneous | 270,443 | 3,132 | 4,081 | 4,131 | 4,630 | 3,490 | 5,330 | 2,940 | 5,160 | 2,902 |
| Total operating expenses | 8,556,832 | 8,353,533 | 7,184,823 | 6,466,015 | 6,255,490 | 6,440,657 | 6,049,065 | 6,124,897 | 6,386,315 | 6,296,000 |
| Operating loss | (9,354,729) | (8,197,092) | (6,386,852) | (5,743,176) | (5,178,454) | (5,807,211) | (5,191,280) | (5,364,119) | (5,889,359) | (5,700,363) |
| Non-operating revenues (expenses): | | | | | | | | | | |
| Transient occupancy tax | 18,148,192 | 24,073,302 | 30,014,047 | 29,661,267 | 27,686,324 | 26,594,206 | 24,103,596 | 21,839,527 | 21,872,033 | 20,975,079 |
| Reimbursement from participating jurisdictions | 1,948,079 | - | - | - | - | 5,369 | 704,572 | 1,349,636 | 1,272,419 | 1,573,963 |
| Interest income | 51,938 | 730,984 | 807,974 | 440,490 | 215,945 | 150,288 | 104,211 | 100,199 | 228,247 | 373,215 |
| Net increase (decrease) in fair value of investments | (257) | (8,366) | 171,969 | (92,840) | (34,656) | 16,985 | 4,711 | 43,433 | (225,347) | (288,001) |
| Transfer from Aramark for capital | - | 100,000 | - | 100,000 | - | 100,000 | 100,000 | - | - | - |
| Transient occupancy tax rebate | (5,556,933) | (11,143,481) | (15,481,571) | (15,033,795) | (13,438,385) | (11,598,910) | (10,159,228) | (8,734,668) | (8,499,246) | (8,286,742) |
| Bond amortization and interest expense | (3,514,357) | (3,723,030) | (3,923,388) | (4,123,873) | (4,315,187) | (4,474,854) | (8,165,793) | (7,083,538) | (7,326,766) | (7,741,854) |
| Bond issuance costs | - | - | - | - | - | - | (1,138,893) | - | - | - |
| Miscellaneous revenues | 270,600 | - | 95,000 | - | - | - | 15,000 | - | - | 45,190 |
| Net non-operating revenues | 11,347,262 | 10,029,409 | 11,684,031 | 10,951,249 | 10,114,041 | 10,793,084 | 5,568,176 | 7,514,589 | 7,321,340 | 6,650,850 |
| Extraordinary item - insurance recovery (disbursements), net | - | - | - | - | - | - | - | (654,326) | - | (133,627) |
| Change in net position | \$ 1,992,533 | \$ 1,832,317 | \$ 5,297,179 | \$ 5,208,073 | \$ 4,935,587 | \$ 4,985,873 | \$ 376,896 | \$ 1,496,144 | \$ 1,431,981 | \$ 816,860 |

* Fiscal year 2013 was restated for the adoption of GASB 65. For statistical reporting purposes, amounts for fiscal years prior to June 30, 2013 were not restated.

**GREATER RICHMOND CONVENTION CENTER AUTHORITY
 Transient Occupancy Tax Collections
 Last Ten Fiscal Years**

The *Code of Virginia* authorizes the Counties of Chesterfield, Hanover, and Henrico (the Counties) to levy a two-percent and the City of Richmond to levy a five-percent transient occupancy tax. On August 1, 1996, the Counties levied an additional four-percent and the City levied an additional one-percent tax designated to be spent for the expansion of the convention center. On August 1, 1998, an additional two-percent tax was levied by all localities bringing the total tax to eight-percent. Beginning with the August 1999 transfer, all localities began remitting the entire eight-percent occupancy tax collected to the Authority.



GREATER RICHMOND CONVENTION CENTER AUTHORITY
Hotel Room Information
Last Ten Calendar Years

The following tables show the average occupancy rates and the average daily room rates for the current inventory of hotels, motels and other facilities offering guest rooms rented out for continuous occupancy for fewer than thirty days.

| Occupancy Rates by Participating Jurisdiction* | | | | | | | | |
|--|------------------|----------|----------------|----------|---------------------|----------|----------------|----------|
| Calendar Year | City of Richmond | | Henrico County | | Chesterfield County | | Hanover County | |
| | Occupancy | % Change | Occupancy | % Change | Occupancy | % Change | Occupancy | % Change |
| 2020 | 36.2% | -45.9% | 47.2% | -31.5% | 53.3% | -22.3% | 38.6% | -26.3% |
| 2019 | 66.9% | 5.2% | 68.9% | 0.9% | 68.6% | 3.9% | 52.4% | -14.0% |
| 2018 | 63.6% | 2.4% | 68.3% | 0.6% | 66.0% | 3.1% | 60.9% | -0.2% |
| 2017 | 62.1% | -2.4% | 67.9% | 1.0% | 64.0% | -1.5% | 61.0% | 29.0% |
| 2016 | 63.6% | 0.6% | 67.2% | 1.8% | 65.0% | 2.2% | 47.3% | -0.2% |
| 2015 | 63.2% | -3.7% | 66.0% | 13.8% | 63.6% | 3.1% | 47.4% | |
| 2014 | 65.6% | 8.4% | 58.0% | 7.2% | 61.7% | 6.7% | * | |
| 2013 | 60.5% | 1.3% | 54.1% | 4.8% | 57.8% | -8.1% | * | |
| 2012 | 59.7% | 1.2% | 51.6% | 3.2% | 62.9% | 6.3% | * | |
| 2011 | 59.0% | 11.1% | 50.0% | 7.5% | 59.2% | 4.6% | * | |

* Information is not available for Hanover County.

| Average Daily Room Rates (ADR) by Participating Jurisdiction* | | | | | | | | |
|---|------------------|----------|----------------|----------|---------------------|----------|----------------|----------|
| Calendar Year | City of Richmond | | Henrico County | | Chesterfield County | | Hanover County | |
| | ADR | % Change | ADR | % Change | ADR | % Change | ADR | % Change |
| 2020 | \$113.62 | -17.0% | \$77.64 | -19.0% | \$74.27 | -11.9% | \$81.44 | -15.2% |
| 2019 | 136.91 | 1.6% | 95.83 | -2.5% | 84.32 | -1.6% | 96.07 | 1.3% |
| 2018 | 134.69 | 2.2% | 98.25 | 3.2% | 85.69 | 2.4% | 94.85 | 0.3% |
| 2017 | 131.84 | 5.9% | 95.17 | 1.4% | 83.66 | 3.0% | 94.52 | 7.9% |
| 2016 | 124.52 | 3.2% | 93.90 | 2.8% | 81.21 | 4.2% | 87.56 | -1.3% |
| 2015 | 120.69 | 24.6% | 91.32 | 10.7% | 77.94 | 7.1% | 88.72 | |
| 2014 | 96.85 | 4.6% | 82.49 | 3.2% | 72.79 | 3.6% | * | |
| 2013 | 92.60 | 1.7% | 79.96 | 4.0% | 70.26 | 1.1% | * | |
| 2012 | 91.08 | 2.6% | 76.87 | 3.0% | 69.50 | 2.5% | * | |
| 2011 | 88.73 | -0.1% | 74.62 | 0.9% | 67.79 | 2.4% | * | |

* Information is not available for Hanover County.

| Hotel Room Inventory | | | | | |
|----------------------|--|-----------|---------------|--|-----------|
| Calendar Year | | Inventory | Calendar Year | | Inventory |
| 2020 | | 17,172 | 2015 | | 16,646 |
| 2019 | | 17,027 | 2014 | | 16,568 |
| 2018 | | 17,131 | 2013 | | 16,751 |
| 2017 | | 16,566 | 2012 | | 16,686 |
| 2016 | | 16,500 | 2011 | | 16,740 |

Source: Richmond Region Tourism

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Ratios of Outstanding Debt
Last Ten Fiscal Years

| Fiscal Year | Revenue Bonds | Transient Occupancy Tax | Hotel Room Inventory | Transient Occupancy Tax Per Hotel Room | Debt as Percentage of Transient Occupancy Tax | Debt per Hotel Room |
|----------------|------------------|-------------------------------|----------------------------|---|---|---------------------------|
| 2021 | \$ 88,821,665 | \$18,148,192 | 17,172 | \$ 1,057 | 489.42% | \$ 5,172 |
| 2020 | 95,519,962 | 24,073,302 | 17,027 | 1,414 | 396.79% | 5,610 |
| 2019 | 102,023,938 | 30,014,047 | 17,131 | 1,752 | 339.92% | 5,956 |
| 2018 | 108,879,965 | 29,661,267 | 16,566 | 1,790 | 367.08% | 6,572 |
| 2017 | 115,544,626 | 27,686,324 | 16,500 | 1,678 | 417.33% | 7,003 |
| 2016 | 122,034,678 | 26,594,206 | 16,646 | 1,598 | 458.88% | 7,331 |
| 2015 | 128,352,057 | 24,103,596 | 16,568 | 1,455 | 532.50% | 7,747 |
| 2014 | 135,333,941 | 21,839,527 | 16,751 | 1,304 | 619.67% | 8,079 |
| 2013* | 140,511,655 | 21,872,033 | 16,686 | 1,311 | 642.43% | 8,421 |
| 2012 | 135,451,937 | 20,975,079 | 16,740 | 1,253 | 645.78% | 8,092 |

Transient occupancy tax is deemed to be a more appropriate economic base and calculating total debt per hotel room is more relevant for the Authority's operations.

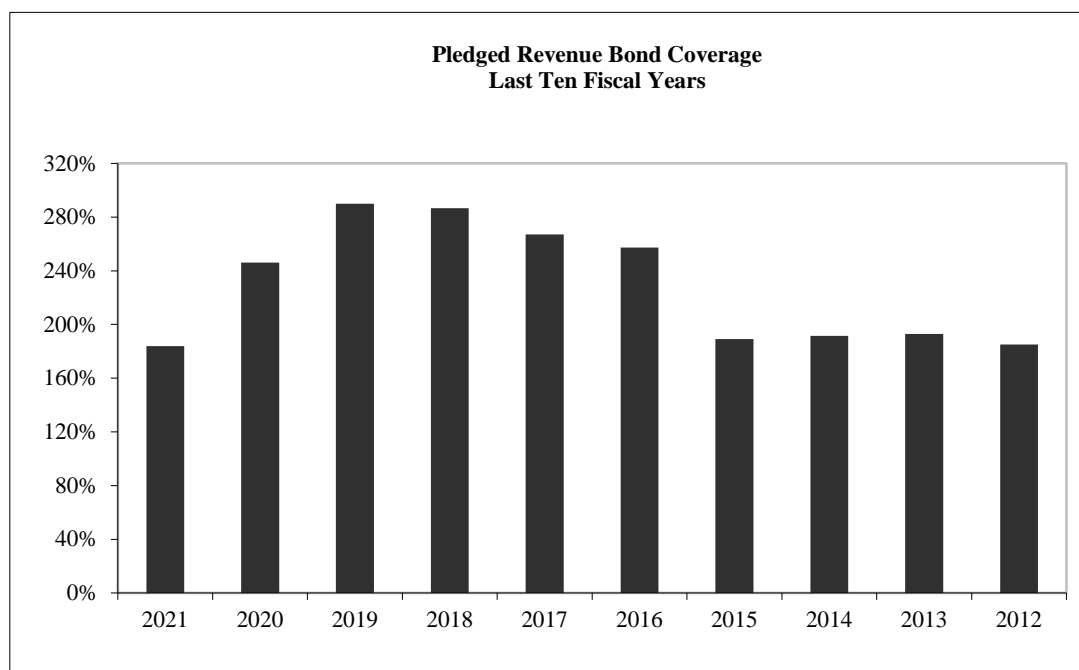
* Fiscal year 2013 was restated for the adoption of GASB 65. For statistical reporting purposes, amounts for fiscal years prior to June 30, 2013 were not restated.

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Pledged-Revenue Coverage
Last Ten Fiscal Years

In February 2000 and August 2003, the Authority issued hotel tax revenue bonds to finance the expansion of the convention center and fund other debt related costs. In March 2005, the Authority issued hotel tax revenue refunding bonds to refund a portion of the outstanding Series 2000 bonds principal and fund other debt related costs. In March 2015, the Authority issued hotel tax revenue refunding bonds to refund the outstanding Series 2005 bonds principal and fund other debt related costs. The primary source of funds for the payment of the Series 2003 and the Series 2015 Hotel Tax Revenue Bonds is the pledged revenues, which include the transient occupancy tax remitted by the participating jurisdictions and interest earnings on the debt service reserve fund (DSRF). As of June 30, 2021, the Authority's outstanding debt consisted of Series 2015 Hotel Tax Revenue Bonds.

The following table shows the pledged revenues (transient occupancy tax plus interest earned on the DSRF), other revenues (other interest income, net increase or decrease in fair value of investments, and miscellaneous income), operating expenses (excluding depreciation and facility expenses), the annual debt service requirement on the Bonds and the resulting debt service coverage ratio for pledged revenues and net revenues, for each of the ten fiscal years shown. More detailed information about the Authority's Hotel Tax Revenue Bonds liability is presented in Note 5 of the notes to the financial statements.

| Hotel Tax Revenue Bonds | | | | | | | | | |
|-------------------------|------------------|----------------|-------------------------|---|---------------------------|--------------|--------------|-------------------------------|---------------------------|
| Fiscal Year | Pledged Revenues | Other Revenues | Less Operating Expenses | Net Revenues Available for Debt Service | Debt Service Requirements | | | Pledged Debt Service Coverage | Net Debt Service Coverage |
| | | | | | Principal | Interest | Total | | |
| 2021 | \$ 18,167,933 | \$ 302,540 | \$ 4,985,626 | \$ 13,484,847 | \$ 5,505,000 | \$ 4,371,250 | \$ 9,876,250 | 183.96% | 136.54% |
| 2020 | 24,284,833 | 667,528 | 3,962,013 | 20,990,348 | 5,235,000 | 4,633,000 | 9,868,000 | 246.10% | 212.71% |
| 2019 | 30,155,228 | 1,731,733 | 3,322,864 | 28,564,097 | 5,515,000 | 4,888,091 | 10,403,091 | 289.87% | 274.57% |
| 2018 | 29,774,671 | 957,084 | 3,072,039 | 27,659,716 | 5,255,000 | 5,136,561 | 10,391,561 | 286.53% | 266.17% |
| 2017 | 27,753,689 | 1,190,960 | 2,897,841 | 26,046,808 | 5,015,000 | 5,373,604 | 10,388,604 | 267.16% | 250.72% |
| 2016 | 26,694,067 | 800,858 | 3,082,771 | 24,412,154 | 4,780,000 | 5,599,472 | 10,379,472 | 257.18% | 235.20% |
| 2015 | 24,173,579 | 1,011,724 | 2,902,325 | 22,282,978 | 5,075,000 | 7,712,810 | 12,787,810 | 189.04% | 174.25% |
| 2014 | 21,918,843 | 825,094 | 2,893,656 | 19,850,281 | 4,835,000 | 6,613,816 | 11,448,816 | 191.45% | 173.38% |
| 2013 | 22,077,606 | 294,283 | 3,015,704 | 19,356,185 | 4,600,000 | 6,836,705 | 11,436,705 | 193.04% | 169.25% |
| 2012 | 21,323,173 | 377,947 | 2,891,053 | 18,810,067 | 4,395,000 | 7,124,288 | 11,519,288 | 185.11% | 163.29% |



GREATER RICHMOND CONVENTION CENTER AUTHORITY
Demographic and Economic Statistics for each Participating Jurisdiction
Last Ten Fiscal Years

| Fiscal Year | Chesterfield County ⁽¹⁾ | | | | Hanover County ⁽²⁾ | | | |
|-------------|------------------------------------|-------------------------|----------------------------|-------------------|-------------------------------|-------------------------|----------------------------|-------------------|
| | Population | Personal Income (\$000) | Per Capita Personal Income | Unemployment Rate | Population | Personal Income (\$000) | Per Capita Personal Income | Unemployment Rate |
| 2011 | 317,000 | \$ 13,402,488 | \$ 42,279 | 7.1% | 100,822 | \$ 4,686,635 | \$ 46,484 | 6.0% |
| 2012 | 320,000 | 14,007,744 | 43,774 | 6.5% | 101,586 | 4,885,375 | 48,091 | 5.5% |
| 2013 | 324,000 | 14,796,311 | 45,668 | 6.0% | 102,623 | 4,957,473 | 48,308 | 5.1% |
| 2014 | 328,000 | 15,000,637 | 45,734 | 5.3% | 104,124 | 5,299,073 | 50,892 | 4.6% |
| 2015 | 332,000 | 15,556,631 | 46,857 | 4.5% | 105,456 | 5,714,014 | 54,184 | 3.9% |
| 2016 | 335,000 | 16,544,534 | 49,387 | 4.1% | 107,152 | 5,923,419 | 55,281 | 3.5% |
| 2017 | 339,000 | 16,963,172 | 50,039 | 3.7% | 108,706 | 6,156,881 | 56,638 | 3.3% |
| 2018 | 344,000 | 17,783,116 | 51,102 | 2.8% | 110,250 | 6,462,126 | 58,613 | 2.7% |
| 2019 | 349,000 | 18,205,527 | 52,165 | 2.9% | 111,325 | 6,525,135 | 58,613 | 2.4% |
| 2020 | 353,000 | 18,801,990 | 53,263 | 7.9% | 113,359 | 6,644,355 | 58,613 | 6.4% |

| Fiscal Year | Henrico County ⁽³⁾ | | | | Richmond City ⁽⁴⁾ | | | |
|-------------|-------------------------------|-------------------------|----------------------------|-------------------|------------------------------|-------------------------|----------------------------|-------------------|
| | Population | Personal Income (\$000) | Per Capita Personal Income | Unemployment Rate | Population | Personal Income (\$000) | Per Capita Personal Income | Unemployment Rate |
| 2011 | 311,726 | \$ 15,569,365 | \$ 49,946 | 7.0% | 205,533 | \$ 9,505,530 | \$ 46,052 | 9.5% |
| 2012 | 315,157 | 16,755,223 | 53,165 | 6.3% | 210,309 | 10,446,407 | 49,546 | 8.5% |
| 2013 | 318,158 | 17,144,560 | 53,887 | 5.9% | 214,114 | 10,035,865 | 46,894 | 7.5% |
| 2014 | 321,374 | 18,454,924 | 57,425 | 5.3% | 217,853 | 10,576,682 | 48,699 | 6.2% |
| 2015 | 325,283 | 19,456,939 | 59,815 | 4.5% | 220,289 | 11,330,718 | 51,283 | 5.2% |
| 2016 | 329,227 | 19,984,925 | 60,703 | 3.7% | 223,170 | 11,581,450 | 51,407 | 4.7% |
| 2017 | 332,368 | 21,053,607 | 63,344 | 3.7% | 227,032 | 12,164,523 | 53,581 | 4.3% |
| 2018 | 335,283 | 22,006,480 | 65,636 | 3.2% | 228,783 | 12,881,773 | 56,306 | 3.6% |
| 2019 | 339,191 | 23,135,833 | 68,209 | 2.9% | 230,436 | N/A | N/A | 3.3% |
| 2020 | 343,258 | 24,323,143 | 70,860 | 8.7% | N/A | N/A | N/A | N/A |

Sources:

- (1) Chesterfield County, Virginia, Comprehensive Annual Financial Report for the year ended June 30, 2020
- (2) Hanover County, Virginia, Comprehensive Annual Financial Report for the year ended June 30, 2020
- (3) Henrico County, Virginia, Comprehensive Annual Financial Report for the year ended June 30, 2020
- (4) Richmond City, Virginia, Comprehensive Annual Financial Report for the year ended June 30, 2020

N/A = not available

Table VIII

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Principal Private Employers in the Richmond Area
Current Year and Nine Years Ago

| Employer | 2021 ⁽¹⁾ | | | 2012 ⁽²⁾ | | |
|--|----------------------------------|------|--|---------------------|------|--|
| | Estimated Number of Employees | Rank | Percentage of Principal Employment | Employees | Rank | Percentage of Principal Employment |
| Capital One Financial Corporation | 13,000 | 1 | 12.5% | 9,995 | 1 | 9.9% |
| Bon Secours Richmond Health System | 8,416 | 2 | 8.1% | 5,991 | 4 | 5.9% |
| Virginia Commonwealth University Health System | 8,043 | 3 | 7.8% | 7,935 | 2 | 7.8% |
| HCA Virginia Health System | 7,628 | 4 | 7.4% | 7,236 | 3 | 7.1% |
| Dominion Energy / Dominion Resources | 5,433 | 5 | 5.2% | 5,378 | 6 | 5.3% |
| Truist / SunTrust Banks, Incorporated | 4,549 | 6 | 4.4% | 4,100 | 8 | 4.1% |
| Amazon.com | 4,100 | 7 | 4.0% | - | n/a | - |
| Altria Group, Incorporated | 3,850 | 8 | 3.7% | 4,110 | 7 | 4.1% |
| Federal Reserve Bank Richmond | 2,700 | 9 | 2.6% | - | n/a | - |
| Anthem Blue Cross and Blue Shield | 2,655 | 10 | 2.6% | - | n/a | - |
| Wal-Mart Stores, Incorporated | - | n/a | - | 5,462 | 5 | 5.4% |
| DuPont | - | n/a | - | 3,084 | 9 | 3.0% |
| Wells Fargo | - | n/a | - | 2,851 | 10 | 2.8% |
| Totals | 60,374 | | 58.3% | 56,142 | | 55.4% |
| Other Principal Private Employers ⁽³⁾ | 43,388 | | 41.7% | 45,062 | | 44.6% |
| Total Employees in the Richmond Area | 103,762 | | 100.0% | 101,204 | | 100.0% |

Notes:

(1) Source of data for FY 2021: Greater Richmond Partnership, Top Private Employers, July 2021

(2) Source of data for FY 2012: Richmond Times-Dispatch, April 22, 2012 list of the Top 50 Richmond Area Employers.

(3) The Other Principal Private Employers number represents the amount and percentage of the remaining top 50 private employers within the Richmond Metropolitan Statistical Area.

n/a = not applicable

Table IX

**GREATER RICHMOND CONVENTION CENTER AUTHORITY
Events at the Greater Richmond Convention Center
Last Ten Fiscal Years**

Conventions event type noted below represents events marketed and booked by the RRT and all other events were marketed and booked by the Manager. The Center is marketed by the RRT for events more than 18 months in the future and by the Manager for events less than 18 months in the future. The Authority has budgeted adequate funds to market a modern attractive convention, exhibit hall and ballroom facility. The following table provides information on the number and types of events held at the Center.

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| Events at the Greater Richmond Convention Center | | | | | | | | | | | | | | | |
|--|-----------|----------------|--------------------|------------|----------------|--------------------|------------|----------------|--------------------|------------|----------------|--------------------|------------|----------------|--------------------|
| | FY 2021* | | | FY 2020* | | | FY 2019 | | | FY 2018 | | | FY 2017 | | |
| Event Type | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance |
| Conventions | 21 | 96,422 | 4,592 | 29 | 108,654 | 3,747 | 45 | 227,026 | 5,045 | 34 | 153,709 | 4,521 | 31 | 149,008 | 4,807 |
| Trade Shows | - | - | - | 3 | 3,180 | 1,060 | 4 | 2,925 | 731 | 4 | 2,655 | 664 | 6 | 2,915 | 486 |
| Consumer Shows | 1 | 525 | 525 | 11 | 38,460 | 3,496 | 14 | 50,499 | 3,607 | 17 | 58,901 | 3,465 | 15 | 67,752 | 4,517 |
| Meetings | 14 | 1,009 | 72 | 59 | 16,247 | 275 | 84 | 27,196 | 324 | 103 | 34,718 | 337 | 120 | 42,689 | 356 |
| Special Events | 16 | 4,201 | 263 | 50 | 18,681 | 374 | 85 | 50,345 | 592 | 97 | 58,271 | 601 | 115 | 51,879 | 451 |
| Banquets | 3 | 104 | 35 | 22 | 7,280 | 331 | 37 | 16,587 | 448 | 37 | 17,013 | 460 | 48 | 20,222 | 421 |
| Sporting Events | - | - | - | 2 | 17,327 | 8,664 | 2 | 31,729 | 15,865 | 2 | 31,779 | 15,890 | 2 | 29,035 | 14,518 |
| Total | 55 | 102,261 | 1,859 | 176 | 209,829 | 1,192 | 271 | 406,307 | 1,499 | 294 | 357,046 | 1,214 | 337 | 363,500 | 1,079 |

| | FY 2016 | | | FY 2015 | | | FY 2014 | | | FY 2013 | | | FY 2012 | | |
|-----------------|------------|----------------|--------------------|------------|----------------|--------------------|------------|----------------|--------------------|------------|----------------|--------------------|------------|----------------|--------------------|
| Event Type | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance | Events | Attendance | Average Attendance |
| Conventions | 34 | 193,783 | 5,700 | 38 | 150,077 | 3,949 | 36 | 136,055 | 3,779 | 42 | 126,885 | 3,021 | 35 | 90,466 | 2,585 |
| Trade Shows | 4 | 2,925 | 731 | 6 | 3,270 | 545 | 5 | 2,375 | 475 | 4 | 2,900 | 725 | 6 | 3,150 | 525 |
| Consumer Shows | 13 | 46,124 | 3,548 | 15 | 75,228 | 5,015 | 17 | 73,181 | 4,305 | 16 | 88,692 | 5,543 | 17 | 53,689 | 3,158 |
| Meetings | 113 | 43,027 | 381 | 89 | 22,305 | 251 | 101 | 32,693 | 324 | 72 | 17,770 | 247 | 81 | 24,964 | 308 |
| Special Events | 137 | 55,915 | 408 | 121 | 58,950 | 487 | 142 | 69,757 | 491 | 167 | 67,010 | 401 | 186 | 76,497 | 411 |
| Banquets | 46 | 19,347 | 421 | 48 | 18,042 | 376 | 52 | 20,356 | 391 | 48 | 20,710 | 431 | 43 | 19,745 | 459 |
| Sporting Events | 3 | 29,080 | 9,693 | 7 | 32,811 | 4,687 | 9 | 35,638 | 3,960 | 10 | 30,324 | 3,032 | 9 | 36,947 | 4,105 |
| Total | 350 | 390,201 | 1,115 | 324 | 360,683 | 1,113 | 362 | 370,055 | 1,022 | 359 | 354,291 | 987 | 377 | 305,458 | 810 |

Source: Global Spectrum, L.P. (doing business as Spectra Venue Management), Manager of the Center and the Richmond Region Tourism (RRT)

* Due to the COVID-19 pandemic, the Commonwealth of Virginia declared a state of emergency and ordered a statewide ban on public and private gatherings to 10 or fewer people. As a result, the facility closed its doors to the public in March 2020 and did not host any events the remainder of the fiscal year. The pandemic continued to impact event activity in fiscal year 2021 as the Commonwealth's restrictions were still in place.

Table X

GREATER RICHMOND CONVENTION CENTER AUTHORITY
Capital Assets Statistics
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Convention Center (square feet) | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| Grand ballroom (square feet) | 30,550 | 30,550 | 30,550 | 30,550 | 30,550 | 30,550 | 30,550 | 30,550 | 30,550 | 30,550 |
| Seating - theatre style | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 |
| Seating - banquet style | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| Seating - classroom style | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Rooms divisible into | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Meeting rooms (square feet) | 49,825 | 49,825 | 49,825 | 49,825 | 49,825 | 49,825 | 49,825 | 49,825 | 49,825 | 49,825 |
| Number of flexible rooms | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Lecture Hall (258 fixed seats) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Exhibit Hall (square feet) | 178,159 | 178,159 | 178,159 | 178,159 | 178,159 | 178,159 | 178,159 | 178,159 | 178,159 | 178,159 |
| Rooms divisible into | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Parking deck | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of parking spaces | 440 | 440 | 440 | 440 | 440 | 440 | 440 | 440 | 440 | 440 |

Source: Global Spectrum, L.P. (doing business as Spectra Venue Management), Manager of the Center

COMPLIANCE SECTION



**Report of Independent Auditor 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***

To the Members of the Commission
Greater Richmond Convention Center Authority
Chesterfield, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Greater Richmond Convention Center Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Cherry Belmont LLP".

Richmond Virginia
September 28, 2021