



Sports & Entertainment Authority of Henrico County, Virginia

**Report to the Honorable Members
of the Board**

June 30, 2025



Independent Auditor's Report on Comments and Suggestions

To the Honorable Members of the Board of Directors
Sports & Entertainment Authority of Henrico County, Virginia
Henrico, Virginia

In planning and performing our audit of the financial statements of the business-type activities of the Sports & Entertainment Authority of Henrico County, Virginia (the "Authority") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered its 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 and to comply with any other applicable standards, such as *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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.

If material weaknesses or significant deficiencies were identified during our procedures, they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the ***Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important to merit consideration by management and

those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Authority, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Glen Allen, Virginia
June 9, 2026

Sports & Entertainment Authority of Henrico County, Virginia

Comments and Suggestions

June 30, 2025

Sports & Events Center Budget

During our testing over budget versus actual, we noted that the budgeted figures for the year ended June 30, 2025, were not reasonable and appropriately budgeted. This was mainly due to the Sports & Events Center (the "Center") only having eight months of activity in the prior year. We recommend that historical information from a comparable venue be considered in the preparation of a budget for the Center until the historical data for the Center comes available. Once the Center has historical data, that should be considered as the starting point to prepare the annual budget. An appropriate budget for the Center will also ensure that there is appropriate oversight of the Center's performance in reports that are provided to the Authority and its Board.