# Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

## Comprehensive Annual Financial Report

## For the Years Ended June 30, 2020 and 2019

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# Comprehensive Annual Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Fiscal Years Ended June 30, 2020 and 2019

Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2020 and 2019

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LAS VEGAS
McCARRAN INTERNATIONAL AIRPORT

Department of Aviation

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DIRECTOR

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November 25, 2020

To the Board of County Commissioners and County Manager of Clark County, Nevada:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Clark County Department of Aviation (Department) for the fiscal year ended June 30, 2020. These financial statements were audited, as required by Nevada Revised Statues §354.624, by Crowe LLP, independent certified public accountants.

The Department's management is responsible for the accuracy of the data presented in the financial statements, along with the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, and as indicated in the unmodified opinion of our independent auditors, this report fairly presents and fully discloses, in all material respects, the Department's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles (GAAP) in the United States of America.

In developing and evaluating the Department's accounting system, consideration is given to the adequacy of internal controls. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. The Department's management believes the Department's internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Management's Discussion and Analysis, located in the Financial Section of the CAFR, should be read in conjunction with this Letter of Transmittal.

Reporting Entity

The Department is a single enterprise fund of Clark County, Nevada (County), and operates as a self-supporting entity. The seven-member Board of County Commissioners (Board) is responsible for governing the affairs of the Department. The Director of Aviation is appointed by the Board and reports directly to the County Manager. The Department is a self-supporting entity and is not subsidized by any tax revenues of the County.

The County owns, and the Department operates and maintains, the McCarran International Airport (McCarran) and four general aviation airports. McCarran occupies approximately 2,800 acres and is located one mile from the Las Vegas Strip, which is the center of the Las Vegas gaming and entertainment industry. McCarran is one of the top ten busiest airports in North America in terms of passenger volume. The Department also operates the following general aviation airports: North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center and Overton-Perkins Field. The North Las Vegas Airport is the second-busiest airport in the State of Nevada in terms of aircraft operations. The Henderson Executive Airport features a state-of-the-art terminal, private hangar facilities, and a Federal Aviation Administration control tower designed to meet the needs of the business aviation community.

The Jean Sports Aviation Center and Overton-Perkins Field are primarily used for recreational aviation purposes. All the airports operated and maintained by the Department are collectively referred to as the Airport System.

Economic Outlook

Prior to the spread of COVID-19, McCarran experienced consistent passenger growth for several years. The operations and business results of the Department have been significantly impacted by the COVID-19 pandemic in the fourth quarter of FY 2020. Through the first eight months of FY 2020, enplaned passenger counts at the Airport increased 4.9% compared to the first eight months of FY 2019. After the continued spread of the coronavirus, enplaned passenger counts at the Airport decreased 78.7% from March through June when comparing FY 2019 to FY 2020. The Department cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic.

Financial Information

The Department's total operating revenues decreased from $565.9 million in fiscal year 2019 to $497.8 million in fiscal year 2020, a decrease of $68.1 million. The decrease in operating revenues primarily is attributed to the decrease in passenger traffic attributed to the coronavirus pandemic. Operating expenses were $286.2 million, which is $25.4 million less than the budgeted costs of $311.6 million. This is primarily due to cost containment measures. The Department remains committed to implementing and maintaining Airport System- wide cost containment measures. Through these measures, the Department has kept the airline cost per enplaned passenger reasonable and consistent considering the current air travel environment. The airline cost per enplaned passenger was $12.55 for fiscal year 2020.

The Department is current on all its outstanding bond obligations and has made all scheduled debt service payments. The Department's bonds were issued to provide funding for capital assets to be acquired or constructed. As of June 30, 2020, the current bond proceeds available are anticipated to be used for airfield projects. The Department does not anticipate issuing any new debt to fund its current capital improvement plan. All outstanding bonds are secured by pledges of Airport System revenues, however, Passenger Facility Charge (PFC) bonds and Jet A bonds, are primarily secured by PFC and Jet A fuel tax revenues, respectively.

The Department's financial policies remained consistent in fiscal year 2020, in comparison to fiscal year 2019.

Awards

McCarran was ranked third place in customer satisfaction, by J.D. Power, for the 2019 North America Airport Satisfaction Study. McCarran finished in first place in customer satisfaction the previous year. This recognition was based on responses from more than 40,000 North American travelers who passed through at least one domestic airport, and the study covers both departure and arrival experiences.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Department for its CAFR for the fiscal year ended June 30, 2019, as well as for the fiscal year ended June 30, 2018. This was the 15$^{th}$ consecutive year that the Department has received this prestigious award. In order to be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiency organized CAFR that meets both GAAP and applicable eligibility requirements. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA, to determine the Department's eligibility to receive a certificate for this CAFR.

Acknowledgments

The extraordinary success of the Department is a direct result of the leadership and support of the Board and the County Manager. The employees of the Department and the airlines, as well as the tenants of the Airport System, are also recognized for making a tremendous effort in promoting the success of the Airport System.

We thank the Board for its continuing support of the Department, for its efforts to conduct financial operations in a responsible and progressive manner, and for its commitment to making the Department a global leader in its industry.

The preparation of this report is the product of the dedicated service and professionalism of the staff of the Department’s Finance Division. We also thank all other members of the Department's staff who contributed to the preparation of this report.

Sincerely submitted,

Rosemary A. Vassiliadis
Director of Aviation

Joseph M. Piurkowski
Airport Chief Financial Officer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Clark County Department of Aviation**

**Nevada**

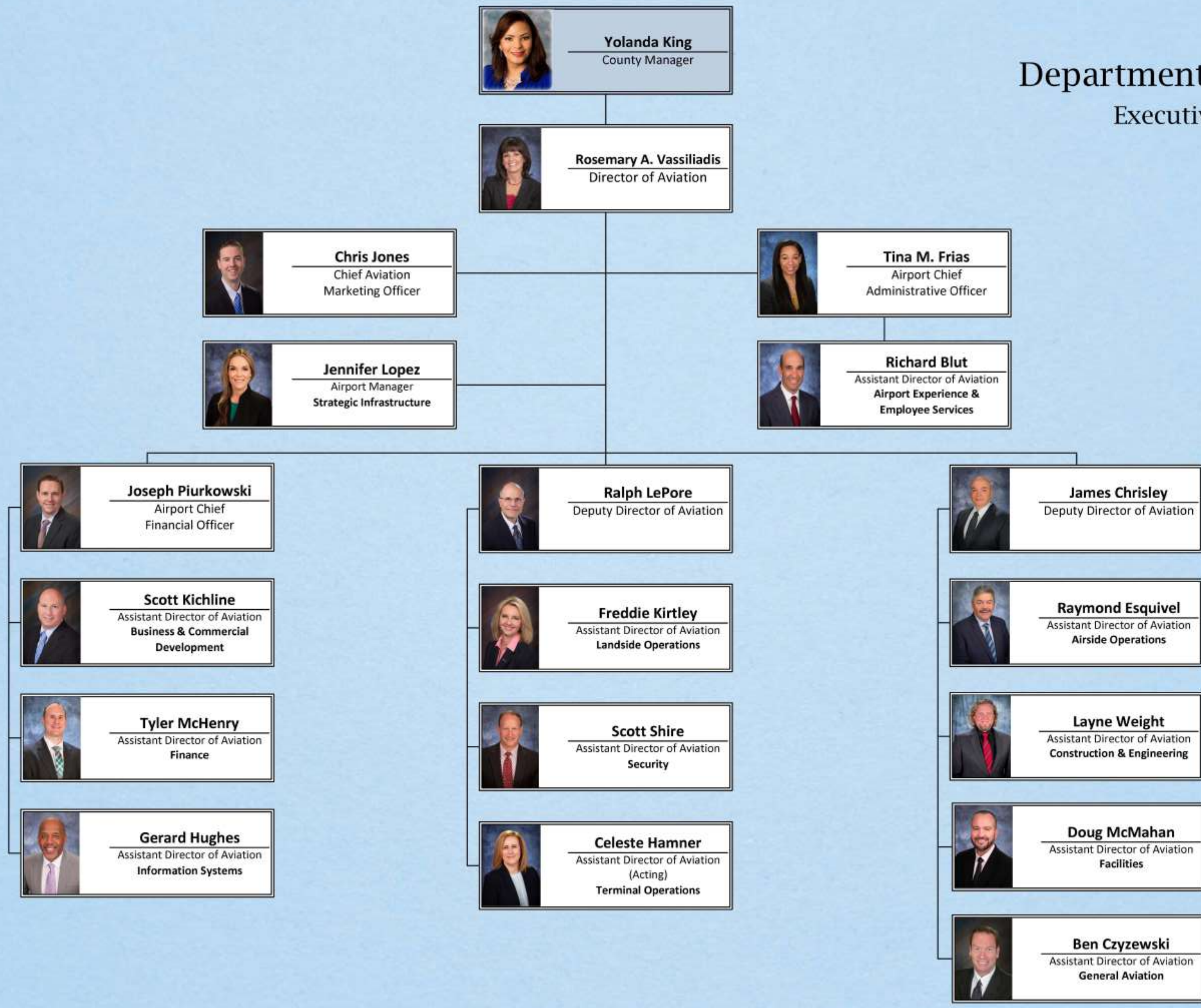
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2019**

Christopher P. Morrill

Executive Director/CEO

# Department of Aviation
## Executive Team



# Financial Section

# INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Clark County Department of Aviation
Las Vegas, Nevada

## Report on the Financial Statements

We have audited the accompanying financial statements of the Clark County Department of Aviation (the "Department"), an enterprise fund of Clark County, Nevada (the "County") as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Department'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 Department'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 Department'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 Department as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1(a), the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, schedule of defined benefit plan contributions, schedule of changes in the net other post employment benefit plan liability and related ratios, and schedule of other post employment benefit plan contributions – CCSF, 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 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The introductory section, schedule of airport revenue bond debt service coverage, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of airport revenue bond debt service coverage is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of airport revenue bond debt service coverage has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of airport revenue bond debt service coverage is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 November 25, 2020 on our consideration of the Department'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 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 Department'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 Department's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 25, 2020

## Introduction

The following is Management's Discussion and Analysis (MD&A) of the financial performance and activity of the Clark County Department of Aviation. The MD&A provides an introduction to and understanding of the financial statements of the Department for the fiscal years (FYs) ended June 30, 2020 (FY 2020) and 2019 (FY 2019), with selected comparable data for the fiscal year ended June 30, 2018 (FY 2018). This section should be read in conjunction with the transmittal letter, financial statements, and notes, to gain a better understanding of the information presented in MD&A.

The Clark County Department of Aviation (Department) is a department of Clark County (County), a political subdivision of the State of Nevada. The Department, under the supervision of the Board of County Commissioners (Board) and the County Manager, is established to operate McCarran International Airport and the four other general aviation facilities owned by the County (Airport System). The Airport System comprises McCarran International Airport (Airport), the ninth-busiest airport in North America by passenger volume; North Las Vegas Airport, which services general aviation activity and is the second-busiest airport in the State of Nevada by aircraft operations; Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal and private hangar facilities designed to meet the needs of the business aviation community; and Jean Sport Aviation Center and Overton-Perkins Field, which primarily are used for aviation-related recreational purposes.

The Department is a self-supporting entity that generates revenues from Airport System users to fund operating expenses and debt service requirements. Capital projects are funded by bond issuances, Passenger Facility Charges (PFCs), federal awards, and internally generated cash flows from operations. The Department is not subsidized by any tax revenues of the County.

## Overview of Financial Statements

The Department's financial statements are prepared using the accrual basis of accounting; therefore, revenues are recognized when earned, and expenses are recognized when incurred.

The Statements of Net Position present information on all the Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2020 and 2019. The Statements of Revenues, Expenses, and Changes in Net Position present financial information showing how the Department's net position changed during the fiscal years ended June 30, 2020 and 2019. The Statements of Cash Flows relate the inflows and outflows of cash and cash equivalents as a result of the financial transactions that occurred during these two fiscal years, and also includes a reconciliation of operating income to net cash provided by operating activities.

**Activity Highlights**

Prior to the spread of COVID-19, McCarran experienced consistent passenger growth for several years. The operations and business results of the Department have been significantly impacted by the COVID-19 pandemic in the fourth quarter of FY 2020. Through the first eight months of FY 2020, enplaned passenger counts at the Airport increased 4.9% compared to the first eight months of FY 2019. After the continued spread of the coronavirus, enplaned passenger counts at the Airport decreased 78.7% from March through June when comparing FY 2019 to FY 2020.

Additionally, the Department is a recipient of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. In March 2020, the Department was awarded $195.8 million in funds from the CARES Act.

Passenger enplanements in FY 2020 totaled 19,038,069, compared to 25,223,715 in FY 2019, and 24,596,343 in FY 2018. The FY 2020 enplanements represent a decrease of 24.5% over FY 2019.

Aircraft landed weights in FY 2020 totaled 22,749,780 thousand pounds, compared to 27,418,216 thousand pounds in FY 2019 and 26,856,277 thousand pounds in FY 2018. The FY 2020 landed weights represent a 17.0% decrease compared to FY 2019. The number of departures for domestic and international flights in FY 2020 totaled 185,107 compared to 225,571 in FY 2019 and 223,879 in FY 2018. The FY 2020 departures represent a 17.9% decrease from FY 2019.

**Financial Highlights**

**Net Position Summary**

The following table summarizes assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30 (in thousands):

| | 2020 | 2019 | 2018 | Change 2020 vs 2019 | | Change 2019 vs 2018 | |
|---|---|---|---|---|---|---|---|
| Assets and deferred outflows of resources: | | | | | | | |
| Current assets | $ 743,736 | $ 869,679 | $ 817,473 | $ (125,943) | (14.5%) | $ 52,206 | 6.4% |
| Capital assets, net | 4,195,134 | 4,319,413 | 4,428,782 | (124,279) | (2.9%) | (109,369) | (2.5%) |
| Other non-current assets | 475,464 | 515,648 | 595,361 | (40,184) | (7.8%) | (79,713) | (13.4%) |
| Total assets | 5,414,334 | 5,704,740 | 5,841,616 | (290,406) | (5.1%) | (136,876) | (2.3%) |
| Deferred outflows of resources | 82,505 | 78,531 | 86,625 | 3,974 | 5.1% | (8,094) | (9.3%) |
| Total assets and deferred outflows of resources | $ 5,496,839 | $ 5,783,271 | $ 5,928,241 | $ (286,432) | (5.0%) | $ (144,970) | (2.4%) |
| Liabilities, deferred inflows of resources, and net position: | | | | | | | |
| Current liabilities | 295,484 | 339,622 | 343,700 | (44,138) | (13.0%) | (4,078) | (1.2%) |
| Non-current liabilities | 3,586,702 | 3,910,581 | 4,162,284 | (323,879) | (8.3%) | (251,703) | (6.0%) |
| Total liabilities | 3,882,186 | 4,250,203 | 4,505,984 | (368,017) | (8.7%) | (255,781) | (5.7%) |
| Deferred inflows of resources | 87,302 | 86,530 | 58,934 | 772 | 0.9% | 27,596 | 46.8% |
| Net position: | | | | | | | |
| Net investment in capital assets | 937,167 | 701,267 | 668,209 | 235,900 | 33.6% | 33,058 | 4.9% |
| Restricted | 421,197 | 529,511 | 433,356 | (108,314) | (20.5%) | 96,155 | 22.2% |
| Unrestricted | 168,987 | 215,760 | 261,758 | (46,773) | (21.7%) | (45,998) | (17.6%) |
| Total net position | 1,527,351 | 1,446,538 | 1,363,323 | 80,813 | 5.6% | 83,215 | 6.1% |
| Total liabilities, deferred inflows of resources, and net position | $ 5,496,839 | $ 5,783,271 | $ 5,928,241 | $ (286,432) | (5.0%) | $ (144,970) | (2.4%) |

Discussion of FY 2020 Net Position

Total net position for the Department as of June 30, 2020 was $1,527.4 million. This is an increase of $80.8 million from FY 2019. This can be primarily attributed to the following significant changes:

- Current assets
    - For FY 2020, current assets were $743.7 million, a decrease of $125.9 million from FY 2019. The majority of this change was due to decreases in investments classified as current assets, net accounts receivable, interest receivable, and cash and cash equivalents classified as current assets. These decreases were offset by an increases in grant receivables and other receivables. Investments classified as current assets decreased $99.0 million from FY 2019 to FY 2020. These amounts represent investments which are restricted and available to be used for current obligations. Net accounts receivable decreased $12.5 million from FY 2019 to FY 2020, largely due to reduction in Passenger Facility Charge collections in the fourth quarter of FY 2020. Interest receivable decreased $4.8 million, with the majority of the change being due to the decrease in overall interest rates. Other receivables decreased $0.9 million from FY 2019 to FY 2020, driven by the timing of Build America Bonds (BABs) subsidy payments which was offset by a $6.3 million subsidy received from other County funds in FY 2020. Additionally, a $29.3 million decrease in cash and cash equivalents classified as current assets was noted from FY 2019 to FY 2020, which is primarily driven by the decrease in cash flows generated from operating activities of $59.9 million for the corresponding period as well as the payments for the full redemption of the Series 2011 B-1 Bonds and Series 2010 F-2 PFC Bonds in November 2019. These decreases were offset by the increase in Grants receivable from FY 2019 to FY 2020 of $21.6 million, which was attributable to the Department becoming a recipient of the CARES Act. Refer to Note 1 for additional information related to the CARES Act.
- Other non-current assets
    - For FY 2020, other non-current assets were $475.5 million, a decrease of $40.2 million, from $515.6 million in FY 2019. The majority of this change is due to decreases in derivative instruments - interest rate swaps and cash and cash equivalents classified as non-current assets. These decreases were offset by increases in investments classified as non-current assets. Interest rate swap derivative instruments decreased $10.3 million from FY 2019 to FY 2020, resulting from the change in fair value of these instruments. Cash and cash equivalents classified as non-current assets decreased $62.8 million from FY 2019 to FY 2020 which is primarily driven by the decrease in cash flows generated from operating activities of $59.9 million for the corresponding period as well as the payments for the full redemption of the Series 2011 B-1 Bonds and Series 2010 F-2 PFC Bonds in November 2019. Investments classified as non-current increased $34.1 million. These investments represent investments which are restricted and available to be used for non-current obligations.

- Capital assets
    - For FY 2020, capital assets, net of accumulated depreciation, were $4,195.1 million, a decrease of $124.3 million, from $4,319.4 million in FY 2019. This decrease was primarily due to depreciation of $190.6 million, offset by capital expenditures of $66.7 million. Significant capital expenditures included the continued modernization of the Terminal 1 ticketing areas, upgrades to the surveillance system, A/B Gates checkpoint reconfiguration, passenger boarding bridge refurbishments and upgrades to automated kiosks in Terminal 3. Refer to Note 7, "Changes in Capital Assets," for further detail.
- Current liabilities
    - For FY 2020, current liabilities were $295.5 million, a decrease of $44.1 million, from $339.6 million in FY 2019. This change primarily relates to decreases in accounts payable and other current liabilities, accrued interest, and current portion of long term debt. These decreases were offset by increases in Other accrued expenses. Accounts payable and other current liabilities decreased $25.7 million from FY 2019 to FY 2020, driven by the timing of payments to vendors as well as the Department's efforts to decrease spending in the fourth quarter of FY 2020. Accrued interest and the current portion of long-term debt decreased $10.3 million and $8.1 million, respectively from FY 2019 to FY 2020, largely due to the full redemption of the Series 2011B-1 and Series 2010F-2 bonds as well as the refunding of several series of bonds during FY 2020. Refer to Note 8 for additional information related to long-term debt activity.
- Non-current liabilities
    - Non-current liabilities in FY 2020 were $3,586.7 million, a decrease of $323.9 million, from $3,910.6 million FY 2019. This change is primarily due to decreases in the non-current portion of long-term debt, as well as decreases in the net other post employment benefits liability. These decreases were offset by activities in the fair value of the Department's interest rate swaps and increases in Net pension liability. The non-current portion of long-term debt decreased $344.6 million, from FY 2019 to FY 2020, in accordance with the scheduled debt payments as well as the full redemption of the Series 2011 B-1 Bonds and Series 2010 F-2 PFC Bonds, in November 2019. Further contributing to the overall decrease was an $11.1 million decrease in the net other post employment benefits (OPEB) liability, which was largely due to changes in various OPEB actuarial assumptions; such changes are discussed in detail in Note 6. Additionally, during FY 2020, the fair value of the Department's interest rate swap liabilities increased by $28.3 million, from $44.5 million at the end of FY 2019, to $72.8 million at the end of FY 2020, the details of which are discussed in Note 9. Net pension liability also increased $1.8 million from FY 2019 to FY 2020, which is driven by changes in various pension actuarial assumptions; such changes are discussed in detail in Note 5.

Discussion of FY 2019 Net Position

Total net position for the Department as of June 30, 2019 was $1,446.5 million. This is an increase of $83.2 million from FY 2018. This can be primarily attributed to the following significant changes:

– Current assets
- For FY 2019, current assets were $869.7 million, an increase of $52.2 million from FY 2018. The majority of this change was due to increases in investments classified as current assets, net accounts receivable, other receivables, and cash and cash equivalents classified as current assets. Investments classified as current assets increased $32.8 million from FY 2018 to FY 2019. These amounts represent investments which are restricted and available to be used for current obligations. Net accounts receivable increased $11.8 million from FY 2018 to FY 2019, largely due to the timing of payments received from joint-use airline billings. Other receivables increased $10.4 million, with the majority of the change being due to the timing of the subsidy payments received related to the Department's Build America Bonds (BABs); see Note 8, "Long-Term Debt" for further detail regarding the BABs. Additionally, a $6.1 million decrease in cash and cash equivalents classified as current assets was noted from June 30, 2018 to June 30, 2019, which is further detailed in the in the Statements of Cash Flows.

– Other non-current assets
- For FY 2019, other non-current assets were $515.6 million, a decrease of $79.7 million, from $595.4 million in FY 2018. The majority of this change is due to decreases in derivative instruments - interest rate swaps, decreases in investments classified as non-current assets, and decreases in cash and cash equivalents classified as non-current assets. Interest rate swap derivative instruments decreased $53.8 million from FY 2018 to FY 2019, with $15.1 million of the decrease due to fair value changes in the Department's swap portfolio, and the remaining $38.7 million decrease due to the termination of investment swaps #15, #16, and #18. The swap terminations are further discussed in Note 9. Investments classified as non-current decreased $22.9 million, these amounts represent investments which are restricted and available to be used for non-current operations.

– Capital assets
- For FY 2019, capital assets, net of accumulated depreciation, were $4,319.4 million, a decrease of $109.4 million, from $4,428.8 million in FY 2018. This decrease was primarily due to depreciation of $190.9 million, offset by capital expenditures of $82.2 million. Significant capital expenditures included which the continued modernization of the Terminal 1 ticketing area, remodeling and upgrades of certain areas in the D gates, and the reconfiguration of the checked baggage and passenger screening system.

– Current liabilities

- For FY 2019, current liabilities were $339.6 million, a decrease of $4.1 million, from $343.7 million in FY 2018. This change primarily relates to a decreases in the collateral deposits by swap counterparties, offset by increases in bond principal payments due within the next fiscal year. A decrease of $47.5 million in the collateral deposits by swap counterparties was noted, which was comprised of a $39.0 million decrease resulting from the termination of swap #18 during FY 2019, and a $8.4 million decrease in the mark-to-market value of the collateral deposits, in FY 2019 compared to FY2018. These decreases were offset by an increase in the amounts of bond principal payments due within the next fiscal year, which increased $52.0 million, from $130.5 million in FY 2018 to $182.5 million in FY 2019. This change in was accordance with the scheduled debt payments and the reclassification of certain amounts related to the refunding of the outstanding Series 2009B Senior Lien Revenue Bonds, with Series 2019B Senior Lien Revenue Bonds (which was finalized on July 1, 2019).

– Non-current liabilities

- Non-current liabilities in FY 2019 were $3,910.6 million, a decrease of $251.7 million, from $4,162.3 million FY 2018. This change is primarily due to decreases in the non-current portion of long term debt, as well as decreases in the fair value of the Department's interest rate swaps. The non-current portion of long term debt decreased $201.0 million, from FY 2018 to FY 2019, in accordance with the scheduled debt payments and the reclassification of certain amounts related to the to the refunding of the outstanding Series 2009B Senior Lien Revenue Bonds with Series 2019B Senior Lien Revenue Bonds (which was finalized on July 1, 2019). Additionally, during FY 2019, the fair value of the Department's interest rate swap liabilities decreased by $24.0 million, from $68.5 million at the end of FY 2018, to $44.5 million at the end of FY 2019, due to the termination of swaps #14A and #14B, which is discussed in further detail in Note 9, "Derivative Instruments." Further contributing to the overall decrease was a $34.5 million decrease in the net other post employment benefits (OPEB) liability, which was largely due to changes in various OPEB actuarial assumptions; such changes are discussed in detail in Note 6.

**Operating Revenue**

The following table summarizes total operating revenue for the fiscal years ended June 30 (in thousands):

| | 2020 | 2019 | 2018 | Change 2020 vs 2019 | | Change 2019 vs 2018 | |
|---|---|---|---|---|---|---|---|
| Terminal building and use fees | $ 188,664 | $ 190,550 | $ 184,660 | $ (1,886) | (1.0%) | $ 5,890 | 3.2% |
| Landing fees and other aircraft fees | 43,379 | 51,895 | 51,021 | (8,516) | (16.4%) | 874 | 1.7% |
| Gate use fees | 28,430 | 29,175 | 29,203 | (745) | (2.6%) | (28) | (0.1%) |
| Terminal concession fees | 58,999 | 75,843 | 75,478 | (16,844) | (22.2%) | 365 | 0.5% |
| Rental car facility and concession fees | | | | | | | |
| Rental car facility fees | 29,888 | 38,098 | 39,075 | (8,210) | (21.5%) | (977) | (2.5%) |
| Rental car concession fees | 27,303 | 35,738 | 35,385 | (8,435) | (23.6%) | 353 | 1.0% |
| Parking and ground transportation fees | | | | | | | |
| Public and employee parking fees | 34,392 | 40,759 | 39,002 | (6,367) | (15.6%) | 1,757 | 4.5% |
| Ground transportation fees | 24,829 | 31,182 | 27,442 | (6,353) | (20.4%) | 3,740 | 13.6% |
| Gaming fees | 28,606 | 37,395 | 36,051 | (8,789) | (23.5%) | 1,344 | 3.7% |
| Ground rents and use fees | 24,146 | 25,303 | 25,019 | (1,157) | (4.6%) | 284 | 1.1% |
| Other | | | | | | | |
| General aviation fuel sales (net of cost) | 4,517 | 4,619 | 4,334 | (102) | (2.2%) | 285 | 6.6% |
| Other operating income | 4,680 | 5,316 | 12,649 | (636) | (12.0%) | (7,333) | (58.0%) |
| | $ 497,833 | $ 565,873 | $ 559,319 | $ (68,040) | (12.0%) | $ 6,554 | 1.2% |

General Discussion of Operating Revenues

*Aviation Revenues*

Aviation revenues consist of terminal building and use fees, landing fees and other aircraft fees, and gate use fees. Effective July 1, 2010, the Department entered into a Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market. The Agreement requires that the rates be set each fiscal year based on a residual rate-making approach of leased space. Refer to Note 1 for additional information related to the Agreement.

*Terminal building and use fees*

The majority of terminal building and use fees consist of signatory and non-signatory ticketing area fees, baggage system fees, baggage claim fees, common use fees, and fees from hold rooms, along with certain operation and storage areas. There is also a portion of terminal building and use fees that are collected from sources other than airlines.

*Landing fees*

Landing fees consist of fees charged per 1,000 lbs. of landed weight.

*Gate use fees*

Gate use fees consist of charges which are paid for leasing an individual gate or charges paid on a per turn basis for common use gates, as well as aircraft parking fees.

*<u>Non-Aviation Revenues</u>*

Non-aviation revenues consist of terminal concession fees, rental car facility fees, rental car concession fees, public and employee parking fees, ground transportation fees, gaming fees, ground rents and use fees, general aviation fuel sales, and other operating income.

*Terminal concession fees*

The largest source of non-aviation revenues is terminal concession fees, which are generated from an agreed percentage of gross sales from various concessionaire-related sources, including the food and beverage concessionaire, news and gift concessionaires, specialty retail outlets, advertising revenue, and passenger services revenue.

*Rental car facility and concession fees*

Rental car facility fees consist of building rental fees associated with the McCarran Rent-A-Car Center (MRACC), which derive from the rental of operational space, as well as from the Customer Facility Charge (CFC). The CFC is a charge of $4.00 that car rental customers pay daily for each rented vehicle, which is collected by the car rental companies on behalf of the Airport System. Rental car concession fees consist of a percentage of gross sales from rental car concessionaires.

*Parking and ground transportation fees*

Public parking fees consist of fees collected from public parking provided at the Airport System and includes short-term, long-term, and valet parking, along with fees generated from employee parking. Ground transportation fees consist of percentage fees or trip charges paid to the Airport System by limousine operators, courtesy van operators, bus operators, taxicabs, along with transportation network companies (TNCs).

*Gaming fees*

Gaming fees are derived from the agreement with the Airport System's gaming provider, which provides that the Airport System receives a percentage of the net profits generated by gaming activity.

*Ground rents and use fees*

Ground rents and use fees include amounts charged by the Department to private hangar tenants, fixed- base operators, and concessionaires.

*Other*

General aviation fuel sales consist of jet fuel sales at the general aviation facilities. Other operating income consists of miscellaneous items, such as amounts collected in accordance with auctions of surplus property and various cost recoveries.

<u>Discussion of FY 2020 Operating Revenues</u>

Total operating revenues for the Department as of June 30, 2020 were $497.8 million, a decrease of $68.0 million from FY 2019. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
    - Terminal building and use fees decreased $1.9 million, from $190.6 million in FY 2019 to $188.7 million in FY 2020. This decrease was largely due to decreases in the international passenger processing fees of $2.6 million and the common use ticket counter fees of $1.8 million. These decreases relate to the declines in enplaned passengers during the fourth quarter of FY 2020 due to the COVID-19 pandemic. The decreases were offset by an increase in the terminal complex rental revenue of $2.1 million, which was driven by the increase in the signatory terminal rental rate from $167.10 per square foot per year to $169.88 per square foot per year, from FY 2019 to FY 2020. Offsite commercial building rent revenue also increased $0.3 million from FY 2019 to FY 2020.

- Landing fees and other aircraft fees
  - For FY 2020, revenues from landing fees and other aircraft fees were $43.4 million, a decrease of $8.5 million from $51.9 million in FY 2019. This decrease can mainly be attributed to the 17.0% decrease in total landed weights, from FY 2019 to FY 2020.
- Rental car facility fees
  - Rental car facility fees decreased $8.2 million from $38.1 million in FY 2019 to $29.9 million in FY 2020. The majority of this change was due to decreases in the utilization the rental car facility during the last quarter of FY 2020 due to the COVID-19 pandemic. Consolidated facility charge (CFC) revenue, which is driven by car rental transaction days, decreased $8.1 million comparing FY 2020 to FY 2019.
- Rental car concession fees
  - Rental car concession fees decreased $8.4 million from $35.7 million in FY 2019 to $27.3 million in FY 2020. The majority of this change was due to decreases in the utilization the rental car facility during the last quarter of FY 2020 due to the COVID-19 pandemic. The rental car tenants within the McCarran Rental Car Center reported an 88.5% decline in gross receipts for the period from April through June comparing FY 2020 to FY 2019.
- Public and employee parking fees
  - Public and employee parking fees decreased $6.4 million, from FY 2019 to FY 2020. The majority of this change was due to decreases in the utilization of public parking areas during the last quarter of FY 2020, as well as an overall decrease in the number of individuals working at the Airport terminals during the same period due to the COVID-19 pandemic.
- Ground transportation fees
  - Ground transportation fees decreased $6.4 million, from FY 2019 to FY 2020. The majority of this change was due to a decrease in fees derived from TNCs, which decreased $2.9 million, a decrease in fees derived from taxicab services which decreased $2.1 million and a decrease in fees derived from limousine operations which decreased $1.1 million from FY 2019 to FY 2020. The decreases in transportation fees directly reflect decreases in fourth quarter passenger traffic which was impacted by the COVID-19 pandemic.
- Gaming fees
  - Gaming fees were $28.6 million in FY 2020, a decrease of $8.8 million from $37.4 million in FY 2019. This decrease can mainly be attributed to decreases in passenger traffic; for FY 2020, enplaned passengers decreased 24.5% from FY 2019 to FY 2020.

Discussion of FY 2019 Operating Revenues

Total operating revenues for the Department as of June 30, 2019 were $565.9 million. This is an increase of $6.6 million from FY 2018. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
  - Terminal building and use fees increased $5.9 million, from $184.7 million in FY 2018 to $190.6 million in FY 2019. This increase was largely to an increase in the terminal building rental rate from $161.93 per square foot per year to $167.10 per square foot per year, from FY 2018 to FY 2019.
- Landing fees and other aircraft fees
  - For FY 2019, revenues from landing fees and other aircraft fees were $51.9 million, an increase of $0.9 million from $51.0 million in FY 2018. This increase can mainly be attributed to the 2.1% increase in total landed weights, from FY 2018 to FY 2019.
- Public and employee parking fees
  - Public and employee parking fees increased $1.8 million, from FY 2018 to FY 2019. The majority of this change was due to increases in the utilization of public parking areas, as well as an overall increase in the number of individuals working at the Airport terminals.
- Ground transportation fees
  - Ground transportation fees increased $3.7 million, from FY 2018 to FY 2019. The majority of this change was due to an increase in fees derived from TNC's, which increased $5.1 million from FY 2018 to FY 2019. This increase in revenue from TNC's was offset by a decrease in revenues from limousine and shuttle bus operations of $1.0 million, as well as a decrease in revenues from taxicab services of $0.4 million.
- Gaming fees
  - Gaming fees were $37.4 million in FY 2019, an increase of $1.3 million from $36.1 million in FY 2018. This increase can mainly be attributed to increases in passenger traffic; for FY 2019, enplaned connecting passenger volume increased 6.2%, while origin and destination enplanements increased 2.1%.
- Other operating income
  - Other operating income during FY 2019 decreased by $7.3 million from FY 2018. This decrease is mainly attributable to the auctions of surplus property that generated $7.6 million in revenue in FY 2018; no such auctions of surplus property occurred in FY 2019.

**Operating Expenses**

The following table summarizes total operating expenses for the fiscal years ended June 30 (in thousands):

| | 2020 | 2019 | 2018 | Change 2020 vs 2019 | | Change 2019 vs 2018 | |
|---|---|---|---|---|---|---|---|
| Salaries and benefits | $ 151,420 | $ 141,060 | $ 139,783 | $ 10,360 | 7.3% | $ 1,277 | 0.9% |
| Professional services | 67,154 | 65,115 | 59,937 | 2,039 | 3.1% | 5,178 | 8.6% |
| Utilities and communications | 23,843 | 23,946 | 24,128 | (103) | (0.4%) | (182) | (0.8%) |
| Repairs and maintenance | 20,988 | 24,970 | 24,106 | (3,982) | (15.9%) | 864 | 3.6% |
| Materials and supplies | 17,501 | 19,470 | 15,895 | (1,969) | (10.1%) | 3,575 | 22.5% |
| General administrative | | | | | | | |
| Administrative | 3,261 | 3,076 | 6,017 | 185 | 6.0% | (2,941) | (48.9%) |
| Insurance | 2,075 | 2,364 | 2,007 | (289) | (12.2%) | 357 | 17.8% |
| | $ 286,242 | $ 280,001 | $ 271,873 | $ 6,241 | 2.2% | $ 8,128 | 3.0% |

<u>Discussion of FY 2020 Operating Expenses</u>

For FY 2020, the Department's total operating expenses were $286.2 million, an increase of $6.2 million from $280.0 million in FY 2019. This can be primarily attributed to the following significant changes:

- Salaries and benefits
    - Salaries and benefits increased by $10.4 million from FY 2019 to FY 2020. This majority of this change is due to an increase in salaries and wages of $5.3 million, an increase in pension related expenses of $8.7 million and an increase in employee health insurance benefits of $0.8 million offset by a decrease in other post employment benefits (OPEB) expense of $4.4 million. This increase in salaries and wages is primarily due to wage increases pursuant to the collective bargaining agreement with the employee union. Employees of the Department are eligible for pension benefits through the Public Employee Retirement System of Nevada (PERS). The increases in pension related expense is primarily due to increases in the net pension liability and changes in the deferred outflows and deferred inflows balances related to PERS, resulting from the most recent PERS actuarial valuation. The decrease in OPEB expense is primarily due to decreases in the net OPEB liability and changes in the deferred outflows and deferred inflows balances related to OPEB, resulting from the most recent OPEB actuarial valuation.
- Professional services
    - Professional services costs during FY 2020 increased by $2.0 million from FY 2019. The change in professional services costs is attributable to increases in the costs of police services of $2.0 million and legal services of $1.2 million. These increases were offset by decreases in professional service contracts

whose services directly relate to the decreases in passenger activity during the fourth quarter of FY 2020.

- Repairs and maintenance
  - Repairs and maintenance expense during FY 2020 decreased by $4.0 million from FY 2019. The change in repairs and maintenance expense is attributable to an overall decrease in facility maintenance projects as well as decreases in third-party service contracts whose values directly related to the reduction in passenger traffic during the fourth quarter of FY 2020.
- Materials and supplies
  - Materials and supplies expense decreased $2.0 million from FY 2019 to FY 2020. The majority of this decrease related to overall decreases in the usage of general operating, electrical and office supplies. These reductions were attributable to the decline in passenger and activity volumes which occurred in the fourth quarter of FY 2020.

<u>Discussion of FY 2019 Operating Expenses</u>

For FY 2019, the Department's total operating expenses were $280.0 million, an increase of $8.1 million from $271.9 million in FY 2018. This can be primarily attributed to the following significant changes:

- Salaries and benefits
  - Salaries and benefits increased by $1.3 million from FY 2018 to FY 2019. The majority of this change is due to an increase in salaries and wages of $5.3 million, offset by a decrease in other post employment benefits (OPEB) expense of $3.4 million. The increase in salaries and wages is primarily due to a 1.2% increase in employee count, wage increases pursuant to the collective bargaining agreement with the employee union, and increases in employee retirement costs. The decrease in OPEB expense is primarily due to decreases in the net OPEB liability and changes in the deferred outflows and deferred inflows balances related to OPEB, resulting from the most recent OPEB actuarial valuation.
- Professional services
  - Professional services costs during FY 2019 increased by $5.2 million from FY 2018. The majority of this increase is related to project expenses, as well as technical and software support services related to various software upgrades. Further, additional professional services costs were incurred related to enhanced security.

- Materials and supplies
  - Materials and supplies expense increased $3.6 million from FY 2018 to FY 2019. The majority of this increase related to various maintenance repairs within Level 1 and Level 2 of Terminal 1, the conversion of certain lighting to more efficient lighting throughout the Airport System and MRACC, and the electrical repairs within the D Gates at Terminal 1.
- Administrative
  - Administrative expense decreased $2.9 million from FY 2018 to FY 2019, largely due to decreases in advertising expenses of $3.4 million, offset by increases in purchased software licenses of $0.2 million and increases in project related administrative expenses of $0.3 million. Advertising expenses decreased from FY 2018 to FY 2019, due to advertising expenses incurred in the prior fiscal year to sell land parcels; no land parcels were marketed for sale during FY 2019.

**Non-Operating Revenues and Expenses**

The following table summarizes non-operating revenues and expenses for the fiscal years ended June 30 (in thousands):

| | | | | Change | | | |
|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2020 vs 2019 | | 2019 vs 2018 | |
| Passenger Facility Charge revenue | $ 70,640 | $ 96,783 | $ 94,597 | $ (26,143) | (27.0%) | $ 2,186 | 2.3% |
| Jet A Fuel Tax revenue | 9,676 | 11,979 | 11,795 | (2,303) | (19.2%) | 184 | 1.6% |
| Interest and investment income (loss) | | | | | | | |
| Unrestricted interest income | 17,805 | 23,444 | 4,601 | (5,639) | (24.1%) | 18,843 | 409.5% |
| Restricted interest income | 12,918 | 12,813 | 2,007 | 105 | 0.8% | 10,806 | 538.4% |
| PFC interest income | 4,563 | 6,938 | 1,316 | (2,375) | (34.2%) | 5,622 | 427.2% |
| Unrealized gain (loss) on investments - derivative instruments | (21,513) | (43,007) | 4,883 | 21,494 | (50.0%) | (47,890) | (980.7%) |
| Interest expense | (122,953) | (160,194) | (164,486) | 37,241 | (23.2%) | 4,292 | (2.6%) |
| Net gain (loss) from disposition of capital assets | 76 | 232 | 825 | (156) | (67.2%) | (593) | (71.9%) |
| Other non-operating revenue | 16,972 | 16,948 | 16,986 | 24 | 0.1% | (38) | (0.2%) |
| CARES Act Airport Grant | 48,657 | — | — | 48,657 | 100.0% | — | —% |
| | $ 36,841 | $ (34,064) | $ (27,476) | $ 70,905 | (208.2%) | $ (6,588) | 24.0% |

<u>Discussion of FY 2020 Non-Operating Revenues/Expenses</u>

For FY 2020, net non-operating revenue increased $70.9 million, from $34.1 million net non-operating expense in FY 2019 to $36.8 million net non-operating revenue in FY 2020. This can primarily be attributed to the following significant changes:

- Passenger Facility Charge revenue
  - Passenger Facility Charge revenue decreased $26.1 million in FY 2020 compared to FY 2019. The decrease is attributable to the decrease in overall passenger activity during the fourth quarter of FY 2020 due to the COVID-19 pandemic. Passenger enplanements decreased 24.5% in FY 2020 compared to FY 2019.
- Jet A Fuel Tax Revenue
  - Jet A Fuel Tax revenue decreased $2.3 million in FY 2020 compared to FY 2019. This decrease is attributable to the decline in aircraft activity at all locations in the Airport System during the fourth quarter of FY 2020 due to COVID-19 pandemic.
- Unrestricted interest income
  - Unrestricted interest income decreased $5.6 million in FY 2020 compared to FY 2019 and can be attributed mainly to a decreased rate of return on investments.
- PFC interest income
  - PFC interest income decreased $2.4 million in FY 2020 compared to FY 2019 and can be attributed mainly to a decreased rate of return on investments.
- Unrealized gain (loss) on investments – derivative instruments
  - The Department’s unrealized gain (loss) on investments – derivative instruments decreased from a loss of $43.0 million in FY 2019 to a loss of $21.5 million in FY 2020. The decrease is attributable to fair value changes in investment derivative instruments from FY 2019 to FY 2020.
- Interest expense
  - Interest expense on the Department's outstanding bonds and interest rate swaps deceased by $37.2 million, to $123.0 million in FY 2020 from $160.2 million in FY 2019. The majority of this decrease relates to interest savings and changes in bond premium amortizations, resulting from the issuance of and refundings that occurred during the twelve months ended June 30, 2020; see Note 8, "Long Term Debt" for further detail.
- Other non-operating revenue
  - Other non-operating revenue includes Build America Bonds subsidies received which were greater in FY 2019 as compared to FY 2020. On July 1, 2019 the Department refunded all outstanding Series 2009 B Senior Lien Revenue Bonds (Taxable Direct Payment Build America Bonds). Following this date, the Department was no longer entitled to the federal subsidy in the amount equal to 35% of the interest expense on this series of bonds.  The amount recognized for this subsidy in FY 2019 was $6.7 million. The Department also received a $6.3 million subsidy from other County funds in FY 2020.

- CARES Act Airport Grant
  - In FY 2020, the Department recognized $48.7 million in non-operating revenue subsidy from the CARES Act. Refer to Note 1 for additional information related to this subsidy.

Discussion of FY 2019 Non-Operating Revenues/Expenses

For FY 2019, net non-operating expenses increased $6.6 million, from $27.5 million in FY 2018 to $34.1 million in FY 2019. This can primarily be attributed to the following significant changes:

- Unrestricted interest income
  - Unrestricted interest income increased $18.8 million in FY 2019 compared to FY 2018 primarily driven by an increased rate of return on investments.
- Restricted interest income
  - Restricted interest income increased $10.8 million in FY 2019 compared to FY 2018 primarily driven by an increased rate of return on investments.
- PFC interest income
  - PFC interest income increased $5.6 million in FY 2019 compared to FY 2018 primarily driven by an increased rate of return on investments.
- Unrealized gain (loss) on investments – derivative instruments
  - The Department’s unrealized gain (loss) on investments – derivative instruments decreased from a gain of $4.9 million in FY 2018 to a loss of $43.0 million in FY 2019. The FY 2019 loss is comprised of the $27.6 million net loss from termination of swaps #14A, #14B, #15, #16, and #18 in December 2018, in addition to $15.4 million in fair value changes for derivative instruments during FY 2019.
- Interest expense
  - Interest expense on the Department's outstanding bonds and interest rate swaps decreased by $4.3 million, to $160.2 million in FY 2019 from $164.5 million in FY 2018. The majority of this decrease relates to the $3.9 million reduction in the amount of swap interest payable due to the termination of swaps #14A and #14B in December 2018. The Department also noted decreases in liquidity fees payable, due to decreases in notional amounts of bonds and reductions to the facility fee rates charged.

**Capital Contributions**

The following table summarizes capital contributions for the fiscal years ending in June 30 (in thousands):

| | 2020 | 2019 | 2018 | Change 2020 vs 2019 | | Change 2019 vs 2018 | |
|---|---|---|---|---|---|---|---|
| Capital Contributions | $ 23,030 | $ 22,281 | $ 7,517 | 749 | 3.4% | 14,764 | 196.4% |

Discussion of FY 2020 Capital Contributions

Capital contributions during FY 2020 increased by $0.7 million from FY 2019, the increase is driven by increases in Transportation Security Administration (TSA) other transaction agreement (OTA) activity offset by decreases in FAA grant activity. The Department recognized $4.6 million related to the security camera system upgrade project, and $6.5 million related to the reconfiguration of the checked baggage system in Terminal 1 related to TSA OTAs in FY 2020. In FY 2019, the Department recognized $2.9 million and $0.4 million, respectively, under the same OTAs.

The Department recorded $11.9 million in capital contributions related to amounts reimbursable from the FAA compared to $14.6 million in FY 2019, a decrease of $2.7 million. The FAA grants represent the Department's portion of entitlement funds allocated to airports in the United States, based on an enplanement formula, in addition to discretionary grants obtained by the Department. The major FAA grant-funded projects in FY 2020, for which the Department received reimbursement, included a holding pad improvements project as well as airport master plan updates for the Airport System.

Additionally, in FY 2019, the Department recognized $4.8 million in capital contributions, resulting from land contributed to the Department from the Bureau of Land Management (pursuant to the authority contained in Section 516 of the Airport and Airway Improvement Act). There was no similar activity in FY 2020.

Discussion of FY 2019 Capital Contributions

Capital contributions during FY 2019 increased by $14.8 million from FY 2018, largely due to reimbursements received from the FAA for approved capital projects. During FY 2019, the Department recorded $14.6 million in capital contributions related to amounts reimbursable to the Department from the FAA, compared to $1.2 million in FY 2018, an increase of $13.4 million. The major FAA grant-funded projects in FY 2019, for which the Department received reimbursement, included a project to extend/construct parallel Taxiway C, the rehabilitation of certain runways, and certain studies related to airfield geometry and airport layout.

Additionally, in FY 2019, the Department recognized $2.9 million from the TSA related to the security camera upgrade project, and $0.4 million in capital contributions, from the TSA, related to the reconfiguration of the checked baggage system in Terminal 1.

Further, the Department recognized $4.8 million in capital contributions during FY 2019, resulting from land contributed to the Department from the Bureau of Land Management (pursuant to the authority contained in Section 516 of the Airport and Airway Improvement Act).

**Outstanding Debt**

The following table summarizes outstanding debt obligations for the fiscal years ended in June 30 (in thousands):

| | | | | Change | | | |
|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2020 vs 2019 | | 2019 vs 2018 | |
| Senior lien bonds | $ 825,505 | $ 901,980 | $ 914,380 | $ (76,475) | (8.5%) | $ (12,400) | (1.4%) |
| Subordinate lien bonds | 1,453,870 | 1,705,640 | 1,783,915 | (251,770) | (14.8%) | (78,275) | (4.4%) |
| PFC bonds | 576,355 | 755,245 | 795,025 | (178,890) | (23.7%) | (39,780) | (5.0%) |
| Junior subordinate lien and Jet A bonds | 307,785 | 312,805 | 312,805 | (5,020) | (1.6)% | — | —% |
| General obligation bonds | 76,020 | 76,020 | 76,020 | — | — % | — | —% |
| Total bonded debt principal outstanding | 3,239,535 | 3,751,690 | 3,882,145 | (512,155) | (13.7%) | (130,455) | (3.4%) |
| Unamortized premiums | 230,811 | 74,686 | 92,527 | 156,125 | 209.0% | (17,841) | (19.3%) |
| Unamortized discounts | (10,059) | (15,362) | (16,631) | 5,303 | (34.5%) | 1,269 | (7.6%) |
| Imputed debt from termination of hedges | 3,923 | 5,885 | 7,846 | (1,962) | (33.3%) | (1,961) | (25.0%) |
| Current portion of long term debt | (174,380) | (182,504) | (130,455) | 8,124 | (4.5%) | (52,049) | 39.9% |
| Total outstanding long-term debt obligations | $ 3,289,830 | $ 3,634,395 | $ 3,835,432 | $ (344,565) | (9.5%) | $ (201,037) | (5.2%) |

Discussion of FY 2020 Debt

Total outstanding bonded debt for FY 2020 was $3,239.5 million, a decrease of $512.2 million, from $3,751.7 million in FY 2019. The decrease was primarily related to the paydown of scheduled bond principal payments that were made in conjunction with the bond refundings executed in FY 2020 (Refer to Note 8 for additional information related to the refundings). Additionally, on November 8, 2019, the outstanding aggregate principal balance for the Series 2010 F-2 Bonds of $60.3 million, was called for full redemption and the outstanding aggregate principal balance for the Series 2011 B-1 Bonds of $53.5 million, was called for full redemption. A portion of the outstanding debt during FY 2020 was at a naturally or synthetically fixed interest rate debt, due to interest rate swap agreements. Refer to Note 9 for further detail regarding the Department's swap portfolio. The Departments credit ratings remained unchanged from FY 2019 to FY 2020 (Refer to Note 15 for related credit rating changes subsequent to FY 2020). Refer to Note 8 for further detail regarding long-term debt obligations.

Discussion of FY 2019 Debt

Total outstanding bonded debt for FY 2019 was $3,751.7 million, a decrease of $130.5 million, from $3,882.1 million in FY 2018. This decrease was primarily related to scheduled principal payments that were made in FY 2019. A portion of the outstanding debt during FY 2019 was at a naturally or synthetically fixed interest rate debt, due to interest rate swap agreements. Refer to Note 9 for further detail regarding the Department's swap portfolio. The Departments credit ratings remained unchanged from FY 2018 to FY 2019. Refer to Note 8 for further detail regarding long-term debt obligations.

## Current Highlights and Looking Forward

The operations and business results of the Department have been significantly impacted by the COVID-19 pandemic in the fourth quarter of FY 2020. Through the first eight months of FY 2020, enplaned passenger counts at the Airport increased 4.9% compared to the first eight months of FY 2019. After the continuing spread of the coronavirus, enplaned passenger counts at the Airport decreased 78.7% for the period of March through June when comparing FY 2019 to FY 2020. The Department cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic. Refer to Note 1 for additional detail related to this recent event.

In reaction to the unusual circumstances, the Department has undertaken measures to reduce expenditures and maximize operating efficiencies. Additionally, the Department is a recipient of the CARES Act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. The Department was awarded $195.8 million in funds from the CARES act which was signed into law on March 27, 2020. As of June 30, 2020, the Department recognized $48.7 million from the CARES act in non-operating revenues.

Additionally, each fiscal year, the Department updates its five-year capital improvement plan. The Department's current, comprehensive five-year capital improvement plan, including projects funded by bonds, notes, and federal awards. The Signatory Airlines serving the Department have approved all major projects in the capital improvement plan. The capital improvement account consists of the Department's gaming revenue, the net cash flow from the

McCarran Rent-A-Car Center, and net operating cash flows. Based on the current five-year projection, it is anticipated that future gaming revenues and future cash flows from the rental car facility, along with existing funds, federal grant awards, and federal reimbursements, will adequately fund the capital improvement account requirements. Because management cannot predict the extent and duration of the impact of the COVID-19 pandemic, projects in the capital improvement plan have been postponed and further adjustments to the plan may occur as additional information and data becomes available.

## Additional Information

This financial report is designed to provide a general overview of the Department's finances. For questions about this report or for additional financial information, please contact the Finance Division, Clark County Department of Aviation, at P.O. Box 11005, Las Vegas, NV 89111-1005. Financial and statistical information for the Department may also be found at www.mccarran.com.

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## CLARK COUNTY DEPARTMENT OF AVIATION
## CLARK COUNTY, NEVADA
## Statements of Net Position
## June 30, 2020 and 2019

| Assets and Deferred Outflows of Resources | 2020 (000) | 2019 (000) |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 462,442 | $ 504,235 |
| Cash and cash equivalents, restricted | 103,426 | 90,908 |
| Investments, restricted | 79,778 | 178,778 |
| Accounts receivable, net of allowance for doubtful accounts of $1,086 and $736 | 40,291 | 41,698 |
| Accounts receivable, restricted | 1,529 | 12,653 |
| Interest receivable | 1,612 | 3,052 |
| Interest receivable, restricted | 2,234 | 5,642 |
| Grants receivable, restricted | 28,167 | 6,554 |
| Other receivables | 6,693 | 1,856 |
| Other receivables, restricted | 5,769 | 11,491 |
| Inventories | 10,614 | 12,044 |
| Prepaid expenses | 1,181 | 768 |
| Total current assets | 743,736 | 869,679 |
| Non-current assets: | | |
| Capital assets: | | |
| Capital assets not being depreciated | | |
| Construction in progress | 97,531 | 64,372 |
| Land | 589,632 | 589,632 |
| Land, restricted | 13,018 | 13,018 |
| Perpetual avigation easement | 332,562 | 332,562 |
| Capital assets being depreciated | | |
| Land improvements | 1,774,707 | 1,757,497 |
| Buildings and improvements | 3,677,876 | 3,668,926 |
| Furniture and fixtures | 45,651 | 45,868 |
| Machinery and equipment | 571,820 | 566,964 |
| | 7,102,797 | 7,038,839 |
| Accumulated depreciation | (2,907,663) | (2,719,426) |
| Capital assets, net | 4,195,134 | 4,319,413 |
| Other non-current assets: | | |
| Cash and cash equivalents, restricted | 415,305 | 478,086 |
| Investments, restricted | 58,054 | 23,978 |
| Derivative instruments - interest rate swaps | 1,920 | 12,250 |
| Prepaid expenses | 185 | 1,334 |
| Total other non-current assets | 475,464 | 515,648 |
| Total non-current assets | 4,670,598 | 4,835,061 |
| Total assets | 5,414,334 | 5,704,740 |
| Deferred outflows of resources: | | |
| Pension | 29,114 | 29,081 |
| Other post employment benefits | 16,126 | 17,414 |
| Hedging derivative instruments | 13,106 | 5,875 |
| Losses on bond refundings and on imputed debt | 24,159 | 26,161 |
| Total deferred outflows of resources | 82,505 | 78,531 |
| Total assets and deferred outflows of resources | $ 5,496,839 | $ 5,783,271 |

See accompanying notes to financial statements.

## Statements of Net Position

### June 30, 2020 and 2019

| **Liabilities, Deferred Inflows of Resources, and Net Position** | 2020 (000) | 2019 (000) |
|---|---|---|
| Liabilities: | | |
| Current liabilities: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and other current liabilities | $ 17,133 | $ 31,771 |
| Other accrued expenses | 20,982 | 19,930 |
| Rents received in advance | 2,905 | 3,930 |
| Total payable from unrestricted assets | 41,020 | 55,631 |
| Payable from restricted assets: | | |
| Accounts payable and other current liabilities | 3,551 | 14,626 |
| Accrued interest | 76,533 | 86,861 |
| Current portion of long-term debt | 174,380 | 182,504 |
| Total payable from restricted assets | 254,464 | 283,991 |
| Total current liabilities | 295,484 | 339,622 |
| Noncurrent liabilities: | | |
| Payable from unrestricted assets: | | |
| Net pension liability | 178,360 | 176,581 |
| Net other post employment benefits liability | 39,872 | 51,006 |
| Derivative instruments - interest rate swaps | 72,801 | 44,473 |
| Other non-current liabilities | 5,839 | 4,126 |
| Total payable from unrestricted assets | 296,872 | 276,186 |
| Payable from restricted assets: | | |
| Long-term debt, net of current portion | 3,289,830 | 3,634,395 |
| Total payable from restricted assets | 3,289,830 | 3,634,395 |
| Total noncurrent liabilities | 3,586,702 | 3,910,581 |
| Total liabilities | 3,882,186 | 4,250,203 |
| Deferred inflows of resources: | | |
| Pension | 16,371 | 12,105 |
| Other post employment benefits | 58,644 | 56,736 |
| Hedging derivative instruments | 1,205 | 11,118 |
| Unamortized gain on bond refundings | 11,082 | 6,571 |
| Total deferred inflows of resources | 87,302 | 86,530 |
| Net position: | | |
| Net investment in capital assets | 937,167 | 701,267 |
| Restricted for: | | |
| Capital projects | 75,802 | 124,317 |
| Debt service | 279,634 | 316,042 |
| Other | 65,761 | 89,152 |
| Total restricted | 421,197 | 529,511 |
| Unrestricted | 168,987 | 215,760 |
| Total net position | 1,527,351 | 1,446,538 |
| Total liabilities, deferred inflows of resources, and net position | $ 5,496,839 | $ 5,783,271 |

See accompanying notes to financial statements.

## CLARK COUNTY DEPARTMENT OF AVIATION
## CLARK COUNTY, NEVADA
## Statements of Revenues, Expenses, and Changes in Net Position
## For the Fiscal Years Ended June 30, 2019 and 2018

| | 2020 (000) | 2019 (000) |
|---|---|---|
| Operating revenues: | | |
| Terminal building and use fees | $ 188,664 | $ 190,550 |
| Landing fees and other aircraft fees | 43,379 | 51,895 |
| Gate use fees | 28,430 | 29,175 |
| Terminal concession fees | 58,999 | 75,843 |
| Rental car facility and concession fees | 57,191 | 73,836 |
| Parking and ground transportation fees | 59,221 | 71,941 |
| Gaming fees | 28,606 | 37,395 |
| Ground rents and use fees | 24,146 | 25,303 |
| Other | 9,197 | 9,935 |
| | 497,833 | 565,873 |
| Operating expenses: | | |
| Salaries and benefits | 151,420 | 141,060 |
| Professional services | 67,154 | 65,115 |
| Repairs and maintenance | 20,988 | 24,970 |
| Utilities and communication | 23,843 | 23,946 |
| Materials and supplies | 17,501 | 19,470 |
| General administrative | 5,336 | 5,440 |
| | 286,242 | 280,001 |
| Operating income before depreciation and amortization | 211,591 | 285,872 |
| Depreciation and amortization | 190,649 | 190,874 |
| Operating income | 20,942 | 94,998 |
| Non-operating revenues (expenses): | | |
| Passenger Facility Charge | 70,640 | 96,783 |
| Jet A Fuel Tax | 9,676 | 11,979 |
| Interest and investment income | 13,773 | 188 |
| Interest expense | (122,953) | (160,194) |
| Net gain from disposition of capital assets | 76 | 232 |
| Other non-operating revenue | 16,972 | 16,948 |
| CARES Act Airport Grant | 48,657 | — |
| | 36,841 | (34,064) |
| Income before capital contributions | 57,783 | 60,934 |
| Capital contributions | 23,030 | 22,281 |
| | 80,813 | 83,215 |
| Net position, beginning of year | 1,446,538 | 1,363,323 |
| Net position, end of year | $ 1,527,351 | $ 1,446,538 |

See accompanying notes to financial statements.

## CLARK COUNTY DEPARTMENT OF AVIATION
## CLARK COUNTY, NEVADA
## Statements of Cash Flows
## For the Fiscal Years Ended June 30, 2020 and 2019

| | 2020 (000) | 2019 (000) |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from customers | $ 497,618 | $ 554,422 |
| Cash paid to employees | (151,794) | (144,341) |
| Cash paid to outside vendors | (133,938) | (161,527) |
| Net cash provided by operating activities | 211,886 | 248,554 |
| Cash flows from capital and related financing activities: | | |
| Collateralized agreements with swap counterparties | (10,011) | (47,480) |
| Passenger Facility Charges received | 81,763 | 95,837 |
| Jet A Fuel Tax received | 12,026 | 11,012 |
| Acquisition and construction of capital assets | (78,721) | (71,759) |
| Federal grants and reimbursements received | 50,074 | 22,609 |
| Bond refunding payments | (56,229) | — |
| Proceeds from capital asset disposal | 431 | 676 |
| Swap termination | — | (4,417) |
| Build America Bonds subsidy | 14,056 | 8,474 |
| Debt service payments: | | |
| Principal | (255,430) | (130,455) |
| Interest | (166,957) | (174,029) |
| Net cash used in capital and related financing activities | (408,998) | (289,532) |
| Cash flows from investing activities: | | |
| Interest and investment income received | 40,133 | 41,892 |
| Proceeds from maturities of investments | 354,687 | 328,306 |
| Purchase of investments | (289,765) | (338,139) |
| Net cash provided by investing activities | 105,055 | 32,059 |
| Decrease in cash and cash equivalents | (92,057) | (8,919) |
| Cash and cash equivalents, beginning of year | 1,073,230 | 1,082,149 |
| Cash and cash equivalents, end of year | $ 981,173 | $ 1,073,230 |
| | | |
| Cash and cash equivalent balances: | | |
| Unrestricted cash and cash equivalents | 462,442 | 504,235 |
| Restricted cash and cash equivalents | 518,731 | 568,995 |
| Cash and cash equivalents, end of year | $ 981,173 | $ 1,073,230 |

See accompanying notes to financial statements.

**CLARK COUNTY DEPARTMENT OF AVIATION**

**CLARK COUNTY, NEVADA**

**Statements of Cash Flows**

**For the Fiscal Years Ended June 30, 2020 and 2019**

| Reconciliation of operating income to net cash provided by operating activities: | 2020 (000) | 2019 (000) |
|---|---|---|
| Operating income | $ 20,942 | $ 94,998 |
| Adjustments to reconcile income from operations to net cash from operating activities: | | |
| Depreciation and amortization | 190,649 | 190,874 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,409 | (10,886) |
| Other receivables | 1,449 | (962) |
| Inventory | 1,431 | (2,377) |
| Prepaid expenses | (414) | 42 |
| Deferred outflows - pension | (33) | (2,570) |
| Deferred outflows - other post employment benefits | 1,288 | (15,457) |
| Accrued payroll and benefits | 1,542 | 1,478 |
| Accounts payable and other accrued expenses | (2,150) | (18,368) |
| Unearned revenue | (1,025) | (1,642) |
| Deposits | (21) | 155 |
| Net pension liability | 1,779 | 6,183 |
| Net other post employment benefits liability | (11,134) | (34,548) |
| Deferred inflows - pension | 4,266 | (2,800) |
| Deferred inflows - other post employment benefits | 1,908 | 44,434 |
| Net cash provided by operating activities | $ 211,886 | $ 248,554 |
| | | |
| Non-cash capital and related financing and investing activities: | | |
| Capital asset additions with outstanding accounts payable | $ 3,718 | $ 15,316 |
| Loss on investments - derivative instruments | $ (21,513) | $ (43,007) |
| Gain on investments - other investments | $ 18,488 | $ 6,240 |
| Refunding bond proceeds deposited in escrow | $ 1,283,211 | $ — |

See accompanying notes to financial statements.

## 1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation (Department) is a department of Clark County (County), a political subdivision of the State of Nevada. The Department, under the supervision of the Board of County Commissioners (Board) and the County Manager, is established to operate McCarran International Airport (Airport) and the four other general aviation facilities owned by the County: North Las Vegas Airport, Henderson Executive Airport, Jean Sport Aviation Center, and Overton-Perkins Field (all collectively referred to as the Airport System). The Board is the governing body of the County. The seven Board members are elected from County commission election districts to four-year staggered terms. The Board appoints the Director of Aviation, who is charged with the day-to-day operation of the Department.

Only the accounts of the Department are included in the reporting entity. The Airport System is owned and operated as an enterprise fund of the County and is included as part of the County's government-wide financial statements and the County's Comprehensive Annual Financial Report (CAFR). Therefore, these financial statements do not purport to represent the financial position or changes in financial position of the County as a whole.

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a commercial business enterprise, where the costs of providing services to the public are recovered through user fees. The Department is not subsidized by any tax revenues of the County.

The financial statements of the Department, an enterprise fund, are presented applying the accrual basis of accounting. Revenues are recorded when earned. The Department's operating revenues are derived from fees earned by airlines, concessionaires, tenants, and other users of Airport System facilities. These fees are based on usage fees established by the Department and approved by the Board or established in accordance with the Airline–Airport Use and Lease Agreement, discussed in more detail in the "Airline Rates and Charges" section of this note. Expenses are recognized when incurred. Non-operating revenue/expenses primarily consist of interest income, gains and losses on derivative instruments, Passenger Facility Charge proceeds, Jet A Fuel Tax revenues, interest expense on outstanding Department debt, Build America Bond subsidies, and the net gain or loss from the disposition of capital assets.

(c) Cash and Cash Equivalents

The Department's pooled funds and short-term investments, having original maturities of three months or less from the date of acquisition, are considered to be cash equivalents.

(d) Investments

Investments, consisting of federal government obligations and repurchase agreements, guaranteed investment certificates, and collateralized investment agreements, are stated at fair value. Investments in the County's pooled Treasurer's cash account are reported at fair value.

(e) Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's assessment of the potential for losses, taking into account historical experience and currently available information.

(f) Inventories

Inventories consist of fuel and supplies which have been valued at cost, parts and supplies which have been valued at average cost, and merchandise for resale to customers which has been valued at lower of cost or market.

(g) Capital Assets

Capital assets with a useful life of more than one year are capitalized and recorded at historical cost. The capitalization threshold is $5,000. Costs related to the alteration or demolition of existing facilities during major expansion programs are capitalized as additional costs of the program. Depreciation is computed using the straight-line method based on useful lives currently estimated as follows:

| | |
|---|---|
| Land Improvements | 20-50 years |
| Buildings and Improvements | 20-50 years |
| Furniture and Fixtures | 5-15 years |
| Machinery and Equipment | 3-15 years |

Repairs and maintenance costs are charged to operations as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset.

(h) Derivative Instruments

The Department has both hedging derivative instruments and investment derivative instruments, which are reported at fair value.

(i) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and would not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows from losses on bond refundings and on imputed debt are unamortized balances resulting from advance bond refundings and deferred losses incurred on the re-association and revaluation of interest rate swaps paired to certain bonds that were refunded. The hedging instruments are the changes in the fair value of interest rate swaps serving as hedging derivative instruments at the end of the fiscal year. The pension related amounts resulted from the Department's pension contributions subsequent to the plan measurement date, changes in proportion since the prior measurement date, and differences between expected and actual experience with economic and demographic factors. The other post employment benefits related amounts resulted from the Department's other post employment benefit plans contributions and benefit payments subsequent to the plan measurement date, as well as differences between expected and actual experience with economic and demographic factors.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows from refundings are unamortized balances resulting from advance bond refundings. Deferred inflows from the hedging instruments are the changes in the fair value of interest rate swaps serving as hedging derivative instruments at the end of the fiscal year. The pension amounts resulted from the difference between projected and actual experience with economic and demographic factors, projected and actual investment earnings, changes in proportionate share of collective net pension liability, and the difference between employee contributions and proportionate share of contributions. The other post employment benefit related amounts resulted from changes in actuarial assumptions, differences between expected and actual experience with economic and demographic factors, and the net excess of actual investment earnings over projected investment earnings on the Department's other post employment plan investments.

(j) Federal Grants and Other Transaction Agreements

Amounts received from Federal Aviation Administration (FAA) grants and Transportation Security Administration (TSA) other transaction agreements (OTAs) are restricted for certain capital improvements and are reported as capital contributions. Such funds are generally available for reimbursement upon the acquisition of the specific asset or upon the incurrence of costs for a project and are accrued as receivables at that time.

The Department is also recipient of the CARES act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic and is also administered through the FAA for eligible airports. During FY 2020, the Department was awarded $195.8 million in funds from the CARES act which was signed into law on March 27, 2020. Amounts received from the CARES act are reported as non-operating revenues. The Department recorded $48.7 million in subsidy received from the CARES act in FY 2020.

(k) Passenger Facility Charge

The Passenger Facility Charge (PFC) Program allows the collection of PFC fees up to $4.50 per boarded passenger at commercial airports controlled by public agencies. The Department uses these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

The Department recorded $70.6 million and $96.8 million in PFC fees for the years ended June 30, 2020 and 2019, respectively.

(l) Airline Rates and Charges

Effective July 1, 2010, the Department entered into a Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market; the Agreement had a five-year term with a two- year extension option. The Agreement incorporates the lease and use of the terminal complex, apron areas, and airfields at the Airport System. On November 5, 2014, the Board approved an amendment to the Agreement (2014 Amendment) which extended the terms of the Agreement through June 30, 2020. Refer to Note 15 "Subsequent Events" for information related to the extension of the Agreement beyond June 30, 2020.

The Agreement establishes a residual rate-making methodology for the Airport System through both direct and indirect cost centers. The net cash flows from the Airport System's gaming fees and the McCarran Rent-A-Car Center are set aside in a capital improvement account, the balance of which may be used to pay the costs of future capital projects or pay down outstanding Department debt.

Rates and charges are calculated annually at the beginning of each fiscal year, pursuant to budgeted revenues, expenses, and debt service requirements. The established rates and charges are reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient Department revenues are generated to satisfy all the requirements of the Master Indenture of Trust dated May 1, 2003, as amended, which governs the issuance of certain debt.

At the close of each fiscal year, audited financial data, in conjunction with the balance in the rate stabilization account, will be used to determine if any additional amount is due to or from the Signatory Airlines in accordance with the Agreement (airline true-up). In the event an overpayment is due, the Department will refund such overpayment to the Signatory Airlines; in the event an underpayment is owed, the Department will invoice the Signatory Airlines the underpayment within 30 days of such determination. For the fiscal years ended June 30, 2020 and 2019, there were no amounts due to or from the Signatory Airlines related to the airline true-up.

Certain airline landing fees, terminal building rentals, gate use fees, and passenger fees are used to calculate the airline rental and fee revenue, which is used to calculate cost per enplaned passenger. The following is the cost per enplaned passenger for the fiscal years ended June 30, 2020 and 2019:

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| Airline rental and fee revenue * | $ 238,884 | $ 250,090 |
| Enplaned passengers * | 19,038 | 25,224 |
| Cost per enplaned passenger | $ 12.55 | $ 9.91 |

* Figures are reported in thousands.

(m) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and other resources that are legally restricted to certain uses pursuant to the Master Indenture of Trust dated May 1, 2003. Capital program funds are restricted to pay the cost of certain capital projects as defined in various bond ordinances. PFC program funds are restricted to pay the cost of FAA-approved capital projects and any debt service incurred to finance these projects. Debt service funds are restricted to sourcing payments for principal, interest, sinking funds, and coverage as required by specific bond covenants.

(n) Budgetary Control

As an enterprise fund of the County, the Department is subject to the budgetary requirements of the State of Nevada (State), including budgetary hearings and public meetings as required by the County's overall budget process. Accordingly, the Board approves the Department's annual budget and any subsequent changes thereto. The Department's budget is prepared using the accrual basis of accounting, and actual expenses cannot exceed total budgeted operating expenses without action pursuant to the State's budgetary requirements. Appropriations for operating expenses lapse at the end of each fiscal year.

(o) Use of Estimates

The preparation of financial statements in accordance with Generally Accepted Accounting Principles in the United States of America requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

(p) Net Position

Net position represents all assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net position is displayed in the Statements of Net Position in the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net position not meeting the definition of net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for the same purpose, restricted net position is considered to be used first over unrestricted net position.

(q) Reclassification

Certain minor reclassifications have been made in the fiscal year 2019 financial statements to conform to the fiscal year 2020 presentation. There was no impact on net position or changes in net position.

(r) New Accounting Guidance

*New Accounting Guidance - Recently Adopted*

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No.92, *Omnibus 2020* (GASB 92). This standard's objective is to enhance comparability in accounting and financial reporting and it addresses a variety of topics. Paragraphs 4, 5, 11, and 13 of GASB 92 are effective immediately. GASB 92 sets the effective date for GASB Statement No. 87 for fiscal years beginning after December 15, 2019. There is no impact to the Department's financial statements as a result of adopting paragraphs 4, 5, 11, and 13 of this standard. The GASB subsequently issued Statement No. 95 in May 2020, which postpones the effective date of Statement No. 87.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). This standard postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. There is no impact to the Department's financial statements as a result of adopting this standard.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97). This standard seeks to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. The standard also seeks to mitigate costs associated with the reporting of certain defined contribution plans as well as enhance the accounting for Section 457 deferred compensation plans. Paragraphs 4 and 5 of GASB 97 are effective immediately. There is no impact to the Departments financial statements as a result of adopting paragraphs 4 and 5 of this standard.

(s) Recent Event

In December 2019, a novel strain of coronavirus began to spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of Nevada declared that all non-essential businesses would be closed to help mitigate the spread of COVID-19. In early May 2020, certain businesses began reopening within the state of Nevada, including casinos, which were allowed to reopen on June 4, 2020. The operations and business results of the Department have been significantly impacted by this event during the fourth quarter of FY

2020. The Department cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain it.

On April 21, 2020, the Board approved a resolution authorizing the Department to execute payment deferral agreements with airlines which temporarily deferred payments of Joint Use Space for the period of April through June 2020. Deferred payments are to be paid in six equal monthly installments beginning July 1, 2020 and continuing through December 31, 2020. As of June 30, 2020, the amount of uncollected deferred revenue resulting from this resolution was $27.3 million. The Board also approved a resolution authorizing the Department to waive all Minimum Annual Guarantee (MAG) obligations for all concession agreements for the period of April through June 2020. Subsequently, the MAG waiver period was extended through October 2020. During this period, concessionaires were still required to remit to the Department the percentage rent payments as outlined within the agreements. For the period of April through June 2020, it is estimated that the Department waived $15.4 million in MAG revenues from the concessionaires.

The Department is a recipient of the CARES Act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. In March 2020, the Department was awarded $195.8 million in funds from the CARES act. During FY 2020, the Department was also allocated $6.3 million from the Coronavirus Relief Fund administered through the County.

As of June 30, 2020, the Department has $462.4 million of unrestricted cash and investments, which are sufficient to cover budgeted expenditures for FY 2021. Management has not included any contingencies in the financial statements specific to this event.

**2.) CASH AND INVESTMENTS**

According to Nevada Revised Statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan institutions situated within the County. The County is authorized to use demand accounts, time accounts, and certificates of deposit. State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as that described for permissible investments. Permissible investments are similar to the allowable County investments described below, except the statutory language permits a longer term and include securities issued by municipalities within Nevada.

The County's deposits are fully covered by federal depository insurance or collateral held by the County's agent in the County's name. The County has written custodial agreements in force with the various financial institutions' trust banks for demand deposits and certificates of deposits. These custodial agreements pledge securities totaling 102% of the deposits with each financial institution. The County has a written agreement with the State Treasurer for monitoring the collateral maintained by the County's depository institutions.

The majority of all cash and investments of the Department are included in the investment pool of the Clark County Treasurer (Treasurer) and the Department's Trustee, the Bank of New York Mellon. As of June 30, 2020 and 2019, these amounts were distributed as follows (in thousands):

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| Clark County Investment Pool | $ 684,882 | $ 824,830 |
| Cash and Investments with Trustee | 429,426 | 437,608 |
| Custodian Account | 2,050 | 12,060 |
| Cash On Hand or In Transit | 2,646 | 1,488 |
| Total | $ 1,119,004 | $ 1,275,986 |

(a) Clark County Investment Pool

The County Treasurer invests monies both by individual funds and through a pooling of monies. The pooled monies, referred to as the Clark County Investment Pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned to each participating department or agency on a monthly basis and is based on the average daily cash balance of the fund for the month in which the investments mature. The Clark County Investment Pool is unrated and is not subject to external regulatory oversight.

Nevada Revised Statutes (NRS) do not specifically require collateral for demand and time deposits, but do specify that collateral for time deposits may be of the same type as that described for permissible State investments. Permissible State investments are similar to allowable County investments described below except that some State investments are longer term and include securities issued by municipalities outside the State of Nevada.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. Once per year, the County records the investments in the Treasurer Investment Pool at fair market and then apportions the corresponding adjustment to the various participants for the year. The Department's apportioned share of the fair value adjustment made at June 30, 2020 and 2019, was $18.5 million and $6.2 million, respectively; the Department's share of the investments held in the investment pool at June 30, 2020 and 2019 was $684.9 million and $824.8 million, respectively. The respective allocation percentages of the investments held in the investment pool at June 30, 2020 are as follows:

| | | Percentage Share of Investment Maturities (in years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1 to 3 | 3 to 5 | 5 to 10 |
| U.S. Treasury Obligations | 21.7 % | 10.8 % | 6.6 % | 4.3 % | - % |
| U.S. Agency Obligations | 33.0 % | 5.5 % | 12.6 % | 5.4 % | 9.5 % |
| Corporate Obligations | 19.1 % | 5.0 % | 8.7 % | 5.4 % | - % |
| Money Market Funds | 0.3 % | 0.3 % | - % | - % | - % |
| Commercial Paper | 11.1 % | 11.1 % | - % | - % | - % |
| Negotiable Certificates of Deposit | 9.8 % | 9.8 % | - % | - % | - % |
| Collateralized Mortgage Obligations | 0.2 % | - % | 0.1 % | - % | 0.1 % |
| Asset Backed Securities | 4.8 % | - % | 0.9 % | 3.5 % | 0.4 % |
| | 100.0 % | 42.5 % | 28.9 % | 18.6 % | 10.0 % |

The respective allocation percentages of the investments held in the investment pool at June 30, 2019 are as follows:

| | | Percentage Share of Investment Maturities (in years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1 to 3 | 3 to 5 | 5 to 10 |
| U.S. Treasury Obligations | 31.0 % | 24.5 % | 60.2 % | 11.7 % | 3.6 % |
| U.S. Agency Obligations | 29.2 % | 10.4 % | 35.4 % | 37.7 % | 16.5 % |
| Corporate Obligations | 18.0 % | 24.7 % | 49.0 % | 26.3 % | — % |
| Money Market Funds | 2.2 % | 100.0 % | — % | — % | — % |
| Commercial Paper | 6.1 % | 100.0 % | — % | — % | — % |
| Negotiable Certificates of Deposit | 10.2 % | 100.0 % | — % | — % | — % |
| Collateralized Mortgage Obligations | 0.3 % | — % | 3.4 % | 54.5 % | 42.1 % |
| Asset Backed Securities | 3.0 % | 2.2 % | 34.0 % | 47.8 % | 16.0 % |
| | 100.0 % | 33.6 % | 38.9 % | 21.0 % | 6.5 % |

(b) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool to fewer than 2.5 years. Duration is a measure of the present value of a fixed income security’s cash flows and is used to estimate the sensitivity of a security’s price to interest rate changes.

(c) Interest Rate Sensitivity

As of June 30, 2020 and 2019, the County invested in the following types of securities that have a higher sensitivity to interest rates:

- *Callable securities* are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem, or call, a security before maturity, either on a given date or, generally, on coupon dates.

- *Asset Backed Securities* are financial securities backed by a loan, lease, or receivable against assets other than real estate and mortgage backed securities. These securities are subject to interest rate risk in that the value of the assets fluctuates inversely with changes in the general levels of interest rates.

- *A Corporate Note Floater* is a note with a variable interest rate that is usually, but not always, tied to an index.

- *Step-up* or *step-down securities* have fixed rate coupons for a specific time interval that will step up or step down a predetermined number of basis points at scheduled coupon dates or other reset dates. These securities are callable either one time or on their coupon dates.

(d) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies the prudent-person rule: In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The County's investments were rated by Moody's Investors Service (Moody's) and Standard & Poor's (S&P) as follows:

| | Moody's | S&P |
|---|---|---|
| U.S. Agency Callables | Aaa | AA+ |
| U.S. Agency Non Callables | Aaa | AA+ |
| U.S. Agency Discounts | P-1 | A-1+ |
| Corporate Notes | A3 | A- |
| Corporate Floaters | Aa2 | A+ |
| Money Market Funds | Aaa | AAA |
| Commercial Paper Discount | P-1 | A-2 |
| Negotiable Certificates of Deposit | P-1 | A-1 |
| Collateralized Mortgage Obligations | Aaa | AA+ |
| Asset Backed Securities | Aaa | AAA |
| Agency Mortgage Backed Security Pass-Throughs | Aaa | AA+ |

(e) Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than 5% of the County Investment Pool.

At June 30, 2020, the following investments exceeded 5% of the total Department investments:

| | |
|---|---|
| Federal Agricultural Mortgage Corp (FAMC) | 8.81 % |
| Federal Farm Credit Bank (FFCB) | 18.34 % |
| Federal Home Loan Bank (FHLB) | 8.68 % |
| Federal National Mortgage Association (FHLMC) | 15.05 % |

As of June 30, 2019, the following investments exceeded 5% of total Department investments:

| | |
|---|---|
| Federal Farm Credit Banks (FFCB) | 12.12 % |
| Federal Home Loan Banks (FHLB) | 7.38 % |
| Federal Home Loan Mortgage Corporation (FHLMC) | 8.11 % |

(f) Trustee Cash

In accordance with the Master Indenture of Trust dated May 1, 2003, as amended, between the County and the Bank of New York Mellon (Trustee), the Department uses the Trustee to retain all debt service reserve funds and to make all annual debt service payments to bondholders. As of June 30, 2020 and 2019, the Trustee held $429.4

million and $437.6 million, respectively, of the Department's cash and investments restricted for debt service reserves, bond proceeds, and annual debt service payments.

As of June 30, 2020, of the $429.4 million held by the Trustee, $291.6 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $137.8 million was invested in short- and long-term investments with entities as follows (in thousands):

| | | Investment Maturities (in years) | | |
|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1 to 3 | 3 to 5 |
| US Treasury Bills | $ 42,270 | $ 42,270 | $ — | $ — |
| US Treasury Notes | 23,370 | 23,370 | — | — |
| Federal Agricultural Mortgage Corp Non-Callables | 12,136 | 10,069 | 2,067 | — |
| Federal Farm Credit Bank Non-Callables | 25,285 | 4,069 | 12,706 | 8,510 |
| Federal Home Loan Bank Non-Callables | 11,963 | — | 1,628 | 10,335 |
| Federal Home Loan Mortgage Corporation Non-Callables | 2,067 | — | 2,067 | — |
| Federal National Mortgage Association Non-Callables | 20,741 | — | 11,786 | 8,955 |
| | $ 137,832 | $ 79,778 | $ 30,254 | $ 27,800 |

| Investment Ratings | Moody's | S&P |
|---|---|---|
| US Treasury Bills | P-1 | A-1+ |
| US Treasury Notes | Aaa | AA+ |
| Federal Agricultural Mortgage Corp Non-Callables* | N/A | N/A |
| Federal Farm Credit Bank Non-Callables | Aaa | AA+ |
| Federal Home Loan Bank Non-Callables | Aaa | AA+ |
| Federal Home Loan Mortgage Corporation Non-Callables | Aaa | AA+ |
| Federal National Mortgage Association Non-Callables | Aaa | AA+ |

* Investments not rated by Moody's and S&P

As of June 30, 2019, of the $437.6 million held by the Trustee, $234.8 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $202.8 million was invested in short- and long-term investments with entities as follows (in thousands):

| | | Investment Maturities (in years) | | |
|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1 to 3 | 3 to 5 |
| US Treasury Bills | $ 30,210 | $ 30,210 | $ — | $ — |
| US Treasury Notes | 99,603 | 97,618 | 1,985 | — |
| Federal Agricultural Mortgage Corp Non-Callables | 3,991 | — | 3,991 | — |
| Federal Farm Credit Bank Non-Callables | 24,574 | 20,046 | 2,459 | 2,069 |
| Federal Home Loan Bank Callables | 5,981 | 5,981 | — | — |
| Federal Home Loan Bank Discounts | 14,958 | 14,958 | — | — |
| Federal Home Loan Bank Non-Callables | 16,440 | 4,979 | 1,601 | 9,860 |
| Federal Home Loan Mortgage Corporation Non-Callables | 4,003 | 1,990 | 2,013 | — |
| Federal National Mortgage Association Callables | 2,997 | 2,997 | — | — |
| | $ 202,757 | $ 178,779 | $ 12,049 | $ 11,929 |

| Investment Ratings | Moody's | S&P |
|---|---|---|
| Federal Agricultural Mortgage Corp Non-Callables* | N/A | N/A |
| Federal Farm Credit Bank Non-Callables | Aaa | AA+ |
| Federal Home Loan Bank Callables | Aaa | AA+ |
| Federal Home Loan Bank Discounts | P-1 | A-1+ |
| Federal Home Loan Bank Non-Callables | Aaa | AA+ |
| Federal Home Loan Mortgage Corporation Non-Callables | Aaa | AA+ |
| Federal National Mortgage Association Non-Callables | Aaa | AA+ |

* Investment not rated by Moody's and S&P

(g) Fair Value of Combined Investments and Derivative Instruments

The fair value of the Department's investments and derivative instruments as of June 30, 2020 and 2019, is as follows (in thousands):

| As of As of June 30, 2020 | | Fair Value Measurements | |
|---|---|---|---|
| Investment Type | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Debt Securities with Clark County Investment Pool | | | |
| U.S. Treasuries | $ 148,335 | $ 148,335 | $ — |
| U.S. Agencies | 225,524 | 2,640 | 222,884 |
| Corporate Obligations | 131,146 | — | 131,146 |
| Money Market Funds | 2,374 | 2,374 | — |
| Commercial Paper | 75,995 | — | 75,995 |
| Negotiable CD | 66,994 | — | 66,994 |
| Collateralized Mortgage Obligations | 1,520 | — | 1,520 |
| Asset Backed Securities | 32,994 | — | 32,994 |
| Subtotal | 684,882 | 153,349 | 531,533 |
| Debt Securities held by Trustee | | | |
| U.S. Treasury Bills | 42,270 | 42,270 | — |
| U.S. Treasury Notes | 23,370 | 23,370 | — |
| Federal Agricultural Mortgage Corp Non-Callables | 12,136 | — | 12,136 |
| Federal Farm Credit Bank Non-Callables | 25,285 | — | 25,285 |
| Federal Home Loan Bank Non-Callables | 11,963 | — | 11,963 |
| Federal Home Loan Mortgage Corporation Non-Callables | 2,067 | — | 2,067 |
| Federal National Mortgage Association Non-Callables | 20,741 | — | 20,741 |
| Money Market Funds | 291,595 | 291,595 | — |
| Subtotal | 429,427 | 357,235 | 72,192 |
| Debt Securities Derivative Instruments | | | |
| Derivative Instruments - Assets | 1,920 | — | 1,920 |
| Derivative Instruments - Liability | (72,801) | — | (72,801) |
| Subtotal | (70,881) | — | (70,881) |
| Total | $ 1,043,428 | $ 510,584 | $ 532,844 |

| As of As of June 30, 2019 | | Fair Value Measurements | |
|---|---|---|---|
| Investment Type | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Debt Securities with Clark County Investment Pool | | | |
| U.S. Treasuries | $ 255,696 | $ 255,696 | $ — |
| U.S. Agencies | 240,724 | 1,796 | 238,928 |
| Corporate Obligations | 148,554 | — | 148,554 |
| Money Market Funds | 17,926 | 17,926 | — |
| Commercial Paper | 50,332 | — | 50,332 |
| Negotiable CD | 83,933 | — | 83,933 |
| Collateralized Mortgage Obligations | 2,604 | — | 2,604 |
| Asset Backed Securities | 25,061 | — | 25,061 |
| Subtotal | 824,830 | 275,418 | 549,412 |
| Debt Securities held by Trustee | | | |
| U.S. Treasury Bills | 30,210 | 30,210 | — |
| U.S. Treasury Notes | 99,603 | 99,603 | — |
| Federal Agricultural Mortgage Corp Non-Callables | 3,991 | — | 3,991 |
| Federal Farm Credit Bank Non-Callables | 24,574 | — | 24,574 |
| Federal Home Loan Bank Callables | 5,981 | — | 5,981 |
| Federal Home Loan Bank Discounts | 14,958 | 14,958 | — |
| Federal Home Loan Bank Non-Callables | 16,440 | — | 16,440 |
| Federal Home Loan Mortgage Corporation Non-Callables | 4,003 | — | 4,003 |
| Federal National Mortgage Association Non-Callables | 2,997 | — | 2,997 |
| Money Market Funds | 234,186 | 234,186 | — |
| Subtotal | 436,943 | 378,957 | 57,986 |
| Debt Securities Derivative Instruments | | | |
| Derivative Instruments - Assets | 12,250 | — | 12,250 |
| Derivative Instruments - Liability | (44,473) | — | (44,473) |
| Subtotal | (32,223) | — | (32,223) |
| Total | $ 1,229,550 | $ 654,375 | $ 575,175 |

Securities classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities or offer same-day liquidity at a price of par. Securities classified at Level 2 of the fair value hierarchy are generally valued using a matrix pricing technique. Matrix pricing is the process of estimating the market price of a bond based on the quoted prices of more frequently traded comparable bonds.

**3.) GRANTS RECEIVABLE**

Grants receivable as of June 30, 2020 and 2019, consists of the following (in thousands):

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| CARES Act | $ 26,184 | $ — |
| FAA Grants | 1,983 | 4,191 |
| TSA OTA | — | 2,363 |
| Total | $ 28,167 | $ 6,554 |

**4.) RESTRICTED ASSETS**

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included Passenger Facility Charges and Jet A Fuel Tax revenue-related assets as restricted assets, because these assets have been pledged for capital projects and debt service. Restricted assets consist of the following at June 30, 2020 and 2019 (in thousands):

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| Restricted for capital projects: | | |
| Cash and investments - PFC and other bond proceeds | $ 68,342 | $ 76,815 |
| Cash and investments - PFC | 44,015 | 101,957 |
| Accounts receivable - PFC | 1,529 | 12,653 |
| Grant reimbursements receivable | 28,167 | 4,291 |
| Interest receivable | 2,091 | 5,417 |
| Subtotal restricted for capital projects | 144,144 | 201,133 |
| Restricted for debt service: | | |
| Bond funds: | | |
| Cash and investments - PFC bonds | 74,047 | 60,792 |
| Cash and investments - other bonds | 194,396 | 254,612 |
| Other receivable | 5,102 | 8,474 |
| Interest receivable | 2 | 21 |
| Subtotal restricted for bond funds | 273,547 | 323,899 |
| Debt service reserves: | | |
| Cash and investments - PFC bonds | 36,174 | 50,939 |
| Cash and investments - other bonds | 145,467 | 103,342 |
| Subtotal restricted for debt service reserves | 181,641 | 154,281 |
| Subordinate and other debt coverage reserves: | | |
| Cash and investments | 39,329 | 35,101 |
| Interest receivable | 141 | 204 |
| Other receivable - Jet A Fuel Tax | 667 | 3,017 |
| Subtotal restricted for subordinate and other debt coverage reserves | 40,137 | 38,322 |
| Subtotal restricted for debt service | 495,325 | 516,502 |
| Other restricted assets: | | |
| Cash and investments - Working capital and contingency | 23,856 | 23,333 |
| Cash and investments - Capital fund and rate stabilization | 28,887 | 52,800 |
| Custodian account | 2,050 | 12,060 |
| Land - Heliport facility | 3,718 | 3,718 |
| Land - Henderson runway | 9,300 | 9,300 |
| Subtotal other restricted assets | 67,811 | 101,211 |
| Total restricted assets | $ 707,280 | $ 818,846 |
| Restricted assets by class: | | |
| Total current assets | $ 220,903 | $ 303,764 |
| Total capital assets | 13,018 | 13,018 |
| Total other non-current assets | 473,359 | 502,064 |
| Total restricted assets: | $ 707,280 | $ 818,846 |

**5.) RETIREMENT SYSTEM**

Plan Description

Public Employees Retirement System of Nevada (PERS or System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. The Department contributes, through the County, to the System. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

As of June 30, 2020 and 2019, the Department had a net pension liability of $178.4 million and $176.6 million, respectively, which represents the Department's percentages, 15.7% and 15.5%, respectively, of the County's net pension liability. These percentages were determined based on the contributions to PERS by the Department during fiscal years 2019 and 2018, relative to the total contributions to PERS by the County during those fiscal years.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS §286.575-.579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with 30 years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or at age 55 with 30 years of service or any age with 33 1/3 years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Police/fire members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with 20 of service and at any age with 33 1/3 years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as police/ fire accredited service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the EPC or can make contributions by a payroll deduction matched by the employer.

The System’s basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee’s working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased or decreased pursuant to NRS §286.421 and §286.450.

The actuarial funding method used is the Entry Age Normal Cost method. It is intended to meet the funding objective and to result in a relatively level long-term contributions requirement as a percentage of salary. For the fiscal years ended June 30, 2019 and 2018, the statutory employer-employee matching rate was 14.50% for regular employees and 20.75% for police or fire employees, and the respective employer- pay contribution rates were 28.00% for Regular employees and 40.50% for police or fire employees. For the fiscal year ended June 30, 2020, the statutory employer-employee matching rate was 15.25% for regular employees and 22.0% for police or fire employees, and the respective employer-pay contribution rates were 29.25% for Regular employees and 42.50% for police or fire employees.

For the fiscal year ended June 30, 2019, the Department's contributions were $12.6 million. A total of $13.9 million was contributed during the fiscal year ended June 30, 2020; these contributions after the measurement date are recognized as a deferred outflow of resources, as further described in the "Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions" section of this note.

<u>Summary of Significant Accounting and Reporting Policies</u>

For the purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the PERS and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

<u>Basis of Accounting</u>

The underlying financial information used to prepare the pension allocation schedules is based on the PERS financial statements. The PERS financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall within the PERS fiscal years ending June 30, 2019 and 2018, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations.

The total pension liability is calculated by the PERS actuary. The System's fiduciary net position is reported in the PERS financial statements, and the net pension liability is disclosed in the PERS notes to the financial statements. An annual report containing financial statements and required information for the System may be obtained at www.nvpers.org, by writing to PERS, 693 W. Nye Lane, Carson City, Nevada 89703- 1599, or by calling (775) 687-4200.

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following is the target asset allocation adopted by the Board as policy as of June 30, 2019:

| **Asset Class** | Target Allocation | Long-term Geometric Expected Real Rate of Return * |
|---|---|---|
| Domestic Equity | 42% | 5.50% |
| International Equity | 18% | 5.50% |
| Domestic Fixed Income | 28% | 0.75% |
| Private Markets | 12% | 6.65% |

* As of the plan fiscal years ended June 30, 2019 and 2018, the PERS long-term inflation assumption was 2.75%.

The following is the target asset allocation adopted by the Board as policy as of June 30, 2018:

| **Asset Class** | Target Allocation | Long-term Geometric Expected Real Rate of Return * |
|---|---|---|
| Domestic Equity | 42% | 5.50% |
| International Equity | 18% | 5.75% |
| Domestic Fixed Income | 30% | 0.25% |
| Private Markets | 10% | 6.80% |

Net Pension Liability

The net pension liabilities as of June 30, 2020 and 2019, were measured as of June 30, 2019 and 2018, respectively, and the total pension liabilities used to calculate the net pension liabilities for those years were determined by actuarial valuations as of those dates. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers in the System.

Net Pension Liability Discount Rate Sensitivity

The following table presents the Department's share of the County's net pension liability as of June 30, 2020, based on the System's net pension liability for the System's fiscal years ended June 30, 2019, calculated using the discount rate 7.5%, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

| Plan Fiscal Year | 1% Decrease in Discount Rate 6.5% | Discount Rate 7.5% | 1% Increase in Discount Rate 8.5% |
|---|---|---|---|
| 2019 | $ 276,170 | $ 178,360 | $ 97,056 |

The following table presents the Department's share of the County's net pension liability as of June 30, 2019, based on the System's net pension liability for the System's fiscal years ended June 30, 2018, calculated using the discount rate 7.5%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

| Plan Fiscal Year | 1% Decrease in Discount Rate 6.5% | Discount Rate 7.5% | 1% Increase in Discount Rate 8.5% |
|---|---|---|---|
| 2018 | $ 269,279 | $ 176,581 | $ 99,554 |

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the June 30, 2019 measurement:

| | |
|---|---|
| Inflation rate: | 2.75% |
| Investment rate of return: | 7.5% |
| Productivity pay increase: | 0.5% |
| Projected salary increases: | |
| Regular: | 4.25% to 9.15%, depending on service* |
| Police/Fire: | 4.55% to 13.90%, depending on service* |
| | * Rates include inflation and productivity increases |
| Consumer Price Index: | 2.75% |
| Other assumptions: | Same as those used in the June 30, 2019 funding actuarial valuation |

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the June 30, 2018 measurement:

| | |
|---|---|
| Inflation rate: | 2.75% |
| Payroll growth: | 5.00%, including inflation |
| Investment rate of return: | 7.50% |
| Productivity pay increase: | 0.50% |
| Projected salary increases: | |
| Regular: | 4.25% to 9.15%, depending on service* |
| Police/Fire: | 4.55% to 13.90%, depending on service* |
| | * Rates include inflation and productivity increases |
| Consumer Price Index: | 2.75% |
| Other assumptions: | Same as those used in the June 30, 2018 funding actuarial valuation |

Actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of the experience review completed in 2018. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019 and 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019 and 2018.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2020 and 2019, the Department recognized pension expense of $33.8 million and $26.1 million, respectively. At June 30, 2019 and 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Differences between expected and actual experience * | $ 6,688 | $ 5,532 | $ 5,144 | $ 8,196 |
| Changes in assumptions * | 7,258 | 9,305 | — | — |
| Net difference between projected and actual earnings on investments | — | — | 8,873 | 841 |
| Changes in proportion and differences between actual contributions and proportionate share of contributions * | 1,253 | 1,611 | 2,354 | 3,068 |
| Contributions to PERS after measurement date | 13,915 | 12,633 | — | — |
| | $ 29,114 | $ 29,081 | $ 16,371 | $ 12,105 |

* FY 2020 Average expected remaining service lives: 6.18 years;
FY 2019 Average expected remaining service lives: 6.22 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $13.9 million will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $12.6 million were recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to the year ended June 30, 2020, will be recognized in pension expense as follows (in thousands):

| Fiscal Year | Pension Expense / (Revenue) |
|---|---|
| 2021 | $ 244 |
| 2022 | (3,600) |
| 2023 | 522 |
| 2024 | 912 |
| 2025 | 671 |
| Thereafter | 79 |

**6.) OTHER POST EMPLOYMENT BENEFITS (OPEB)**

General Information about the Other Post Employment Benefit (OPEB) Plans

*OPEB Plans Administered as Trusts*

*Plan Description*

The Clark County Self-Funded (CCSF) OPEB Trust provides OPEB to all permanent full-time employees of Clark County (primary government only and including the Department) enrolled in the Clark County Self-Funded Group Medical and Dental Benefit Plans. The CCSF OPEB Trust is a single-employer, defined benefit OPEB plan administered by Clark County, Nevada. CCSF OPEB Trust issues a publicly available financial report. The report may be obtained at https://www.clarkcountynv.gov/government/departments/finance/boards_and_committees.php.

*Benefits Provided*

CCSF OPEB Trust provides medical, dental, vision, and prescription drug benefits to eligible retirees and beneficiaries. Retirees are eligible to continue coverage in the Clark County Self-Funded Group Medical and Dental Benefit Plan as a participant with active employees at a blended premium rate as an implicit subsidy. Benefit provisions are established and amended through negotiations between the respective unions and the County.

*Basis of Accounting*

For the purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of CCSF has been determined on the same basis as they are reported by CCSF. Further, additions to or deductions from the CCSF fiduciary position have been determined on the same basis as they are reported by CCSF. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Contributions*

The CCSF OPEB Trust does not have contractually or statutorily required contributions. State law requires health insurance to be provided to retirees at a blended rate. For the fiscal year ended June 30, 2019, the Department's contributions were $10.8 million. A total of $8.8 million was contributed during the fiscal year ended June 30, 2020; these contributions after the measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

*OPEB Plans Not Administered as Trusts*

*Plan Descriptions*

CC RHPP

Clark County Retiree Health Program Plan (CC RHPP) provides OPEB to all permanent full-time employees of Clark County (primary government only and including the Department) enrolled in the health maintenance organization (HMO) Plan. The plan also provides life insurance to eligible retirees of Clark County (primary government only and including the Department). The CC RHPP is a non-trust, single-employer defined benefit OPEB Plan, administered by Clark County, which does not issue stand-alone financial statements.

PEBP

Public Employees' Benefits Plan (PEBP) is a non-trust, agent multiple-employer defined benefit OPEB plan administered by the State of Nevada. Clark County subsidizes eligible retirees' contributions to PEBP. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to future retirees, however, County employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP with a subsidy provided by the County as determined by the number of years of service. The Department is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who have enrolled in this plan. The subsidy is set by the State Legislature. The PEBP issues a publicly available financial report. The report may be obtained at https://pebp.state.nv.us/resources/fiscal-utilization-reports/.

*Benefits Provided*

CC RHPP

CC RHPP provides medical, dental, vision, prescription drug, and life insurance benefits to eligible retirees and beneficiaries. Retirees are eligible to continue coverage in the HMO Plan as a participant with active employees at a blended premium rate, resulting in an implicit subsidy. Benefit provisions are established and amended through negotiations between the respective unions and the County. Benefit payments were $0.2 million and $0.2 million during the fiscal years ended June 30, 2019 and 2018, respectively. A total of $0.2 million in estimated benefit payments were made during the fiscal year ended June 30, 2020; these benefit payments after the plan measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

PEBP

PEBP plan provides medical, dental, prescription drug, Medicare Part B, and life insurance coverage to eligible retirees and their spouses. Benefits are provided through a third-party insurer. Benefit payments were $0.2 million and $0.2 million during the fiscal years ended June 30, 2019 and 2018, respectively. A total of $0.2 million in benefit payments were made during the fiscal year ended June 30, 2020; these benefit payments after the plan measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

Net OPEB Liability and Changes in the Net OPEB Liability

The Department’s total net OPEB liability as of June 30, 2020, $39.9 million, was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. The Department’s portion of the CCSF and RHPP OPEB liabilities is calculated based on the Department’s census data for the plan valuation year. The Department’s portion of the PEBP OPEB liability is allocated to the Department, based on the proportion of the Department’s PEBP subsidy payments as a portion of all PEBP payments made by the County, during the PEBP actuarial valuation year. The Department’s CCSF fiduciary net position consists of contributions made by the Department to the CCSF Trust, including adjustments such as investment earnings.

The following table presents the changes in the Department’s net OPEB liability during June 30, 2020 (in thousands):

| | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| Net OPEB liability at June 30, 2019 | $ 28,966 | $ 18,417 | $ 3,623 | $ 51,006 |
| Changes recognized for the fiscal year: | | | | |
| Service cost | 2,408 | 1,012 | — | 3,420 |
| Interest cost | 3,779 | 748 | 137 | 4,664 |
| Changes in assumptions or other inputs | (7,468) | 1,385 | 178 | (5,905) |
| Benefit payments | (421) | (206) | (159) | (786) |
| Net change in total OPEB liability | (1,702) | 2,939 | 156 | 1,393 |
| Net change in plan's fiduciary net position | (12,527) | N/A | N/A | (12,527) |
| Net OPEB liability at June 30, 2020 | $ 14,737 | $ 21,356 | $ 3,779 | $ 39,872 |

The Department’s total net OPEB liability as of June 30, 2019 was $51.0 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. The following table presents the changes in the Department’s net OPEB liability during June 30, 2019 (in thousands):

| | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| Net OPEB liability at June 30, 2018 | 68,126 | 13,675 | 3,753 | 85,554 |
| Changes recognized for the fiscal year: | | | | |
| Service cost | 6,992 | 991 | — | 7,983 |
| Interest cost | 2,993 | 522 | 138 | 3,653 |
| Differences between expected and actual | (25,290) | 6,043 | 104 | (19,143) |
| Changes in assumptions or other inputs | (21,991) | (2,608) | (207) | (24,806) |
| Benefit payments | (441) | (206) | (165) | (812) |
| Net change in total OPEB liability | (37,737) | 4,742 | (130) | (33,125) |
| Net change in plan's fiduciary net position | (1,423) | N/A | N/A | (1,423) |
| Net OPEB liability at June 30, 2019 | 28,966 | 18,417 | 3,623 | 51,006 |

The Department’s fiduciary net position for CCSF as of June 30, 2019 and 2018 was $31.1 million and $18.6 million, respectively. The following table presents the changes in the Department’s fiduciary net position during June 30, 2019 and 2018 (in thousands):

| | 2019 | 2018 |
|---|---|---|
| | CCSF | CCSF |
| Beginning CCSF fiduciary net position | $ 18,593 | $ 17,170 |
| Changes in CCSF fiduciary net position recognized for the fiscal year | | |
| Employer contributions | 10,802 | 441 |
| Net investment income | 2,150 | 1,423 |
| Benefit payments | (421) | (441) |
| Administrative expense | (4) | — |
| Net change in CCSF fiduciary net position | 12,527 | 1,423 |
| Ending CCSF fiduciary net position | $ 31,120 | $ 18,593 |

Employees Covered by Benefit Terms

At June 30, 2018, the valuation date for the June 30, 2020 and 2019 net OPEB Liability, the following employees were covered by the benefit terms for the OPEB plans:

| | CCSF | CC RHPP | PEBP* | Total |
|---|---|---|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 101 | 53 | 45 | 199 |
| Active employees | 795 | 607 | — | 1,402 |
| Covered spouses | 25 | 15 | — | 40 |
| Total | 921 | 675 | 45 | 1,641 |

*As of November 1, 2008, PEBP was closed to any new participants.

Actuarial assumptions and other inputs:

The Net OPEB liability as of June 30, 2020 (using the measurement date of June 30, 2019), was determined using the following actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial Cost Method | Entry age normal, based on level percentage of salary |
| Inflation | 2.00% |
| Discount Rate - CCSF* | 5.26% |
| Discount Rate - CC RHPP and PEBP | 3.50% |
| Salary increases | 3.00% per annum |
| Health care cost trend rates | 4.5%/4.0%, ultimate |
| Municipal Bond rate | 3.50% |
| Retirees' share of benefit related costs | 0% to 100% of premium amounts, based on years of service |
| Investment return on CCSF assets ** | 7.50% |
| Post-retirement mortality rates | RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis |

* The discount rate was based on blending of Bond Buyer 20-Bond GO Index and Expected Return on Assets Assumption.
** The long-term expected rate of return on the CCSF OPEB Trust investments was based upon a description of the plan assets invested in Retirement Benefits Investment Fund (RBIF) and Clark County Treasurer Investment Pool.

The Net OPEB liability as of June 30, 2019 (using the a measurement date of June 30, 2018), was determined using the following actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial Cost Method | Entry age normal, based on level percentage of salary |
| Inflation | 2.00% |
| Discount Rate - CCSF* | 4.57% |
| Discount Rate - CC RHPP and PEBP | 3.87% |
| Salary increases | 3.00% per annum |
| Health care cost trend rates | 4.5%/4.0%, ultimate |
| Municipal Bond rate | 3.87% |
| Retirees' share of benefit related costs | 0% to 100% of premium amounts, based on years of service |
| Investment return on CCSF assets ** | 7.50% |
| Post-retirement mortality rates | RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis |

* The discount rate was based on the Bond Buyer 20-Bond GO Index.
** The long-term expected rate of return on the CCSF OPEB Trust investments was based upon a description of the plan assets invested in Retirement Benefits Investment Fund (RBIF) and Clark County Treasurer Investment Pool.

*Rationale for Assumptions:*

For the actuarial valuation dated June 30, 2018, demographic assumptions are based on the Nevada PERS Actuarial Experience Study based on the 2018 Nevada PERS Actuarial Valuation. Salary scale and inflation assumptions are based on the 2018 Nevada PERS Actuarial Valuation.

*Changes in Assumptions*

The following are changes in assumptions from the June 30, 2018 plan measurement date to the June 30, 2019 measurement date:

*CCSF*

The discount rate was updated from 4.57% at June 30, 2018 to 5.26% at June 30, 2019, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate. The increase of discount rate was primarily due to the department's increase in trust contribution compared to prior fiscal year.

*CC RHPP and PEBP*

The discount rate was updated from 3.87% at June 30, 2018 to 3.50% at June 30, 2019, based on the municipal bond rate.

*All Post Employment Benefit Plans*

The following changes in assumptions were noted for all post employment benefit plans, from the plan measurement dates of June 30, 2017 to June 30, 2018:

- The marriage assumption was updated to reflect the most recent participant experience.
- The aging factors were updated to be based on the 2013 Society of Actuaries study.
- The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results.
- The mortality table was updated from RP-2000 projected to year 2013 using Scale AA to RP-2014 with generational projection scale MP-2018.
- The salary scale assumption was updated to 3.0%.
- The investment rate of return was updated to 7.50%, based on the Nevada Retirement Benefits Investment Fund investment policy objective.
- The inflation rate was updated to 2.00%.

Discount Rate Information and Discount Rate Sensitivity

*CCSF*

The discount rates used to measure the Department’s net OPEB liability was 5.26% as of June 30, 2020 and 4.57% as of June 30, 2019. As of measurement date June 30, 2019, the Department’s portion of the Clark County CCSF OPEB Trust Assets, when projected in accordance with the method prescribed by GASB 75, is expected to be sufficient to make benefit payments to current members until the year ending June 30, 2052. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan's assets were projected to be sufficient to make projected future benefit payments for current plan members through the year 2052 for the Department. Payments after that date would be funded by employer assets.

The following presents the CCSF net OPEB liability, as of June 30, 2020, as well as what the CCSF net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

| | 1% Decrease in Discount Rate 4.26% | Discount Rate 5.26% | 1% Increase in Discount Rate 6.26% |
|---|---|---|---|
| CCSF | $ 24,127 | $ 14,737 | $ 7,432 |

The following presents the CCSF net OPEB liability, as of June 30, 2019, as well as what the CCSF net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

| | 1% Decrease in Discount Rate 3.57% | Discount Rate 4.57% | 1% Increase in Discount Rate 5.57% |
|---|---|---|---|
| CCSF | $ 38,704 | $ 28,966 | $ 21,389 |

*CC RHPP and PEBP*

The following presents CC RHPP and PEBP OPEB liabilities of the department, as of June 30, 2020, as well as what the OPEB liabilities would be if they were calculated using a discount rate that is 1- percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

| | 1% Decrease in Discount Rate 2.50% | Discount Rate 3.50% | 1% Increase in Discount Rate 4.50% |
|---|---|---|---|
| CC RHPP | 25,962 | 21,356 | 17,470 |
| PEBP | 4,337 | 3,779 | 3,325 |

The following presents CC RHPP and PEBP OPEB liabilities of the department, as of June 30, 2019, as well as what the OPEB liabilities would be if they were calculated using a discount rate that is 1- percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

| | 1% Decrease in Discount Rate 2.87% | Discount Rate 3.87% | 1% Increase in Discount Rate 4.87% |
|---|---|---|---|
| CC RHPP | $ 22,390 | $ 18,417 | $ 15,066 |
| PEBP | $ 4,159 | $ 3,623 | $ 3,189 |

Healthcare Cost Trend Rate Sensitivity

The following presents the total net OPEB liability of the Department as of June 30, 2020, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates (in thousands):

| | 1% Decrease Ultimate 3.5%/3.0% | Trend Rates Ultimate 4.5%/4.0% | 1% Increase Ultimate 5.5%/5.0% |
|---|---|---|---|
| CCSF | $ 6,588 | $ 14,737 | $ 25,538 |
| RHPP | 16,994 | 21,356 | 26,846 |
| PEBP | 3,344 | 3,779 | 4,301 |
| Total | $ 26,926 | $ 39,872 | $ 56,685 |

The following presents the total net OPEB liability of the Department as of June 30, 2019, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates (in thousands):

| | 1% Decrease Ultimate 3.5%/3.0% | Trend Rates Ultimate 4.5%/4.0% | 1% Increase Ultimate 5.5%/5.0% |
|---|---|---|---|
| CCSF | $ 20,514 | $ 28,966 | $ 40,167 |
| RHPP | 14,656 | 18,417 | 23,153 |
| PEBP | 3,207 | 3,623 | 4,125 |
| Total | $ 38,377 | $ 51,006 | $ 67,445 |

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

OPEB Expense, for the years ended June 30, 2020 and 2019 is as follows (in thousands):

| | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| 2020 | $ (1,145) | $ 2,055 | $ 315 | $ 1,225 |
| 2019 | $ 3,480 | $ 1,701 | $ 36 | $ 5,217 |

At June 30, 2020 and 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB, from the following sources (in thousands):

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| CCSF | | | | |
| Differences between expected and actual experience | $ 330 | $ 390 | $ 21,429 | $ 23,360 |
| Changes of assumptions or other inputs | — | — | 33,078 | 29,231 |
| Net excess of actual over projected earnings on OPEB plan investments | — | — | 1,274 | 970 |
| Contributions made after the measurement date | 8,807 | 10,802 | — | — |
| CCSF Total | 9,137 | 11,192 | 55,781 | 53,561 |
| CC RHPP | | | | |
| Differences between expected and actual experience | 5,353 | 5,857 | — | — |
| Changes of assumptions or other inputs | 1,279 | — | 2,863 | 3,175 |
| Benefit payments made after the measurement date | 195 | 206 | — | — |
| RHPP Total | 6,827 | 6,063 | 2,863 | 3,175 |
| PEBP | | | | |
| Benefit payments made after the measurement date | 162 | 159 | — | — |
| PEBP Total | 162 | 159 | — | — |
| Combined amounts, all plans | | | | |
| Differences between expected and actual experience | 5,683 | 6,247 | 21,429 | 23,360 |
| Changes of assumptions or other inputs | 1,279 | — | 35,941 | 32,406 |
| Net excess of actual over projected earnings on OPEB plan investments | — | — | 1,274 | 970 |
| Contributions and benefit payments made after the measurement date | 9,164 | 11,167 | — | — |
| Total, all plans | $ 16,126 | $ 17,414 | $ 58,644 | $ 56,736 |

The amount of $9.2 million, reported as deferred outflows of resources related to OPEB from the Department's contributions and benefit payments subsequent to June 30, 2019 (the measurement date), will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. The amount of $11.2 million, reported as deferred outflows of resources related to OPEB from the Department's contributions subsequent to the measurement date at June 30, 2018, was recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to OPEB, will be recognized in OPEB expense as follows (in thousands):

| For the fiscal year ending June 30, | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| 2021 | $ (5,959) | $ 295 | $ — | $ (5,664) |
| 2022 | (5,959) | 295 | — | (5,664) |
| 2023 | (5,676) | 295 | — | (5,381) |
| 2024 | (5,646) | 295 | — | (5,351) |
| 2025 | (5,491) | 295 | — | (5,196) |
| Thereafter | (26,720) | 2,294 | — | (24,426) |
| | $ (55,451) | $ 3,769 | $ — | $ (51,682) |

**7.) CHANGES IN CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows (in thousands):

| | July 1, 2019 | Additions | Deletions | June 30, 2020 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 602,650 | $ — | $ — | $ 602,650 |
| Avigation easement | 332,562 | — | — | 332,562 |
| Construction in progress | 64,372 | 63,302 | (30,143) | 97,531 |
| Total capital assets, not being depreciated | 999,584 | 63,302 | (30,143) | 1,032,743 |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 1,757,497 | 17,210 | — | 1,774,707 |
| Buildings and improvements | 3,668,926 | 8,950 | — | 3,677,876 |
| Machinery and equipment | 566,964 | 7,406 | (2,550) | 571,820 |
| Furniture and fixtures | 45,868 | — | (217) | 45,651 |
| Total capital assets being depreciated | 6,039,255 | 33,566 | (2,767) | 6,070,054 |
| Less accumulated depreciation: | | | | |
| Land improvements | (1,047,101) | (60,617) | — | (1,107,718) |
| Buildings and improvements | (1,256,352) | (100,873) | — | (1,357,225) |
| Machinery and equipment | (384,464) | (26,929) | 2,200 | (409,193) |
| Furniture and fixtures | (31,509) | (2,230) | 212 | (33,527) |
| Total accumulated depreciation | (2,719,426) | (190,649) | 2,412 | (2,907,663) |
| Total capital assets being depreciated, net | 3,319,829 | (157,083) | (355) | 3,162,391 |
| Total capital assets, net | $ 4,319,413 | $ (93,781) | $ (30,498) | $ 4,195,134 |

| | July 1, 2018 | Additions | Deletions | June 30, 2019 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 595,736 | $ 6,914 | $ — | $ 602,650 |
| Avigation easement | 332,562 | — | — | 332,562 |
| Construction in progress | 43,301 | 71,951 | (50,880) | 64,372 |
| Total capital assets, not being depreciated | 971,599 | 78,865 | (50,880) | 999,584 |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 1,748,988 | 8,751 | (242) | 1,757,497 |
| Buildings and improvements | 3,634,284 | 34,642 | — | 3,668,926 |
| Machinery and equipment | 561,978 | 10,813 | (5,827) | 566,964 |
| Furniture and fixtures | 45,908 | — | (40) | 45,868 |
| Total capital assets being depreciated | 5,991,158 | 54,206 | (6,109) | 6,039,255 |
| Less accumulated depreciation: | | | | |
| Land improvements | (987,055) | (60,046) | — | (1,047,101) |
| Buildings and improvements | (1,156,016) | (100,336) | — | (1,256,352) |
| Machinery and equipment | (361,728) | (28,123) | 5,387 | (384,464) |
| Furniture and fixtures | (29,176) | (2,373) | 40 | (31,509) |
| Total accumulated depreciation | (2,533,975) | (190,878) | 5,427 | (2,719,426) |
| Total capital assets being depreciated, net | 3,457,183 | (136,672) | (682) | 3,319,829 |
| Total capital assets, net | $ 4,428,782 | $ (57,807) | $ (51,562) | $ 4,319,413 |

## 8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations for the years ended June 30, 2020 and 2019 are summarized as follows (in thousands):

| | July 1, 2019 | Additions | Refunding | Pay downs | June 30, 2020 | |
|---|---|---|---|---|---|---|
| **SENIOR LIEN BONDS:** | | | | | | |
| 2009 Series B Build America Bonds | $ 300,000 | $ — | $ (300,000) | $ — | $ — | † |
| 2010 Series C Build America Bonds | 454,280 | — | — | — | 454,280 | † |
| 2010 Series D | 87,785 | — | (76,120) | (11,665) | — | † |
| 2015 Series A | 59,915 | — | — | — | 59,915 | † |
| 2019 Series B | — | 240,800 | — | — | 240,800 | † |
| 2019 Series C | — | 70,510 | — | — | 70,510 | † |
| Sub-Total Senior Lien Bonds | 901,980 | 311,310 | (376,120) | (11,665) | 825,505 | |
| **SUBORDINATE LIEN BONDS:** | | | | | | |
| 2008 Series A-2 | 36,600 | — | — | (9,840) | 26,760 | * |
| 2008 Series B-2 | 36,635 | — | — | (9,850) | 26,785 | * |
| 2008 Series C-1 | 122,900 | — | — | — | 122,900 | * |
| 2008 Series C-2 | 62,915 | — | — | (3,015) | 59,900 | * |
| 2008 Series C-3 | 62,910 | — | — | (3,010) | 59,900 | * |
| 2008 Series D-1 | 52,995 | — | — | (2,125) | 50,870 | * |
| 2008 Series D-2A | 100,000 | — | — | — | 100,000 | * |
| 2008 Series D-2B | 99,605 | — | — | — | 99,605 | * |
| 2008 Series D-3 | 120,925 | — | — | (530) | 120,395 | * |
| 2009 Series C | 168,495 | — | (168,495) | — | — | † |
| 2010 Series B | 350,000 | — | (350,000) | — | — | † |
| 2011 Series B-1 | 73,200 | — | — | (73,200) | — | * |
| 2014 Series A-1 | 21,490 | — | — | (4,780) | 16,710 | † |
| 2014 Series A-2 | 221,870 | — | — | — | 221,870 | † |
| 2017 Series A-1 | 54,035 | — | — | (10,910) | 43,125 | † |
| 2017 Series A-2 | 47,800 | — | — | — | 47,800 | † |
| 2019 Series A | — | 107,530 | — | — | 107,530 | † |
| 2019 Series D | — | 296,155 | — | — | 296,155 | † |
| **SUBORDINATE LIEN BONDS FROM DIRECT PLACEMENTS:** | | | | | | |
| 2017 Series D | 73,265 | — | — | (19,700) | 53,565 | * |
| Sub-Total Subordinate Lien Bonds | 1,705,640 | 403,685 | (518,495) | (136,960) | 1,453,870 | |
| **PFC BONDS:** | | | | | | |
| 2010 Series A | 446,765 | — | (446,150) | (615) | — | † |
| 2010 Series F-2 | 79,230 | — | — | (79,230) | — | * |
| 2012 Series B | 64,360 | — | — | (4,530) | 59,830 | † |
| 2015 Series C | 98,965 | — | — | (10,465) | 88,500 | † |
| 2017 Series B | 65,925 | — | — | (6,945) | 58,980 | † |
| 2019 Series E | — | 369,045 | — | — | 369,045 | |
| Sub-Total PFC Bonds | 755,245 | 369,045 | (446,150) | (101,785) | 576,355 | |
| **JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:** | | | | | | |
| 2013 Jet A Fuel Tax Series A | 70,965 | — | — | (5,020) | 65,945 | † |
| 2017 Notes Series C | 146,295 | — | — | — | 146,295 | ‡ |
| 2018 Notes Series A | 95,545 | — | — | — | 95,545 | ‡ |
| Sub-Total Junior Subordinate Lien Debt and Jet A Bonds | 312,805 | — | — | (5,020) | 307,785 | |
| **GENERAL OBLIGATION BONDS:** | | | | | | |
| 2008 General Obligation Series A | 43,105 | — | — | — | 43,105 | * |
| 2013 General Obligation Series B | 32,915 | — | — | — | 32,915 | † |
| Sub-Total General Obligation Bonds | 76,020 | — | — | — | 76,020 | |
| Total principal outstanding | 3,751,690 | $ 1,084,040 | $(1,340,765) | $ (255,430) | 3,239,535 | |
| Premiums, discounts, and imputed debt from termination of hedges: | | Additions | Amortization | Deletions | | |
| Unamortized premiums | 74,686 | $ 199,171 | $ (35,685) | $ (7,361) | 230,811 | |
| Unamortized discounts | (15,362) | — | 1,118 | 4,185 | (10,059) | |
| Imputed debt from termination of hedges | 5,885 | — | (1,962) | — | 3,923 | |
| | 65,209 | $ 199,171 | $ (36,529) | $ (3,176) | 224,675 | |
| Current portion of long-term debt | (182,504) | | | | (174,380) | |
| Total long-term debt outstanding | $ 3,634,395 | | | | $ 3,289,830 | |

* Variable Rate Debt Obligations † Fixed Rate Bonds ‡ Bond Anticipation Notes

| | July 1, 2018 | Additions | Refunding | Pay downs | June 30, 2019 | |
|---|---|---|---|---|---|---|
| **SENIOR LIEN BONDS:** | | | | | | |
| 2009 Series B Build America Bonds | $ 300,000 | $ — | $ — | $ — | $ 300,000 | † |
| 2010 Series C Build America Bonds | 454,280 | — | — | — | 454,280 | † |
| 2010 Series D | 100,185 | — | — | (12,400) | 87,785 | † |
| 2015 Series A | 59,915 | — | — | — | 59,915 | † |
| Sub-Total Senior Lien Bonds | 914,380 | — | — | (12,400) | 901,980 | |
| **SUBORDINATE LIEN BONDS:** | | | | | | |
| 2008 Series A-2 | 46,200 | — | — | (9,600) | 36,600 | * |
| 2008 Series B-2 | 46,235 | — | — | (9,600) | 36,635 | * |
| 2008 Series C-1 | 122,900 | — | — | — | 122,900 | * |
| 2008 Series C-2 | 65,815 | — | — | (2,900) | 62,915 | * |
| 2008 Series C-3 | 65,810 | — | — | (2,900) | 62,910 | * |
| 2008 Series D-1 | 55,040 | — | — | (2,045) | 52,995 | * |
| 2008 Series D-2A | 100,000 | — | — | — | 100,000 | * |
| 2008 Series D-2B | 99,605 | — | — | — | 99,605 | * |
| 2008 Series D-3 | 121,435 | — | — | (510) | 120,925 | * |
| 2009 Series C | 168,495 | — | — | — | 168,495 | * |
| 2010 Series B | 350,000 | — | — | — | 350,000 | † |
| 2011 Series B-1 | 92,400 | — | — | (19,200) | 73,200 | † |
| 2014 Series A-1 | 22,340 | — | — | (850) | 21,490 | * |
| 2014 Series A-2 | 221,870 | — | — | — | 221,870 | † |
| 2017 Series A-1 | 65,505 | — | — | (11,470) | 54,035 | † |
| 2017 Series A-2 | 47,800 | — | — | — | 47,800 | † |
| **SUBORDINATE LIEN BONDS FROM DIRECT PLACEMENTS:** | | | | | | † |
| 2017 Series D | 92,465 | — | — | (19,200) | 73,265 | * |
| Sub-Total Subordinate Lien Bonds | 1,783,915 | — | — | (78,275) | 1,705,640 | |
| **PFC BONDS:** | | | | | | |
| 2008 Series A | 17,565 | — | — | (17,565) | — | † |
| 2010 Series A | 447,360 | — | — | (595) | 446,765 | † |
| 2010 Series F-2 | 97,470 | — | — | (18,240) | 79,230 | * |
| 2012 Series B | 64,360 | — | — | — | 64,360 | † |
| 2015 Series C | 98,965 | — | — | — | 98,965 | † |
| 2017 Series B | 69,305 | — | — | (3,380) | 65,925 | † |
| Sub-Total PFC Bonds | 795,025 | — | — | (39,780) | 755,245 | |
| **JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:** | | | | | | |
| 2013 Jet A Fuel Tax Series A | 70,965 | — | — | — | 70,965 | † |
| 2017 Notes Series C | 146,295 | — | — | — | 146,295 | ‡ |
| 2018 Notes Series A | 95,545 | — | — | — | 95,545 | ‡ |
| Sub-Total Junior Subordinate Lien Debt and Jet A Bonds | 312,805 | — | — | — | 312,805 | |
| **GENERAL OBLIGATION BONDS:** | | | | | | |
| 2008 General Obligation Series A | 43,105 | — | — | — | 43,105 | * |
| 2013 General Obligation Series B | 32,915 | — | — | — | 32,915 | † |
| Sub-Total General Obligation Bonds | 76,020 | — | — | — | 76,020 | |
| Total principal outstanding | 3,882,145 | — | — | (130,455) | 3,751,690 | |
| Premiums, discounts, and imputed debt from termination of hedges: | | | Amortization | | | |
| Unamortized premiums | 92,527 | | (17,841) | | 74,686 | |
| Unamortized discounts | (16,631) | | 1,269 | | (15,362) | |
| Imputed debt from termination of hedges | 7,846 | | (1,961) | | 5,885 | |
| | 83,742 | | (18,533) | | 65,209 | |
| Current portion of long-term debt | (130,455) | | | | (182,504) | |
| Total long-term debt outstanding | $ 3,835,432 | | | | $ 3,634,395 | |

* Variable Rate Debt Obligations

† Fixed Rate Bonds

‡ Bond Anticipation Notes

(b) Description of Outstanding Debt Issuance Types and Other Information

*Senior Lien Bonds*

The issuance of senior lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS§§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All senior lien bonds are issued in accordance with the Master Indenture of Trust dated May 1, 2003, (Indenture) between Clark County and The Bank of New York Mellon Trust Company, N.A.

Senior lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient: 1) to provide for the payment of all Airport System operating and maintenance expenses in the fiscal year and 2) to provide an amount not less than 125% of the aggregate debt service requirement (Senior Lien Coverage) for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for fiscal year 2020 and fiscal year 2019 were 3.28 and 4.82, respectively. As of June 30, 2020 and 2019, the Department had $825.5 million and $902.0 million in outstanding senior lien bonds, respectively.

Two of the Department's senior lien bonds, 2009 Series B and 2010 Series C, were issued as federally taxable Build America Bonds (BABs) under the American Recovery and Reinvestment Act of 2009. The Department receives a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs. The interest subsidy on the BABs was $10.2 million and $17.0 million during the fiscal years ended June 30, 2020 and 2019, respectively. The subsidy is recorded as a non-capital grant, a component of other non-operating revenue.

*Subordinate Lien Bonds*

The issuance of subordinate lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS§§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All subordinate lien bonds are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

Subordinate lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient 1. To provide for the payment of all Airport System operating and maintenance expenses in such fiscal year and 2. To provide an amount not less than 110% of the aggregate debt service requirement (Subordinate Lien Coverage) for all the senior lien and subordinate lien bonds then outstanding for the fiscal year. The coverages on the combined senior and subordinate lien debt for fiscal year 2020 and fiscal year 2019 were 1.52 and 1.65, respectively. As of June 30, 2020 and 2019, the Department had $1,453.9 million and $1,705.6 million in outstanding subordinate lien bonds, respectively.

*Subordinate Lien Bonds from Direct Placements*

On December 6, 2017, the County issued the Series 2017D Airport System Subordinate Lien Refunding Revenue Bonds (Series 2017D Bonds) for $92.5 million to mature on July 1, 2022. The Series 2017D is issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A. The Series 2017D Bonds was issued to refund Series 2011B-2 Bonds and the Bank of America Preferred Funding Corporation agreed to purchase the bonds pursuant to the terms and provisions of a Direct Purchase Agreement. The purchase agreement for the Series 2017D Bonds constitutes a direct placement of debt. The Series 2017D bears interest at a floating rate that is reset monthly and payable every month. Interest payments are due on the first business day of each month and scheduled principal payments are due on July 1 of each year. As of June 30, 2020 and 2019, the Department had $53.6 million and $73.3 million in outstanding subordinate lien bonds from direct placements, respectively (these amounts are also included in the total of subordinate lien bonds noted above).

*PFC Bonds*

The issuance of PFC bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All PFC bonds are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

The PFC bonds are secured by a pledge of and lien upon pledged PFC revenues derived from a $4.50 PFC which has been imposed by the County under authorization of the Federal Aviation Act. In addition, the PFC bonds are secured by and are payable from a claim on the net revenues of the Airport System on parity with that of the subordinate lien bonds and junior to that of the senior lien bonds. Effective October 1, 2008, the PFC rate is $4.50 per qualifying enplaned passenger. As of June 30, 2020 and 2019, the Department had $576.4 million and $755.2 million in outstanding PFC pledged bonds, respectively.

In fiscal years 2020 and 2019, the Department earned $70.6 million and $96.8 million, respectively, in PFC revenues and earned $4.6 million and $6.9 million, respectively, in PFC interest income. In fiscal years 2020 and 2019, the Department pledged $90.6 million and $77.0 million, respectively, toward debt service payments associated with outstanding PFC bonds and pledged no monies toward service payment on certain subordinate lien bonds that were used to fund PFC projects approved by the FAA. No coverage is required for the PFC bonds.

*Junior Subordinate Lien Debt and Jet A Bonds*

The junior subordinate lien debt and Jet A bonds comprise Jet A Fuel Tax bonds and bond anticipation notes issued pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). These bonds and notes are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

The junior subordinate lien debt and Jet A bonds are on parity with each other and are secured by and payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, and PFC lien debt service. These bonds and notes do not constitute debt of Clark County within the meaning of any constitutional or statutory provisions or limitations, and neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof. As of June 30, 2020 and 2019, the Department had $65.9 million and $71.0 million, respectively, in outstanding Jet A bonds. Outstanding bond anticipation notes were $241.8 million as of June 30, 2020 and 2019, respectively.

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of a three-cent-per-gallon tax collected by the County on jet aviation fuel sold, distributed, or used in the County. Shortages in debt service from fuel tax collections are funded with Airport System revenues. As of June 30, 2020 and 2019, there was no shortage of Jet A Fuel Tax revenues to cover the Jet A Bonds debt service.

*General Obligation Bonds*

The general obligation bonds were issued pursuant to the Nevada Municipal Airports Act (NRS §§496.010 et seq.), the Nevada Local Government Securities Law (NRS §§350.500 et seq.), and the Nevada Registration of Public Securities Law (NRS §§348.010 et seq.). All general obligation bonds are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

These bonds constitute direct and general obligations of the County. The full faith and credit of the County is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes and to certain other limitations on the amount of ad valorem taxes the County may levy.

The general obligation bonds are secured by and payable from a claim on the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, PFC lien debt service, and junior subordinate lien and Jet A bonds lien debt service. Pursuant to the Indenture, the County has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System sufficient to pay debt service on the senior lien bonds, the subordinate lien bonds, the general obligation (limited tax) airport bonds, the PFC bonds, and the junior subordinate lien debt and Jet A bonds. As of June 30, 2020 and 2019, the Department had $76.0 million in outstanding general obligation bonds.

Other Information Related to Debt Issuances

The Department’s outstanding bonds and notes (excluding direct placements) contain a provision that in an event of default, the Trustee shall enforce the rights of the bond owners if the Department is unable to make payment. The consequences in the event of a default may include various legal or financial actions taken against the Department by the Trustee, with financial actions being limited to the pursuit of amounts currently due.

The Department’s outstanding bond series from direct placements, Series 2017D, contains a provision that upon the occurrence of any events of default, the bank has the right to accelerate all remaining outstanding amounts and any amounts owed to the purchaser.

The Department's variable rate demand bonds have 9 associated letters of credit and one line of credit. Under the letters of credit, the banks who issued the facilities are unconditionally obligated to pay principal and interest on the bonds secured by letters of credit when due, and to pay the purchase price of tendered bonds when tendered. The Department is obligated to immediately reimburse the banks who issued these facilities for principal and interest draws. According to the terms of the line of credit, the bank who issued the facility is obligated (absent a default by the County) to pay the purchase price of tendered bonds when tendered. In both cases, it is expected that tendered bonds will be remarketed and remarketing proceeds will be used to reimburse the issuing banks for the purchase price of tendered bonds. Each line or letter of credit has a three-year term out agreement. If a term-out agreement were to take effect, it would require all outstanding amounts to such series of bonds to be repaid within three years on an accelerated basis. The Department's line and letters of credit terminate on dates occurring between December 2020 and February 2024. Refer to Note 15 for additional information related to the letters of credit terminating within the next fiscal year.

Below summarizes the credit facilities securing the variable rate bonds at June 30, 2020 (in thousands):

| Bond Series | Credit Provider | Facility Fee Rate | Remarketing Agent | Remarketing Fee Rate |
|---|---|---|---|---|
| 2008A-GO | State Street Bank and Trust | 0.35 % | Citi Bank N.A. | 0.09 % |
| 2008A-2 | State Street Bank and Trust | 0.38 % | J.P. Morgan Securities | 0.10 % |
| 2008B-2 | State Street Bank and Trust | 0.38 % | Citi Bank N.A. | 0.10 % |
| 2008C-1 | Bank of America | 0.45 % | Bank of America Merrill Lynch | 0.07 % |
| 2008C-2 | State Street Bank and Trust | 0.40 % | J.P. Morgan Securities | 0.09 % |
| 2008C-3 | Sumitomo Mitsui Banking Corporation | 0.42 % | Citi Bank N.A. | 0.09 % |
| 2008D-1 | Sumitomo Mitsui Banking Corporation | 0.49 % | Citi Bank N.A. | 0.09 % |
| 2008D-2A | Wells Fargo Bank, N.A. | 0.38 % | Wells Fargo Securities | 0.07 % |
| 2008D-2B | Royal Bank of Canada | 0.50 % | RBC Capital Markets | 0.09 % |
| 2008D-3 | Bank of America | 0.40 % | Citi Bank N.A. | 0.09 % |

| Credit Type | Original Commitment | | Term out | Termination Date |
|---|---|---|---|---|
| Line of credit* | $ | 45,713 | 3 years | February 14, 2024 |
| Letter of credit | | 53,321 | 3 years | July 1, 2022 |
| Letter of credit | | 53,321 | 3 years | July 1, 2022 |
| Letter of credit | | 130,941 | 3 years | December 4, 2020 |
| Letter of credit | | 76,018 | 3 years | February 14, 2023 |
| Letter of credit | | 76,018 | 3 years | February 14, 2024 |
| Letter of credit | | 62,833 | 3 years | January 26, 2022 |
| Letter of credit | | 106,641 | 3 years | February 24, 2023 |
| Letter of credit | | 106,122 | 3 years | December 4, 2020 |
| Letter of credit | | 130,903 | 3 years | June 2, 2023 |

* The full commitment amount on the Department's line of credit is unused as of June 30, 2020.

(c) Arbitrage Rebate Requirement

Tax-exempt bond arbitrage involves the investment of governmental bond proceeds which are derived from the sale of tax-exempt obligations in higher yielding taxable securities that generate a profit. The Tax Reform Act of 1986 imposes arbitrage restrictions on bonds issued by the County. Under this Act, an amount may be required to be rebated to the United States Treasury so that all interest on the bonds qualifies for exclusion from gross income for federal income tax purposes.

The Department's estimated arbitrage liability at June 30, 2020 and 2019, was $0.02 million and $0.02 million, respectively. The Department is current on all required arbitrage payments.

(d) Description of Bond Series Issuances, Calls, and Refundings During the Fiscal Years Ended June 30, 2020 and 2019

*Senior Lien Bonds*

On July 1, 2019, the Department issued the Series 2019 B Senior Series Revenue Bonds (Series 2019 B Bonds) for $240.8 million. The net proceeds of $300.0 million, along with a $23.2 million contribution from the Department, were used to refund the outstanding principal and interest on the Senior Series 2009B Build America Bonds (Series 2009B Bonds) and to fund a new debt service reserve fund for the Series 2019 B Bonds. The refunding transaction for the Series 2009B Bonds resulted in an economic gain of $88.2 million and a $138.8 million reduction of the aggregate debt service payments associated with those bonds. The Series 2019 B Bonds have a stated interest rate of 5.00%, with yields varying from 1.68% to 2.50% with interest payments due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1 of each year until the scheduled maturity date of July 1, 2042.

On November 27, 2019, the Department issued the Series 2019 C Senior Revenue Bonds (Series 2019 C Bonds) for $70.5 million. The net proceeds of $72.6 million were used to refund the outstanding principal and interest on the Series 2010D Senior Lien Bonds (Series 2010 D Bonds) and to fund a new debt service reserve fund for the Series 2019 C Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of $1.7 million. The refunding transaction for the Series 2010 D Bonds resulted in an economic gain of $6.4 million and $9.1 million reduction of the aggregate debt service payments associated with those bonds. The Series 2019 C Bonds have a fixed interest rate of 5.00% with yields varying from 1.22% to 1.23%. Interest payments are due on July 1, 2020, January 1, 2021, and July 1, 2021. Scheduled principal payments are due on July 1, 2020 and July 1, 2021.

Subordinate Lien Bonds

On November 8, 2019, the Department called for the full redemption of the Series 2011 B-1 Bonds, which had an outstanding par value of $53.5 million plus accrued interest of $0.3 million.

On November 27, 2019, the Department issued the Series 2019 D Subordinate Lien Refunding Revenue Bonds (Series 2019 D Bonds) for $296.2 million. The net proceeds of $347.2 million, along with the prior debt service deposit and debt service reserve fund balance of $35.7 million were used to refund the outstanding principal and interest on the Series 2010B Subordinate Lien Bonds and to fund a new debt service reserve fund for the Series 2019 D Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of $3.1 million. The refunding transaction for the Series 2009 C Bonds resulted in an economic gain of $203.5 million and reduction of the aggregate debt service payments associated with those bonds of $321.2 million. The Series 2019 D Bonds have a stated interest rate of 5.00% and with yields varying from 1.24% to 2.12%, with interest payments due on January 1 and July 1 of each year, and staggered scheduled principal payments due on July 1 of each year until the scheduled maturity date of July 1, 2032.

On July 1, 2019, the Department issued the Series 2019 A Subordinate Lien Refunding Revenue Bonds (Series 2019 A Bonds) for $107.5 million. The net proceeds of $125.8 million, along with a $51.3 million contribution from the Series 2017 Revocable Escrow Fund, were used to refund the outstanding principal and interest on the Series 2009 C Subordinate Lien Bonds and to fund a new debt service reserve fund for the Series 2019 A Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of $3.2 million. The refunding transaction for the Series 2009 C Bonds resulted in an economic gain of $26.3 million and reduction of the aggregate debt service payments associated with those bonds of $75.2 million. The Series 2019 A Bonds have a stated interest rate of 5.00%, with yields varying from 1.43% to 1.61%. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due starting July 1, 2023 and continuing for four years until the scheduled maturity date of July 1, 2026.

PFC Bonds

On November 8, 2019, the Department called for the full redemption of the Series 2010 F-2 PFC Bonds with an outstanding par value of $60.3 million plus accrued interest of $0.3 million.

On November 27, 2019, the Department issued the Series 2019 E PFC Refunding Revenue Bonds (Series 2019 E PFC) for $369.0 million. The net proceeds of $432.8 million were used to refund the outstanding principal and interest on the Series 2010 A PFC Bonds and to fund a new debt service reserve fund for the Series 2019 E PFC Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a loss of $3.5 million. The refunding transaction for the Series 2010 A Bonds resulted in an economic gain of $204.4 million and reduction of the aggregate debt service payments associated with those bonds of $337.2 million. The Series 2019 E PFC Bonds have a stated interest rate of 5.00% with yields varying from 1.22% to 2.13% Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1 of each year until the scheduled maturity date of July 1, 2033.

(e) Long-term Debt Obligations

The following tables summarize of long-term debt obligations at June 30, 2020 and 2019 (in thousands):

June 30, 2020

| | Series | Purpose | Pledged Revenue |
|---|---|---|---|
| *Senior Lien Bonds* | 2010C | Issued to fund the construction of Terminal 3 | Airport System Revenue |
| | 2015A | Refunded Series 2005A | Airport System Revenue |
| | 2019B | Refunded Series 2009B | Airport System Revenue |
| | 2019C | Refunded Series 2010D | Airport System Revenue |
| *Subordinate Lien Bonds* | 2008A2 | Refunded Series 2006 B1 | Airport System Revenue |
| | 2008B2 | Refunded Series 2006 B1 | Airport System Revenue |
| | 2008C1* | | Airport System Revenue |
| | 2008C2* | *Refunded Series 2005 C1A, Series 2005 C1B, Series 2005 | Airport System Revenue |
| | 2008C3* | C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series | Airport System Revenue |
| | 2008D1* | 2005 E1, Series 2005 E2, Series 2005 E3 | Airport System Revenue |
| | 2008D2* | | Airport System Revenue |
| | 2008D3 | Refunded Series 2001C | Airport System Revenue |
| | 2014A1 | Refunded Series 2004 A1 and Series 2004 A2 | Airport System Revenue |
| | 2014A2 | Refunded Series 2004 A1 and Series 2004 A2 | Airport System Revenue |
| | 2017A1 | Refunded Series 2007 A1 | Airport System Revenue |
| | 2017A2 | Refunded Series 2007 A1 | Airport System Revenue |
| | 2019A | Refunded Series 2009C | Airport System Revenue |
| | 2019D | Refunded Series 2010B | Airport System Revenue |
| *Subordinate Lien Bonds from Direct Placements* | 2017D | Refunded Series 2011 B-2 | Airport System Revenue |
| *PFC Bonds* | 2012B PFC | Refunded Series 1998A | Passenger Facility Charge Revenue |
| | 2015C PFC | Refunded Series 2007 | Passenger Facility Charge Revenue |
| | 2017B PFC | Refunded Series 2007 A1 Bonds and funded a new debt service reserve fund for the Series 2017B Bonds | Passenger Facility Charge Revenue |
| | 2019E PFC | Refunded Series 2010A PFC | Passenger Facility Charge Revenue |
| *Junior Subordinate Lien and Jet A Bonds* | 2013A | Refunded Series 2003C | Jet Aviation Fuel Tax Revenue |
| | 2017C | Refunded Series 2015 B | Airport System Revenue |
| | 2018A | Refunded Series 2014B | Airport System Revenue |
| *General Obligation Bonds* | 2008A | Refunded Series 2003A | Airport System Revenue |
| | 2013B | Refunded Series 2003B | Airport System Revenue |

| Issue Date | Maturity Date | Interest Rate | Original Issue | 6/30/2020 |
|---|---|---|---|---|
| 2/23/2010 | 7/1/2045 | 6.82% | $ 454,280 | $ 454,280 |
| 4/30/2015 | 7/1/2040 | 5% | 59,915 | 59,915 |
| 7/1/2019 | 7/1/2042 | 5% | 240,800 | 240,800 |
| 11/27/2019 | 7/1/2021 | 5.00% | 70,510 | 70,510 |
| | Subtotal | | | 825,505 |
| | Unamortizied premiums | | | 63,991 |
| | Current portion | | | (46,875) |
| | Total Senior Lien Bonds | | | 842,621 |
| 6/26/2008 | 7/1/2022 | weekly variable rate ** | 50,000 | 26,760 |
| 6/26/2008 | 7/1/2022 | weekly variable rate ** | 50,000 | 26,785 |
| 3/19/2008 | 7/1/2040 | weekly variable rate ** | 122,900 | 122,900 |
| 3/19/2008 | 7/1/2029 | weekly variable rate ** | 71,550 | 59,900 |
| 3/19/2008 | 7/1/2029 | weekly variable rate ** | 71,550 | 59,900 |
| 3/19/2008 | 7/1/2036 | weekly variable rate ** | 58,920 | 50,870 |
| 3/19/2008 | 7/1/2040 | weekly variable rate ** | 199,605 | 199,605 |
| 3/19/2008 | 7/1/2029 | weekly variable rate ** | 122,865 | 120,395 |
| 4/8/2014 | 7/1/2024 | 4.00%- 5.00% | 95,950 | 16,710 |
| 4/8/2014 | 7/1/2036 | 4.00%- 5.00% | 221,870 | 221,870 |
| 4/25/2017 | 7/1/2022 | 4.00%- 5.00% | 65,505 | 43,125 |
| 4/25/2017 | 7/1/2040 | 5% | 47,800 | 47,800 |
| 7/1/2019 | 7/1/2026 | 5% | 107,530 | 107,530 |
| 11/27/2019 | 7/1/2032 | 5% | 296,155 | 296,155 |
| 12/6/2017 | 7/1/2022 | monthly variable rate † | 92,465 | 53,565 |
| | Subtotal | | | 1,453,870 |
| | Unamortized premiums | | | 77,920 |
| | Unamortized discounts | | | (10,059) |
| | Current portion | | | (64,920) |
| | Total Subordinate Lien Bonds | | | 1,456,811 |
| 7/2/2012 | 7/1/2033 | 5% | 64,360 | 59,830 |
| 7/22/2015 | 7/1/2027 | 5 | 98,965 | 88,500 |
| 4/25/2017 | 7/1/2025 | 3.25%-5.00% | 69,305 | 58,980 |
| 11/27/2019 | 7/1/2033 | 5.00% | 369,045 | 369,045 |
| | Subtotal | | | 576,355 |
| | Unamortized premiums | | | 74,769 |
| | Unamortized discounts | | | — |
| | Current portion | | | (57,315) |
| | Total PFC Bonds | | | 593,809 |
| 4/2/2013 | 7/1/2029 | 5.00% | 70,965 | 65,945 |
| 6/29/2017 | 7/1/2021 | 5.00% | 146,295 | 146,295 |
| 6/29/2018 | 7/1/2021 | 5.00% | 95,545 | 95,545 |
| | Subtotal | | | 307,785 |
| | Unamortized premiums | | | 11,397 |
| | Current portion | | | (5,270) |
| | Total Junior Subordinate Lien and Jet A Bonds | | | 313,912 |
| 2/26/2008 | 7/1/2027 | variable | 43,105 | 43,105 |
| 4/2/2013 | 7/1/2033 | 5.00% | 32,915 | 32,915 |
| | Subtotal | | | 76,020 |
| | Unamortized premiums | | | 2,734 |
| | Total General Obligation Bonds | | | 78,754 |
| | Imputed debt from termination of hedges | | | 3,923 |
| Total long-term debt | | | | $ 3,289,830 |

** Interest on the variable-rate bonds is determined by each remarketing agent and is reset weekly. The owners of such bonds are permitted to tender the bonds for repurchase on seven business days' notice.

† Interest on the Series 2017D is paid at 70% of LIBOR plus 49 basis points and is reset monthly.

June 30, 2019

| Series | | Purpose | Pledged Revenue |
|---|---|---|---|
| *Senior Lien Bonds* | 2009B | Issued to fund height restriction litigation settlements and the construction of Terminal 3 | Airport System Revenue |
| | 2010C | Issued to fund the construction of Terminal 3 | Airport System Revenue |
| | 2010D | Issued to fund the construction of Terminal 3 | Airport System Revenue |
| | 2015A | Refunded Series 2005A | Airport System Revenue |
| *Subordinate Lien Bonds* | 2008A2 | Refunded Series 2006 B1 | Airport System Revenue |
| | 2008B2 | Refunded Series 2006 B1 | Airport System Revenue |
| | 2008C1* | | Airport System Revenue |
| | 2008C2* | *Refunded Series 2005 C1A, Series 2005 C1B, Series 2005 | Airport System Revenue |
| | 2008C3* | C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series | Airport System Revenue |
| | 2008D1* | 2005 E1, Series 2005 E2, Series 2005 E3 | Airport System Revenue |
| | 2008D2* | | Airport System Revenue |
| | 2008D3 | Refunded Series 2001C | Airport System Revenue |
| | 2009C | Issued to fund the construction of Terminal 3 | Airport System Revenue |
| | 2010B | Issued to fund Terminal 3 project costs | Airport System Revenue |
| | 2011B1 | Refunded Series 2008A1and Series 2008B1 | Airport System Revenue |
| | 2014A1 | Refunded Series 2004 A1and Series 2004 A2 | Airport System Revenue |
| | 2014A2 | Refunded Series 2004 A1and Series 2004 A2 | Airport System Revenue |
| | 2017A1 | Refunded Series 2007 A1 | Airport System Revenue |
| | 2017A2 | Refunded Series 2007 A1 | Airport System Revenue |
| *Subordinate Lien Bonds from Direct Placements* | *2017D* | Refunded 2011B2 | Airport System Revenue |
| *PFC Bonds* | 2010A PFC | Issued to fund Terminal 3 project costs | Passenger Facility Charge Revenue |
| | 2010F2 PFC | Refunded Series 2005A | Passenger Facility Charge Revenue |
| | 2012B PFC | Refunded Series 1998A | Passenger Facility Charge Revenue |
| | 2015C PFC | Refunded Series 2007 | Passenger Facility Charge Revenue |
| | 2017B PFC | Refunded Series 2007 A1Bonds and funded a new debt service reserve fund for the Series 2017B Bonds | Passenger Facility Charge Revenue |
| *Junior Subordinate Lien and Jet A Bonds* | 2013A | Refunded Series 2003C | Jet Aviation Fuel Tax Revenue |
| | 2017C | Refunded Series 2015B | Airport System Revenue |
| | 2018A | Refunded Series 2014B | Airport System Revenue |
| *General Obligation Bonds* | 2008A | Refunded Series 2003A | Airport System Revenue |
| | 2013B | Refunded Series 2003B | Airport System Revenue |

| Issue Date | Maturity Date | Interest Rate | Original Issue | June 30, 2019 |
|---|---|---|---|---|
| 9/24/2009 | 7/1/2042 | 6.88% | $ 300,000 | $ 300,000 |
| 2/23/2010 | 7/1/2045 | 6.82% | 454,280 | 454,280 |
| 2/23/2010 | 7/1/2024 | 3.00%- 5.00% | 132,485 | 87,785 |
| 4/30/2015 | 7/1/2040 | 5.00% | 59,915 | 59,915 |
| | Subtotal | | | 901,980 |
| | Unamortized premiums | | | 8,814 |
| | Current portion | | | (11,665) |
| | Total Senior Lien Bonds | | | 899,129 |
| 6/26/2008 | 7/1/2022 | weekly variable rate ** | 50,000 | 36,600 |
| 6/26/2008 | 7/1/2022 | weekly variable rate ** | 50,000 | 36,635 |
| 3/19/2008 | 7/1/2040 | weekly variable rate ** | 122,900 | 122,900 |
| 3/19/2008 | 7/1/2029 | weekly variable rate ** | 71,550 | 62,915 |
| 3/19/2008 | 7/1/2029 | weekly variable rate ** | 71,550 | 62,910 |
| 3/19/2008 | 7/1/2036 | weekly variable rate ** | 58,920 | 52,995 |
| 3/19/2008 | 7/1/2040 | weekly variable rate ** | 199,605 | 199,605 |
| 3/19/2008 | 7/1/2029 | weekly variable rate ** | 122,865 | 120,925 |
| 9/24/2009 | 7/1/2026 | 5.00% | 168,495 | 168,495 |
| 2/3/2010 | 7/1/2042 | 5.00%- 5.75% | 350,000 | 350,000 |
| 8/3/2011 | 7/1/2022 | weekly variable rate ** | 100,000 | 73,200 |
| 4/8/2014 | 7/1/2024 | 4.00%- 5.00% | 95,950 | 21,490 |
| 4/8/2014 | 7/1/2036 | 4.00%- 5.00% | 221,870 | 221,870 |
| 4/25/2017 | 7/1/2022 | 4.00%- 5.00% | 65,505 | 54,035 |
| 4/25/2017 | 7/1/2040 | 5.00% | 47,800 | 47,800 |
| 12/6/2017 | 7/1/2022 | monthly variable rate † | 92,465 | 73,265 |
| | Subtotal | | | 1,705,640 |
| | Unamortized premiums | | | 23,851 |
| | Unamortized discounts | | | (11,071) |
| | Current portion | | | (123,344) |
| | Total Subordinate Lien Bonds | | | 1,594,076 |
| 2/3/2010 | 7/1/2042 | 3.00%- 5.25% | 450,000 | 446,765 |
| 11/4/2010 | 7/1/2022 | weekly variable rate ** | 100,000 | 79,230 |
| 7/2/2012 | 7/1/2033 | 5.00% | 64,360 | 64,360 |
| 7/22/2015 | 7/1/2027 | 5.00% | 98,965 | 98,965 |
| 4/25/2017 | 7/1/2025 | 3.25%- 5.00% | 69,305 | 65,925 |
| | Subtotal | | | 755,245 |
| | Unamortized premiums | | | 19,221 |
| | Unamortized discounts | | | (4,291) |
| | Current portion | | | (41,475) |
| | Total PFC Bonds | | | 728,700 |
| 4/2/2013 | 7/1/2029 | 5.00% | 70,965 | 70,965 |
| 6/29/2017 | 7/1/2018 | 5.00% | 146,295 | 146,295 |
| 6/29/2018 | 7/1/2021 | 5.00% | 95,545 | 95,545 |
| | Subtotal | | | 312,805 |
| | Unamortized premiums | | | 19,825 |
| | Current portion | | | (5,020) |
| | Bonds | | | 327,610 |
| 2/26/2008 | 7/1/2027 | weekly variable rate ** | 43,105 | 43,105 |
| 4/2/2013 | 7/1/2033 | 5.00% | 32,915 | 32,915 |
| | Subtotal | | | 76,020 |
| | Unamortized premiums | | | 2,975 |
| | Total General Obligation Bonds | | | 78,995 |
| | Imputed debt from termination of hedges | | | 5,885 |
| Total long-term debt | | | | $ 3,634,395 |

** Interest on the variable-rate bonds is determined by each remarketing agent and is reset weekly. The owners of such bonds are permitted to tender the bonds for repurchase on seven business days' notice

† Interest on the Series 2017D is paid at 70% of LIBOR plus 49 basis points and is reset monthly.

(f) Schedule of Pledged Revenues

The following is a comparison of the pledged Department revenues recognized during the years ended June 30, 2020 and 2019 to the principal and interest requirements for the liens directly collateralized by those revenues (in thousands):

| | 2020 | 2019 |
|---|---|---|
| Net operating revenues | $ 211,591 | $ 285,872 |
| Non-operating revenues available for debt service | | |
| CARES Act Airport Grant | 48,657 | — |
| BABs interest subsidy | 10,204 | 16,948 |
| Reimbursement from County funds | 6,288 | — |
| Interest income | 16,801 | 20,200 |
| Total revenues pledged for debt service | $ 293,541 | $ 323,020 |
| Less: Senior lien debt service | (96,882) | (70,622) |
| Total revenues pledged for Subord. lien debt service | $ 196,659 | $ 252,398 |
| PFC revenue | 70,640 | 96,783 |
| PFC fund interest income | 4,563 | 6,938 |
| Total PFC revenues pledged for Subordinate lien PFC bonds | $ 75,203 | $ 103,721 |
| Total revenues pledged for Subord. lien debt service including total PFC revenues | $ 271,862 | $ 356,119 |
| Subordinate lien PFC bond debt service | (90,595) | (77,810) |
| Subordinate lien bond debt service | (120,135) | (145,180) |
| Total Subordinate lien (including PFC bonds) debt service | $ (210,730) | $ (222,990) |
| Total revenue pledged for debt service after payment of Senior and Subordinate liens | $ 61,132 | $ 133,129 |
| Jet A fuel tax revenue | 9,676 | 11,979 |
| Jet A fund interest income | 1,552 | 1,441 |
| Total Jet A fuel tax revenues pledged for Jet A bonds | $ 11,228 | $ 13,420 |
| Jet A tax bond debt service | (8,567) | (8,568) |
| Total revenue pledged for debt service after payment of Senior, Subordinate, and Jet A fuel tax liens | $ 63,793 | $ 137,981 |
| Junior Subordinate lien notes debt service | (12,092) | (12,132) |
| General obligation bonds debt service* | (2,382) | (2,548) |

*Additionally secured by the full faith and credit of the County

(g) Schedule of Debt Principal and Interest

Principal and interest payments on debt at June 30, 2020, are as follows (in thousands):

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| Fiscal Year Ended June 30, | Total | | Senior Lien Bonds | | Subordinate Lien Bonds ** | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest * | Principal | Interest |
| 2021 | $ 174,380 | $ 132,848 | $ 46,875 | $ 48,704 | $ 45,170 | $ 37,966 |
| 2022 | 407,845 | 117,222 | 23,635 | 46,609 | 64,610 | 35,222 |
| 2023 | 172,970 | 104,719 | — | 46,018 | 98,100 | 32,429 |
| 2024 | 152,250 | 97,710 | — | 46,018 | 88,355 | 28,582 |
| 2025 | 140,200 | 91,299 | — | 46,018 | 92,110 | 25,187 |
| 2026-2030 | 681,050 | 381,666 | 45,445 | 226,754 | 364,940 | 90,058 |
| 2031-2035 | 586,445 | 268,475 | 92,205 | 207,651 | 339,970 | 45,246 |
| 2036-2040 | 430,785 | 185,996 | 175,310 | 172,769 | 255,475 | 13,227 |
| 2041-2045 | 387,135 | 103,551 | 335,560 | 103,133 | 51,575 | 418 |
| 2046-2050 | 106,475 | 3,631 | 106,475 | 3,631 | — | — |
| Total | $ 3,239,535 | $ 1,487,117 | $ 825,505 | $ 947,305 | $ 1,400,305 | $ 308,335 |

** Subordinate Lien Bonds from Direct Placements are excluded from these figures and presented separately.

| Subordinate Lien Bonds from Direct Placements | | PFC | | Jet A Fuel Tax Bonds Bond Anticipation Notes | | General Obligation Bonds | |
|---|---|---|---|---|---|---|---|
| Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| $ 19,750 | $ 130 | $ 57,315 | $ 29,075 | $ 5,270 | $ 15,258 | $ — | $ 1,715 |
| 19,800 | 146 | 52,425 | 24,589 | 247,375 | 8,941 | — | 1,715 |
| 14,015 | 43 | 55,045 | 21,902 | 5,810 | 2,612 | — | 1,715 |
| — | — | 57,795 | 19,081 | 6,100 | 2,314 | — | 1,715 |
| — | — | 41,685 | 16,378 | 6,405 | 2,001 | — | 1,715 |
| — | — | 190,380 | 51,713 | 36,825 | 4,749 | 43,460 | 8,392 |
| — | — | 121,710 | 12,542 | — | — | 32,560 | 3,036 |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| $ 53,565 | $ 319 | $ 576,355 | $ 175,280 | $ 307,785 | $ 35,875 | $ 76,020 | $ 20,003 |

(h) Deferred Outflows of Resources Related to Debt

The Department has incurred deferred costs, which comprise unamortized losses on bond refundings and deferred losses on imputed debt resulting from the revaluation of certain interest rate swaps pursuant to the refunding of certain hedged bonds.

Such deferred outflows are as follows at June 30, 2020 and 2019 (in thousands):

| | 2020 | 2019 |
|---|---|---|
| 2008 Series A-2 | $ 1 | $ 1 |
| 2008 Series A | 486 | 555 |
| 2008 Series B-2 | 1 | 1 |
| 2008 Series C | 881 | 1,291 |
| 2008 Series D-2 | 9,201 | 9,884 |
| 2008 Series D-3 | 581 | 657 |
| 2010 Series F-2 | — | 669 |
| 2011 Series B-1 | — | 11 |
| 2012 Series B | 855 | 1,341 |
| 2013 Series B | 59 | 74 |
| 2014 Series A-2 | 2,577 | 2,799 |
| 2015 Series C | 2,406 | 2,993 |
| 2019 Series E | 3,189 | — |
| Total unamortized losses on refunded bonds | 20,237 | 20,276 |
| Deferred losses on imputed debt | 3,923 | 5,885 |
| Total other deferred costs | $ 24,160 | $ 26,161 |

(i) Deferred Inflows of Resources Related to Debt

The following schedule details the unamortized gains on bond refundings, presented as deferred inflows, at June 30 2020 and 2019 (in thousands):

| | 2020 | 2019 |
|---|---|---|
| 2008 Series D-1 | $ 32 | $ 39 |
| 2013 Jet A Fuel Tax Series A | 619 | 971 |
| 2014 Series A-1 | 366 | 503 |
| 2015 Series A | 851 | 898 |
| 2017 Series A-1 | 578 | 1,157 |
| 2017 Series A-2 | 1,720 | 1,811 |
| 2017 Series B PFC | 872 | 1,192 |
| 2019 Series A | 2,604 | — |
| 2019 Series C | 600 | — |
| 2019 Series D | 2,839 | — |
| Total unamortized gains on refunded bonds | $ 11,082 | $ 6,571 |

**9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS**

(a) Interest Rate Swaps

The intention of the Department's implementation of a swap portfolio was to convert variable interest rate bonds to synthetically fixed interest rate bonds as a means to lower its borrowing costs when compared to fixed-rate bonds at the time of issuance. The Department executed several floating-to-fixed swaps in connection with its issuance of variable rate bonds and forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds.

The derivative instruments are valued at fair value. The fair values of the interest rate derivative instruments are estimated using an independent pricing service. The valuations provided are derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The instruments' expected cash flows are calculated using the zero-coupon discount method, which takes into consideration the prevailing benchmark interest rate environment as well as the specific terms and conditions of a given transaction and which assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates.

The income approach is then used to obtain the fair value of the instruments by discounting future expected cash flows to a single valuation using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and the time value of money. This valuation technique is applied consistently across all instruments. Given the observability of inputs that are significant to the entire sets of measurements, the fair values of the instruments are based on inputs categorized as Level 2.

The mark-to-market value for each swap had been estimated using the zero-coupon method. Under this method, future cash payments were calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index yield curve (formerly known as the Bond Market Association Municipal Swap Index yield curve, or BMA Municipal Swap Index yield curve), as applicable. Each future cash payment was adjusted by a factor called the swap rate, which is a rate that is set, at the inception of the swap and at the occurrence of certain events, such as a refunding, to such a value as to make the mark-to-market value of the swap equal to zero. Future cash receipts were calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the LIBOR (London Interbank Offered Rate) yield curve or the CMS (Constant Maturity Swap rate) yield curve, as applicable. The future cash payment, as modified by the swap rate factor, and the future cash receipt due on the date of each and every future net settlement on the swap were netted, and each netting was then discounted using the discount factor implied by the LIBOR yield curve for a hypothetical zero-coupon rate bond due on the date of the future net settlement. These discounted nettings were then summed to arrive at the mark-to-market value of the swap.

All swaps entered into by the Department comply with the County's swap policy. Each swap is written pursuant to guidelines and documentation promulgated by the International Swaps and Derivatives Association (ISDA), which include standard provisions for termination events such as failure to pay or bankruptcy. The Department retains the right to terminate any swap agreement at fair value prior to maturity. The Department has termination risk under the contract, particularly if an additional termination event (ATE) were to occur. An ATE occurs either if the credit rating of the bonds associated with a particular swap agreement and the rating of the swap insurer fall below a pre-defined credit rating threshold or if the credit rating of the swap counterparty falls below a threshold as defined in the swap agreement.

With regard to credit risk, potential exposure is mitigated through the use of an ISDA credit support annex (CSA). Under the terms of master agreements between the Department and the swap counterparties, each swap counterparty is required to post collateral with a third party when the counterparty's credit rating falls below the trigger level defined in each master agreement. This arrangement protects the Department from credit risks inherent in the swap agreements. As long as the Department retains insurance, the Department is not required to post any collateral; only the counterparties are required to post collateral.

The initial notional amounts and outstanding notional amounts of all active swaps, as well as the breakout of floating-to-fixed swaps, basis swaps, and fixed-to-fixed swaps as of June 30, 2020 and 2019, are summarized as follows (in thousands):

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| Swap # | | Interest Rate Swap Description | Associated Variable Rate Bonds or Amended Swaps | County Pays | County Receives |
|---|---|---|---|---|---|
| 02 | | Basis Swap | N/A | SIFMA Swap Index - 0.41% | 72.5% of USD LIBOR - 0.410% |
| 04 | | Basis Swap | N/A | SIFMA Swap Index | 68.0% of USD LIBOR + 0.435% |
| 07A | ‡ | Floating-to-Fixed | 2008 A-2 | 4.3057% to 7/2017, 0.2500% to maturity | 64.7% of USD LIBOR + 0.280% |
| 07B | ‡ | Floating-to-Fixed | 2008 B-2, 2017 D | 4.3057% to 7/2017, 0.2500% to maturity | 64.7% of USD LIBOR + 0.280% |
| 08A | | Floating-to-Fixed | 2008C | 4.0000% to 7/2015, 3.0000% to maturity | 82.0% of 10 year CMS - 0.936% |
| 08B | | Floating-to-Fixed | 2008C | 4.0000% to 7/2015, 3.0000% to maturity | 82.0% of 10 year CMS - 0.936% |
| 08C | | Floating-to-Fixed | 2008C | 4.0000% to 7/2015, 3.0000% to maturity | 82.0% of 10 year CMS - 0.936% |
| 09A | | Floating-to-Fixed | 2008 D-1 | 5.0000% to 7/2015, 1.2100% to maturity | 82.0% of 10 year CMS - 1.031% |
| 09B | | Floating-to-Fixed | 2008 D-1 | 5.0000% to 7/2015, 1.2100% to maturity | 82.0% of 10 year CMS - 1.031% |
| 09C | | Floating-to-Fixed | 2008 D-1 | 5.0000% to 7/2015, 1.2100% to maturity | 82.0% of 10 year CMS - 1.031% |
| 10B | | Floating-to-Fixed | 2008 D-2A, 2008 D-2B | 4.0030% to 7/2015, 2.2700% to maturity | 62.0% of USD LIBOR + 0.280% |
| 10C | | Floating-to-Fixed | 2008 D-2A, 2008 D-2B | 4.0030% to 7/2015, 2.2700% to maturity | 62.0% of USD LIBOR + 0.280% |
| 12A | ** | Floating-to-Fixed | 2008C, 2008 D-3, 2008A GO | 5.6260% to 7/2017, 0.2500% to maturity | 64.7% of USD LIBOR + 0.280% |

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds. On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Bonds and therefore re-associating $92.5 million in notional of swap #07B with 2017D Bonds.

** On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. The $4.48 million of the entire notional amount of swap #14A, $73.0 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative instrument. The entire notional amount of swap #14B, $201.9 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivative instruments. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and 14B were fully hedged derivative instruments. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative instrument. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and 14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

| Effective Date | Maturity Date | Initial Notional Amount | Counterparty | Counterparty Ratings Moody's | S&P | Fitch | Outstanding Notional June 30, 2020 | June 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| 8/23/2001 | 7/1/2036 | $ 185,855 | Citigroup Financial Products Inc. | A3 | BBB+ | A | $ 64,409 | $ 64,930 |
| 7/1/2003 | 7/1/2025 | 200,000 | Citigroup Financial Products Inc. | A3 | BBB+ | A | 83,431 | 94,600 |
| 7/1/2008 | 7/1/2022 | 150,000 | JPMorgan Chase Bank, N.A. | A3 | BBB+ | A | 80,275 | 109,800 |
| 7/1/2008 | 7/1/2022 | 150,000 | UBS AG | Aa2 | A+ | AA | 80,350 | 109,900 |
| 3/19/2008 | 7/1/2040 | 151,200 | Citigroup Financial Products Inc. | Aa3 | A+ | AA- | 135,575 | 139,725 |
| 3/19/2008 | 7/1/2040 | 31,975 | JPMorgan Chase Bank, N.A. | Aa2 | A+ | AA | 28,650 | 29,525 |
| 3/19/2008 | 7/1/2040 | 31,975 | UBS AG | Aa3 | A+ | AA- | 28,650 | 29,525 |
| 3/19/2008 | 7/1/2036 | 41,330 | Citigroup Financial Products Inc. | A3 | BBB+ | A | 35,680 | 37,175 |
| 3/19/2008 | 7/1/2036 | 8,795 | JPMorgan Chase Bank, N.A. | Aa2 | A+ | AA | 7,595 | 7,910 |
| 3/19/2008 | 7/1/2036 | 8,795 | UBS AG | Aa3 | A+ | AA- | 7,595 | 7,910 |
| 3/19/2008 | 7/1/2040 | 29,935 | JPMorgan Chase Bank, N.A. | Aa2 | A+ | AA | 29,935 | 29,935 |
| 3/19/2008 | 7/1/2040 | 29,935 | UBS AG | Aa3 | A+ | AA- | 29,935 | 29,395 |
| 7/1/2009 | 7/1/2026 | 200,000 | Citigroup Financial Products Inc. | A3 | BBB+ | A | 200,000 | 200,000 |
| | Total | $ 1,219,795 | | | | | $ 812,080 | $ 890,870 |

(b) Derivative Instruments

The Department has both hedging and investment derivative instruments. Hedging derivative instruments are derivative instruments that significantly reduce an identified financial risk by substantially offsetting changes in the cash flows of an associated hedgeable item. Hedging derivative instruments are required to be tested for their effectiveness. Effectiveness of hedging derivative instruments is first tested using the consistent critical terms method. If critical terms analysis fails because the critical terms of the hedged item and the hedging instrument do not match, a quantitative method is employed, typically regression analysis. On an annual basis and consistent with the fiscal year end, the Department employs an external consulting firm to perform this evaluation. Investment derivative instruments are either derivative instruments entered into primarily for income or profit purposes or derivative instruments that do not meet the criteria of an effective hedging derivative instrument.

The following are the fair values and changes in fair values of the Department’s interest rate swap agreements for the fiscal years ended June 30, 2020 and 2019 (in thousands):

| | | Fair Value and Classifications as of June 30, 2020 | | Changes in Fair Value for the Twelve Months Ended June 30, 2020 | | |
|---|---|---|---|---|---|---|
| Swap # | Description | Derivative Instrument Classification | Fair Value | Increase (Decrease) in Deferred Inflows | Increase (Decrease) in Deferred Outflows | Net Change in Fair Value |
| **Hedging derivative instruments** | | | | | | |
| 07A ‡ | Floating-to-Fixed Interest Rate Swap | Non-current liability | $ (450) | $ (553) | $ — | $ (553) |
| 07B ‡ | Floating-to-Fixed Interest Rate Swap | Non-current liability | (497) | (962) | — | (962) |
| 10B | Floating-to-Fixed Interest Rate Swap | Non-current liability | (6,080) | — | 3,142 | (3,142) |
| 10C | Floating-to-Fixed Interest Rate Swap | Non-current liability | (6,080) | — | 3,142 | (3,142) |
| 12A ** | Floating-to-Fixed Interest Rate Swap | Non-current asset | 1,205 | (9,345) | — | (9,345) |
| Total hedging derivative instrument activities | | | (11,902). | $ (10,860) | $ 6,284 | (17,144) |
| **Investment derivative instruments** | | | | Gain (loss) on Investment | Deferral Included in Gain (loss) | |
| 2 | Basis Rate Swap | Non-current liability | (787) | (363) | — | (363) |
| 4 | Basis Rate Swap | Non-current asset | 715 | (417) | — | (417) |
| 08A | Floating-to-Fixed Interest Rate Swap | Non-current liability | (37,862) | (11,775) | — | (11,775) |
| 08B | Floating-to-Fixed Interest Rate Swap | Non-current liability | (8,010) | (2,492) | — | (2,492) |
| 08C | Floating-to-Fixed Interest Rate Swap | Non-current liability | (8,010) | (2,492) | — | (2,492) |
| 09A | Floating-to-Fixed Interest Rate Swap | Non-current liability | (3,526) | (2,788) | — | (2,788) |
| 09B | Floating-to-Fixed Interest Rate Swap | Non-current liability | (750) | (593) | — | (593) |
| 09C | Floating-to-Fixed Interest Rate Swap | Non-current liability | (750) | (593) | — | (593) |
| Total investment derivative instrument activities | | | (58,980) | $ (21,513) | $ — | (21,513) |
| **Total** | | | $ (70,882) | | | $ (38,657) |

‡ On August 3, 2011, the Department refunded the outstanding principal of Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds and swap #07B was re-associated with the Series 2011 B-2 Bonds.

** On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

| | | Fair Value and Classifications as of June 30, 2019 | | Changes in Fair Value for the Twelve Months Ended June 30, 2019 | | |
|---|---|---|---|---|---|---|
| Swap # | Description | Derivative Instrument Classification | Fair Value | Increase (Decrease) in Deferred Inflows | Increase (Decrease) in Deferred Outflows | Net Change in Fair Value |
| **Hedging derivative instruments** | | | | | | |
| 07A ‡ | Floating-to-Fixed Interest Rate Swap | Non-current asset | $ 103 | $ (1,639) | $ — | $ (1,639) |
| 07B ‡ | Floating-to-Fixed Interest Rate Swap | Non-current asset | 465 | (1,278) | — | (1,278) |
| 10B | Floating-to-Fixed Interest Rate Swap | Non-current liability | (2,938) | — | 2,173 | (2,173) |
| 10C | Floating-to-Fixed Interest Rate Swap | Non-current liability | (2,937) | — | 2,173 | (2,173) |
| 12A** | Floating-to-Fixed Interest Rate Swap | Non-current asset | 10,550 | (9,365) | — | (9,365) |
| 14A** | Floating-to-Fixed Interest Rate Swap | Non-current liability | — | — | 1,607 | (1,607) |
| 14B** | Floating-to-Fixed Interest Rate Swap | Non-current liability | — | — | (27,003) | 27,003 |
| Total hedging derivative instrument activities | | | $ 5,243 | $ (12,282) | $ (21,050) | $ 8,768 |
| **Investment derivative instruments** | | | | Gain (loss) on Investment | Deferral Included in Gain (loss) | |
| 02 | Basis Rate Swap | Non-current liability | (423) | 499 | — | 499 |
| 04 | Basis Rate Swap | Non-current asset | 1,132 | 2 | — | 2 |
| 08A | Floating-to-Fixed Interest Rate Swap | Non-current liability | (26,087) | (8,450) | — | (8,450) |
| 08B | Floating-to-Fixed Interest Rate Swap | Non-current liability | (5,518) | (1,787) | — | (1,787) |
| 08C | Floating-to-Fixed Interest Rate Swap | Non-current liability | (5,518) | (1,787) | — | (1,787) |
| 09A | Floating-to-Fixed Interest Rate Swap | Non-current asset | (738) | (1,921) | — | (1,921) |
| 09B | Floating-to-Fixed Interest Rate Swap | Non-current asset | (157) | (409) | — | (409) |
| 09C | Floating-to-Fixed Interest Rate Swap | Non-current asset | (157) | (409) | — | (409) |
| **Remaining portions of swaps after April 6, 2010 terminations** | | | | | | |
| 14A ** | Floating-to-Fixed Interest Rate Swap | | — | — | 1,548 | 1,548 |
| 14B ** | Floating-to-Fixed Interest Rate Swap | | — | — | (30,683) | (30,683) |
| 15 * | Fixed-to-Fixed Swap (formerly Swap #03) | Non-current asset | — | (145) | — | (145) |
| 16 * | Fixed-to-Fixed Swap (formerly Swap #05) | Non-current asset | — | (99) | — | (99) |
| 18 * | Fixed-to-Fixed Swap (formerly Swap #13) | Non-current asset | — | 634 | — | 634 |
| Total investment derivative instrument activities | | | (37,466) | $ (13,872) | $ (29,135) | (43,007) |
| **Total** | | | $ (32,223) | | | $ (34,239) |

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, (as well as swaps #11, and #13, not presented above). To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2 million of $229.9 million notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively. Swap #17 was terminated on November 19, 2013. Swaps #15, #16, and #18 were terminated on December 19, 2018.

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds.

** On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. The $4.48 million of the entire notional amount of swap #14A, $73.0 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative instrument. The entire notional amount of swap #14B, $201.9 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivative instruments. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and #14B were fully hedged derivative instruments. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative instrument. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

On August 3, 2011, the Department refunded the Series 2008 B-1 Bonds and the Series 2008 A-1 Bonds with the Series 2011 B-2 Bonds and the Series 2011 B-1 Bonds, respectively. Upon refunding, $100.0 million in notional of swap #07A and $100.0 million in notional of swap #07B were re-associated with the 2011 B-1 Bonds and the 2011 B-2 Bonds, respectively. This re-association resulted in a revaluation of swaps #07A and #07B to adjust the overall swap rate of each swap to the market rate, creating a deferred loss on imputed debt for each swap, and an equivalent offsetting liability for each swap, imputed debt, in the amounts of $10.7 million for swap #07A and $10.7 million for swap #07B. These deferred losses on imputed debt and corresponding imputed debts are amortized against each other on a straight-line basis over the remaining lives of the swaps. In November 2013, the Department re-associated swap #07A with the 2011 B-1 Bonds and re-associated swap #07B with the 2011 B-2 Bonds. On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Bonds and therefore re-associating $92.5 million in notional of swap #07B with 2017D Bonds.

On November 19, 2013, the Department fully terminated swaps #06, #12B, and #17, and partially terminated swap #14B. Because swap #14B was only partially terminated, its outstanding notional value was reduced by $56.8 million from $202.0 million to $145.2 million. At the transaction closing, the fair values of all the terminated swaps or portions thereof, coupled with their related accrued interest, resulted in a net termination payment of $0. The Department executed this transaction to lower overall swap exposure, reduce interest rate risk, increase cash flow, reduce debt service, and tailor its swap portfolio to better match its variable rate bond portfolio. Upon completion of the termination, the Department re-associated the investment component of each of swap derivative instruments #14A and #14B with variable rate bonds, thereby resulting in the full hedging of these swaps.

On December 19, 2018, the Department fully terminated swaps #14A, #14B, #15, #16, and #18, causing a reduction in outstanding notional value of $442.4 million, from $1,333.3 million to $890.9 million. The transaction closing resulted in a net termination payment of $5.2 million. The Department executed this transaction to lower overall swap exposure, reduce interest rate risk, increase cash flow, and reduce debt service. Upon completion of the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008D-3, from swap #14. Additionally, $29.1 million and $0.4 million in notional amounts from swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B, associated to 2008D-2A, 2008D-2B, and 2010 F-2 PFC Bonds, were not associated with other active hedged swaps as of the termination date.

(c) Hedging Derivative Instruments

As of June 30, 2020, the Department had five outstanding floating-to-fixed interest rate swap agreements considered to be hedging derivative instruments in accordance with the provisions of GASB 53, which is a decrease from seven swap agreements at June 30, 2019. The five outstanding hedging swaps have been structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

*Forward Starting Swap Agreements – Hedging Derivative Instruments*

On January 3, 2006, the Department entered into five swap agreements (swaps #7A, #7B, #12A, #12B, and #13) to hedge future variable rate debt as a means to lower its borrowing costs and to provide favorable synthetically fixed rates for financing the construction of Terminal 3 and other related projects. Swaps #7A and #7B, with notional amounts of $150.0 million each, became effective July 1, 2008, while swaps #12A and #12B, with notional amounts totaling $550.0 million, became effective July 1, 2009. To better match its outstanding notional of floating-to-fixed interest rate swaps to the cash flows associated with its outstanding variable rate bonds, on April 6, 2010, the Department terminated $543.3 million in notional amounts of its outstanding floating-to-fixed interest rate swaps (swaps #3, #5, #10A, and #11) and $150.0 million in the notional amount of the July 1, 2010, forward starting swap #13. On April 17, 2007, the Department entered into two additional forward starting swaps, swaps #14A and #14B, with notional amounts totaling $275.0 million, which became effective on July 1, 2011, and the Department later re-associated the investment component of each of swap derivative instruments #14A and #14B with variable rate bonds. Swaps #14A and #14B were subsequently terminated on December 19, 2018.

*Notional Amounts and Fair Values - Hedging Derivative Instruments*

The notional amounts of the swap agreements match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reductions in principal of the associated debt, except as discussed in the section on rollover risk.

Due to an overall decrease in variable rates, one of the Department's hedging derivative instruments had a positive fair value as of June 30, 2020 as compared to three which had a positive fair value as of June 30, 2019.

*Associated Debt Cash Flows - Hedging Derivative Instruments*

The following are the net cash flows for the Department's hedging derivative instruments for the years ended June 30, 2020 and 2019 (in thousands):

| | Interest | | Counterparty Swap Interest | | | Interest to Bondholders | Net Interest Payments | |
|---|---|---|---|---|---|---|---|---|
| Swap # | Rate Swap Description | Associated Variable Rate Bonds | (Pay) | Receive | Net | (Pay) | 2020 | 2019 |
| 07A | Floating-to-Fixed | 2008 A-2 | $ (1,706) | $ 3,170 | $ 1,464 | $ (1,704) | $ (240) | $ (175) |
| 07B * | Floating-to-Fixed | 2008 B-2, 2017D | — | 1,465 | 1,465 | (1,757) | (292) | (526) |
| 10B | Floating-to-Fixed | 2008 D-2A, 2008 D-2B | (426) | 257 | (169) | (1,181) | (1,350) | (1,201) |
| 10C | Floating-to-Fixed | 2008 D-2A, 2008 D-2B | (168) | — | (168) | (1,181) | (1,349) | (1,200) |
| 12A ** | Floating-to-Fixed | 2008A GO, 2008C, 2008 D-3 | (3,722) | 6,762 | 3,040 | (3,078) | (38) | (309) |
| 14A ** | Floating-to-Fixed | 2008 D-2, 2013 D-3 | — | — | — | — | — | (13,809) |
| 14B ** | Floating-to-Fixed | 2008 C, 2008 D-2A, 2008 D-2B, 2008A GO, 2010 F-2 PFC | — | — | — | — | — | (37,404) |
| | | | $ (6,022) | $ 11,654 | $ 5,632 | $ (8,901) | $ (3,269) | $ (54,624) |

* On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Bonds and therefore re-associating $92.5 million in notional of swap #07B with 2017D Bonds.

** On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million of notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A, while $29.1 million and $0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

*Credit Risk - Hedging Derivative Instruments*

The Department was exposed to credit risk on the one hedging derivative instrument that had positive fair value totaling $1.2 million as of June 30, 2020. However, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The following are the hedging swaps and their amounts at risk as of June 30, 2020, along with the counterparty credit ratings for these swaps (in thousands):

| | Interest Rate Swap | | Counterparty Ratings | | | |
|---|---|---|---|---|---|---|
| Swap # | Description | Counterparty | Moody's | S&P | Fitch | Credit Risk Exposure |
| 12A | Floating-to-Fixed | Citigroup Financial Products Inc. | A3 | BBB+ | A | $ 1,205 |

The Department was exposed to credit risk on the three hedging derivative instruments that had positive fair values totaling $23.4 million as of June 30, 2019. However, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The following are the hedging swaps and their amounts at risk as of June 30, 2018, along with the counterparty credit ratings for these swaps (in thousands):

| Swap # | Interest Rate Swap Description | Counterparty | Counterparty Ratings Moody's | S&P | Fitch | Credit Risk Exposure |
|---|---|---|---|---|---|---|
| 07A | Floating-to-Fixed | JPMorgan Chase Bank, N.A. | Aa2 | A+ | AA | $ 103 |
| 07B | Floating-to-Fixed | UBS AG | Aa3 | A+ | AA- | 465 |
| 12A | Floating-to-Fixed | Citigroup Financial Products Inc. | A3 | BBB+ | A | 10,550 |
| | | | | | | $ 11,118 |

The counterparty to swap #12A is required to post collateral pursuant to the terms of the ISDA CSA Agreement, given that the credit rating of this counterparty declined to the rating threshold defined in the ISDA CSA Agreement. As of June 30, 2020 and 2019, the cash collateral posted with the custodian for Swap #12A was $2.1 million and $12.1 million, respectively.

*Basis and Interest Rate Risk – Hedging Derivative Instruments*

All hedging derivative instruments are subject to basis risk and interest rate risk should the relationship between the LIBOR rate and the Department's bond rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

*Tax Policy Risk – Hedging Derivative Instruments*

The Department is exposed to tax risk if a permanent mismatch (shortfall) occurs between the floating rate received on the swap and the variable rate paid on the underlying variable rate bonds due to changes in tax law such that any federal or state tax exemption of municipal debt is eliminated or its value is reduced.

*Termination Risk – Hedging Derivative Instruments*

The Department is exposed to termination risk if either the credit rating of the bonds associated with the swap or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, i.e. if an ATE occurs. If at the time of the ATE the swap has a negative fair value, the Department would be liable to the counterparty for a payment equal to the swap's fair value. For all swap agreements, except for swaps #08A and #09A, the Department is required to designate a day between 5 and 30 days to provide written notice following the ATE date. For swaps #08A and #09A, the designated date is 30 days after the ATE date.

*Market Access Risk - Hedging Derivative Instruments*

The Department is exposed to market access risk, which is the risk that the Department will not be able to enter credit markets or that credit will become more costly. For example, to complete a hedging instrument's objective, an issuance of refunding bonds may be planned in the future. If at that time the Department is unable to enter credit markets, expected cost savings may not be realized.

*Foreign Currency Risk - Hedging Derivative Instruments*

All hedging instruments are denominated in US dollars, therefore, the Department is not exposed to foreign currency risk.

*Rollover Risk and Other Risks – Hedging Derivative Instruments*

There exists the possibility that the Department may undertake additional refinancing with respect to its swaps to improve its debt structure or cash flow position and that such refinancing may result in hedging swap maturities that do not extend to the maturities of the associated debt, in hedging swaps becoming decoupled from associated debt, in the establishment of imputed debt, or in the creation of losses.

d) Investment Derivative Instruments

*Credit Risk - Investment Derivative Instruments*

The Department was exposed to credit risk on the investment derivative instruments that had positive fair value totaling $0.7 million as of June 30, 2020, and $1.1 million as of June 30, 2019. A CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The investment swaps and their amounts at risk as of June 30, 2020, along with the counterparty credit ratings for these swaps, are as follows (in thousands):

| | Interest Rate Swap | | Counterparty Ratings | | | Credit Risk |
|---|---|---|---|---|---|---|
| Swap # | Description | Counterparty | Moody's | S&P | Fitch | Exposure |
| 04 | Basis Swap | Citigroup Financial Products Inc. | A3 | BBB+ | A | $ 715 |

The investment swaps and their amounts at risk as of June 30, 2019, along with the counterparty credit ratings for these swaps, are as follows (in thousands):

| Swap # | Interest Rate Swap Description | Counterparty | Counterparty Ratings Moody's | S&P | Fitch | Credit Risk Exposure |
|---|---|---|---|---|---|---|
| 04 | Basis Swap | Citigroup Financial Products Inc. | A3 | BBB+ | A | $ 1,132 |

*Interest Rate Risk – Investment Derivative Instruments*

Swaps #02 and #04 are subject to interest rate risk should the relationship between the LIBOR rate and the SIFMA rate converge. If economic conditions change such that these rates converge, the expected cash flows of the swaps and expected cost savings may not be realized.

Swaps #08A, #08B, and #08C, and swaps #09A, #09B, and #09C are subject to interest rate risk should the relationship between the 10-year CMS rate (Constant Maturity Swap rate) and the LIBOR rate converge. If economic conditions change such that these rates converge, the expected cash flows of the swaps and expected cost savings may not be realized.

(e) Projected Maturities and Interest on Variable Rate Bonds, Bond Anticipation Notes, and Swap Payments

Using the rates in effect on June 30, 2020, the approximate maturities and interest payments of the Department's variable rate debt and bond anticipation notes associated with the interest rate swaps, as well as the net payment projections on the floating-to-fixed interest rate swaps, are as follows (in thousands):

| Due for the Fiscal Year | Variable Rate Bonds | | Direct Placement Bonds | | | |
|---|---|---|---|---|---|---|
| Ended June 30, | Principal | Interest | Principal | Interest | Net Swap Payments | Total |
| 2021 | $ 28,825 | $ 1,090 | $ 19,750 | $ 130 | $ 615 | $ 50,410 |
| 2022 | 29,130 | 1,040 | 19,800 | 146 | (822) | 49,294 |
| 2023 | 23,710 | 993 | 14,015 | 43 | (934) | 37,827 |
| 2024 | 10,055 | 964 | — | — | (877) | 10,142 |
| 2025 | 36,260 | 922 | — | — | (808) | 36,374 |
| 2026-2030 | 237,960 | 3,559 | — | — | (4,256) | 237,263 |
| 2031-2035 | 137,865 | 2,137 | — | — | (3,437) | 136,565 |
| 2036-2040 | 170,460 | 911 | — | — | (1,531) | 169,840 |
| 2041-2045 | 35,955 | 27 | — | — | (46) | 35,936 |
| Total | $ 710,220 | $ 11,643 | $ 53,565 | $ 319 | $ (12,096) | $ 763,651 |

**10.) PAYMENTS TO CLARK COUNTY**

The Department reimburses the County for providing the Airport System with fire services, police services, legal services, administrative services, and certain maintenance services based on the actual cost of those services. The total amounts billed for these services were $36.0 million and $36.5 million for the fiscal years ended June 30, 2020 and 2019, respectively.

**11.) COMMITMENTS AND CONTINGENCIES**

(a) Construction in Progress

As of June 30, 2020, the Department's management estimates that future expenditures which have been committed through execution of construction contracts will require an additional outlay of approximately $37.4 million to bring those projects to completion.

(b) Litigation and Claims

*General Litigation*

The Department, through the County, is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The opinion of County management, based on the advice of the County Attorney, is that the outcome of such claims will not have a material adverse effect on the Department's financial position, results of operations or liquidity at June 30, 2020.

*Other Litigation*

The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment-related claims, and construction claims, but, in the opinion of the District Attorney, the actions and claims described in this paragraph are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System. Cases of note are as follows:

*U.S. Department of Justice v. Nevada Links and Clark County*

The County was served with a lawsuit filed by the Department of Justice regarding a modification to a 1999 lease that the County entered into involving land subject to the Southern Nevada Public Lands Management Act. The complaint alleges that a 2011 amendment impermissibly changed the rent structure in violation of the County's duty to obtain fair market value for the land. While the initial demand requests the present value of future rent, in the event of an adverse ruling, the County would likely be subject to back rent of approximately $12.0 million. Alternatively, the complaint seeks rescission of the amendment, which would relieve the County of the back rent obligation. The County has no objection to rescission, but plans to vigorously defend the claims for back rent. At this time, counsel is unable to predict the outcome of the dispute. The current tenant is also a defendant in this litigation and may share responsibility for back payments. NV Links submitted an Expert Appraisal Report indicating that the market value of the County's leased fee interest as of September 6, 2011 was $900,000. Each party has submitted their own renewed Motions for Summary Judgment, and the Court still has not set a date in determining the motion for summary judgments. Due to the COVID-19 pandemic, all brief due dates and court scheduling and determination has been temporarily postponed. The court has not given any indication as to whether and when a hearing will be scheduled.

**12.) RENTALS AND OPERATING LEASES**

The Department leases land, buildings, and terminal space to various tenants and concessionaires under operating agreements that expire at various times through 2099. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the Agreement or with the provisions of the applicable County ordinance. Under the terms of these agreements, concession fees are based principally either on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater, or on other land and building rents that are based on square footage rental rates.

The Department received $201.0 million and $225.8 million in the years ended June 30, 2020 and 2019, respectively, for contingent rental payments in excess of the stated annual minimum guarantees.

The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2020, for the upcoming fiscal years (in thousands):

| | Minimum Future Rents |
|---|---|
| 2021 | $ 252,368 |
| 2022 | 137,217 |
| 2023 | 135,335 |
| 2024 | 129,843 |
| 2025 | 123,241 |
| Thereafter | 521,257 |

**13.) RISK MANAGEMENT**

The Department is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and customers; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and County self-insured programs for off-airport auto liability, employee medical benefits, and workers' compensation.

From time-to-time, the Department carries cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits. However, the extent of any future loss to be sustained as a result of uninsured deposits in the event of a failure of a financial institution, if any, is not subject to estimation at this time.

The County has established a fund for self-insurance related to medical benefits provided to employees and covered dependents. An independent claims administrator handles all claims procedures. The County also provides an option for employees to select an independent health maintenance organization for medical benefits.

The County has also established a fund for self-insurance related to workers' compensation claims. The County maintains reinsurance coverage obtained from private insurers for losses in excess of $1.0 million per claim.

The Department reimburses the County at a per capita rate for employee medical benefits and for a percentage of payrolls for workers' compensation coverage. Rates for this coverage are uniform for all County departments and are adjusted based on the overall performance of the self-insured medical benefits fund and the self-insured workers' compensation fund.

As a participant in the County's self-insured programs, the Department is assessed annual fees based on the allocation of each respective fund. These assessments are charged to the Department's expense each year. There is no separate accounting for the Department's claims. Accordingly, information regarding claims liability and payments is not presented in this financial report.

Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

**14.) AIRPORT LAND TRANSFERS**

The Southern Nevada Public Land Management Act of 1998, Public Law 105-263, was enacted by Congress in October 1998. A provision of this law provided that the Bureau of Land Management (BLM), an agency of the United States Department of the Interior, transfer approximately 5,000 acres of land to the Department, without consideration, subject to the following:

1. Valid existing rights;

2. Agreement that the land be managed in accordance with the law, with 49 U.S.C. §47504 (relating to airport noise compatibility planning), and with regulations promulgated pursuant to that section;

3. Agreement that, if any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall contain a limitation that requires uses be compatible with the Interim Cooperative Management Agreement and with Airport Noise Compatibility Planning provisions (14 C.F.R. Part 150); and

4. Agreement that, if any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall be at fair market value. The Department contributes 85% of the gross proceeds from the sale, lease, or other conveyance of such land directly to the BLM for use in purchasing, improving, or developing other land for environmental purposes. The Department contributes 5% of the gross proceeds from the sale, lease, or other conveyance of such land directly to the State for use in its general education program. The remainder is available for use by the Department for the benefit of airport development and the Noise Compatibility Program.

Due to the uncertainty of any future benefit to the Department, a value has not been assigned to, nor was income reported relating to, land not yet sold or leased under the Southern Nevada Public Land Management Act of 1998. Gross proceeds from the sale and lease of CMA land for the years ended June 30, 2020 and 2019, were $11.0 million and $6.2 million, respectively. . The Department's share of these proceeds were $1.1 million and $0.6 million for the years ended June 30, 2020 and 2019, respectively.

Additionally, on May 22, 2019, the BLM transferred a parcel of land valued at $4.8 million to the Department, pursuant to the authority contained in Section 516 of the Airport and Airway Improvement Act of September 3, 1982 and §49 U.S.C. 47125.

**15.) SUBSEQUENT EVENTS**

Subsequent to June 30, 2020, the following significant events occurred:

1. On November 5, 2020, S&P Global Ratings lowered it's long-term rating and underlying rating to A+ from AA- on the Department's senior airport system revenue bonds and lowered to A from A+ the long-term rating and underlying rating on the Department's subordinate-lien debt and PFC revenue debt, the junior-subordinate lien,  and the underlying rating on the jet aviation fuel tax bonds.

2. On October 20, 2020, the Board approved the extension of the credit facility associated with the 2008C-1 Bonds provided by Bank of America, N.A. for a period of eighteen months as well as the credit facility associated with the 2008D-2B Bonds provided by Royal Bank of Canada for a period of ninety days, respectively. The Department is actively working to finalize a new agreement which would extend the credit facility associated with the 2008D-2B Bonds an additional two to three years.

3. On October 6, 2020, the Board authorized the Department to execute letters of agreement with concessionaires which would extend the terms of their current agreements by an additional year and would also modify MAG obligations. Effective November 1, 2020, MAG was reduced by 75% for concessionaires. Beginning January 2021, the MAG will then be recalculated for each agreement on the specified recalculation date, as per normal procedures. In some instances, MAG is being waived for concessionaires who are affected by major construction or concourse closures for the period of the closure or construction.

4. On July 21, 2020, the Board approved an amendment to the Agreement (2020 Amendment) which extended the terms of the Agreement through June 30, 2021 with extension options through June 30, 2030. Effective July 1, 2020, a total of 13 signatory airlines have agreed to the 2020 Amendment.

5. In May 2020, the County introduced a Voluntary Separation Program (VSP) which offered employees lump-sum payments and paid health insurance continuance as an incentive to voluntarily separate. Applications from employees were accepted from May 20, 2020 through July 6, 2020. Employees received VSP participation approvals from the Board on July 10, 2020 and were required to separate by August 7, 2020. A total of 93 employees participated from the Department. Total lump-sum payouts associated with the Department's VSP participants totaled $2.8 million.

# REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Proportionate Share of Net Pension Liability
Last Ten Fiscal Years *
(in thousands)

| | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 |
|---|---|---|---|---|---|
| Proportion of the Plan's collective net pension liability | $ 178,360 | $ 176,581 | $ 170,398 | $ 174,029 | $ 142,762 |
| Proportionate share of the collective net pension liability | 1.31% | 1.29% | 1.28% | 1.29% | 1.25% |
| Covered payroll | $ 89,678 | $ 85,678 | $ 82,499 | $ 78,305 | $ 76,440 |
| Proportionate share of the collective net pension liability as a percentage of the covered payroll | 198.89% | 206.10% | 198.88% | 222.25% | 186.76% |
| Plan's fiduciary net position | $ 44,284,253 | $ 41,431,687 | $ 38,686,253 | $ 35,002,029 | $ 34,610,720 |
| Plan's fiduciary net position as a percentage of the total pension liability | 76.46% | 75.24% | 74.40% | 72.20% | 75.10% |

* FY 2015 was the first year of implementation of GASB 68. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior (plan valuation year).

Changes in assumptions:

Significant changes in assumptions between the June 30, 2017 plan measurement date and June 30, 2016 plan measurement date include: the inflation rate was updated to 2.75% from 3.50%, the investment rate of return was updated to 7.50% from 8.00%, the productivity pay increase was updated to 0.5% from 0.75%, projected salary increases were updated to 4.25% to 9.15% for regular (depending on service) from 4.60% to 9.75%, projected salary increases were updated to 4.55% to 13.90% for police/fire (depending on service) from 5.25% - 14.5%, and the consumer price index was updated to 2.75% from 3.50%.

No significant changes in assumptions have been noted between the other plan valuation years.

| FY 2015 |
|---|
| $ 130,301 |
| 1.25% |
| $ 73,355 |
| 177.63% |
| $ 33,575,081 |
| 76.30% |

Schedule of Defined Benefit Plan Contributions
Last Ten Fiscal Years *
(in thousands)

| Plan Year Ended June 30, | Contractually Required Contribution (statutorily determined) | (a) Contributions in Relation to the statutorily Determined Contributions | Contribution Deficiency (Excess) | (b) Covered Payroll † | (a)/(b) Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2015 | $ 9,842 | $ 9,842 | $ — | $ 76,440 | 12.9% |
| 2016 | 10,963 | 10,963 | — | 78,305 | 14.0% |
| 2017 | 11,550 | 11,550 | — | 82,499 | 14.0% |
| 2018 | 12,047 | 12,047 | — | 85,678 | 14.1% |
| 2019 | 12,633 | 12,633 | — | 89,678 | 14.1% |
| 2020 | 13,915 | 13,915 | — | 94,690 | 14.7% |

* FY 2015 was the first year of implementation. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

† Covered payroll is based on current fiscal year eligible payroll cost.

Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios
Last Ten Fiscal Years *
(in thousands)

| | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| Net OPEB liability at June 30, 2017 | $ 72,515 | $ 13,535 | $ 4,159 | $ 90,209 |
| Changes recognized for the fiscal year: | | | | |
| Service cost | 7,199 | 979 | — | 8,178 |
| Interest | 2,745 | 413 | 118 | 3,276 |
| Differences between expected and actual experience | 510 | 356 | 13 | 879 |
| Changes in assumptions*** | (11,662) | (993) | (384) | (13,039) |
| Benefit payments | (1,323) | (615) | (153) | (2,091) |
| Net change in total OPEB liability | (2,531) | 140 | (406) | (2,797) |
| Net change in plan's fiduciary net position** | (1,858) | N/A | N/A | (1,858) |
| Net OPEB liability at June 30, 2018 | $ 68,126 | $ 13,675 | $ 3,753 | $ 85,554 |
| Covered-employee payroll | $ 47,578 | $ 32,721 | N/A | 80,299 |
| Net OPEB liability as a percentage of covered-employee payroll | 143.0% | 42.0% | N/A | 107.0% |
| CCSF fiduciary net position | $ 17,170 | ** | ** | N/A |
| CCSF total OPEB liability | $ 85,296 | N/A | N/A | N/A |
| Proportion of CCSF fiduciary net position as a percentage of CCSF total liability | 20.1% | N/A | N/A | N/A |

| | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| Net OPEB liability at June 30, 2018 | $ 68,126 | $ 13,675 | $ 3,753 | $ 85,554 |
| Changes recognized for the fiscal year: | | | | |
| Service cost | 6,992 | 991 | — | 7,983 |
| Interest | 2,993 | 522 | 138 | 3,653 |
| Differences between expected and actual experience | (25,290) | 6,043 | 104 | (19,143) |
| Changes in assumptions*** | (21,991) | (2,608) | (207) | (24,806) |
| Benefit payments | (441) | (206) | (165) | (812) |
| Net change in total OPEB liability | $ (37,737) | $ 4,742 | $ (130) | $ (33,125) |
| Net change in plan's fiduciary net position** | $ (1,423) | N/A | N/A | $ (1,423) |
| Net OPEB liability at June 30, 2019 | $ 28,966 | $ 18,417 | $ 3,623 | $ 51,006 |
| Covered-employee payroll | $ 47,954 | $ 34,607 | N/A | 82,561.144 |
| Net OPEB liability as a percentage of covered-employee payroll | 60.4% | 53.2% | N/A | 61.8% |
| CCSF fiduciary net position | $ 18,593 | ** | ** | N/A |
| CCSF total OPEB liability | $ 47,559 | N/A | N/A | N/A |
| Proportion of CCSF fiduciary net position as a percentage of CCSF total liability | 39.1% | N/A | N/A | N/A |

(continued on next page)

Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios
Last Ten Fiscal Years *
(in thousands - continued from previous page)

| | CCSF | CC RHPP | PEBP | Total |
|---|---|---|---|---|
| Net OPEB liability at June 30, 2019 | $ 28,966 | $ 18,417 | $ 3,623 | $ 51,006 |
| Changes recognized for the fiscal year: | | | | |
| Service cost | 2,408 | 1,012 | — | 3,420 |
| Interest | 3,779 | 748 | 137 | 4,664 |
| Differences between expected and actual experience | — | — | — | — |
| Changes in assumptions*** | (7,468) | 1,385 | 178 | (5,905) |
| Benefit payments | (421) | (206) | (159) | (786) |
| Net change in total OPEB liability | (1,702) | 2,939 | 156 | 1,393 |
| Net change in plan's fiduciary net position** | (12,527) | N/A | N/A | (12,527) |
| Net OPEB liability at June 30, 2020 | $ 14,737 | $ 21,356 | $ 3,779 | $ 39,872 |
| Covered-employee payroll | $ 49,392 | $ 35,645 | N/A | 85,037 |
| Net OPEB liability as a percentage of covered-employee payroll | 29.8% | 59.9% | N/A | 46.9 % |
| CCSF fiduciary net position | $ 31,120 | ** | ** | N/A |
| CCSF total OPEB liability | $ 45,857 | N/A | N/A | N/A |
| Proportion of CCSF fiduciary net position as a percentage of CCSF total liability | 67.9% | N/A | N/A | N/A |

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| | CCSF | CCSF | CCSF |
| Beginning CCSF fiduciary net position | $ 18,593 | $ 17,170 | $ 15,312 |
| Changes in CCSF fiduciary net position recognized for the fiscal year | | | |
| Employer contributions | 10,802 | 441 | 1,323 |
| Net investment income | 2,150 | 1,423 | 1,859 |
| Benefit payments | (421) | (441) | (1,323) |
| Administrative expense | (4) | — | (1) |
| Net change in CCSF fiduciary net position | 12,527 | 1,423 | 1,858 |
| Ending CCSF fiduciary net position | $ 31,120 | $ 18,593 | $ 17,170 |

* Fiscal year 2018 was the first year of implementation for GASB 75. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

** There are no assets accumulated in a trust that meets the criteria in GASB 75 to pay related benefits for these plans.

*** Significant changes in assumptions from the June 30, 2017 valuation to the June 30, 2018 valuation were as follows:

CCSF: The discount rate was updated from 3.60% at June 30, 2017 to 4.57% at June 30, 2018, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate.

CC RHPP and PEBP: The discount rate was updated from 3.87% at June 30, 2017 to 3.58% at June 30, 2017 based on the municipal bond rate.

All Post Employment Benefit Plans: The marriage assumption was updated to reflect the most recent participant experience. The aging factors were updated to be based on the 2013 Society of Actuaries study. The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results. The mortality table was updated from RP-2000 projected to year 2013 using Scale AA to RP-2014 with generational projection scale MP-2018. The salary scale assumption was updated to 3.0%. The inflation rate was updated to 2.00%. The investment rate of return was updated to 7.50%, based on the Nevada Retirement Benefits Investment Fund investment policy objective.

Significant changes in assumptions from the June 30, 2018 valuation to the June 30, 2019 valuation were as follows:

CCSF: The discount rate was updated from 4.57% at June 30, 2018 to 5.26% at June 30, 2019, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate. The increase of discount rate was primarily due to the department's increase in trust contribution compared to prior fiscal year.

CC RHPP and PEBP: The discount rate was updated from 3.87% at June 30, 2018 to 3.50% at June 30, 2019, based on the municipal bond rate.

There have been no significant changes in benefits provided to retirees.

Schedule of Other Post Employment Benefit Plan Contributions - CCSF
Last Ten Fiscal Years *
(in thousands)

| | Fiscal Year Ending June 30, 2020<br>CCSF | Fiscal Year Ending June 30, 2019<br>CCSF | Fiscal Year Ending June 30, 2018<br>CCSF |
|---|---|---|---|
| Required contribution (actuarially determined) | $ 3,318 | $ 9,129 | $ 8,313 |
| Contributions in relation to the actuarially determined contributions | 8,807 | 10,802 | 714 |
| Contribution excess (deficiency) | $ 5,489 | $ 1,673 | $ (7,599) |
| Covered-employee payroll | 49,392 | 47,954 | 47,578 |
| Contributions as a percentage of covered-employee payroll | 17.8% | 22.5% | 1.5% |

* Fiscal year 2018 was the first year of implementation for GASB 75. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

# SUPPLEMENTARY INFORMATION

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Schedule of Airport Revenue Bond Debt Service Coverage
For the Fiscal Years Ended June 30, 2020 and 2019
(in thousands)

| | Reference | FY 2020 | FY 2019 |
|---|---|---|---|
| Operating revenue | | $ 497,833 | $ 565,873 |
| Operating expenses | | (286,242) | (280,001) |
| Net operating revenues | (a) | 211,591 | 285,872 |
| CARES Act Airport Grant | | 48,657 | — |
| BABs Interest Subsidy | | 10,204 | 16,948 |
| Reimbursement from County funds | | 6,288 | — |
| Interest income | | 16,801 | 20,200 |
| Net revenue available for debt service | (b) | $ 293,541 | $ 323,020 |
| Other available funds: | | | |
| Senior lien coverage | (c) | 24,221 | 17,656 |
| Subordinate lien coverage | | 12,014 | 14,518 |
| Total other available funds for debt service | (d) | $ 36,235 | $ 32,174 |
| Net revenue and other available funds for debt service | (e) | 329,776 | 355,194 |
| PFC revenue | | 70,640 | 96,783 |
| PFC fund interest income | | 4,563 | 6,938 |
| Total PFC revenue | (f) | $ 75,203 | $ 103,721 |
| Senior lien debt service | (g) | 96,882 | 70,622 |
| Subordinate lien debt service | (h) | 120,135 | 145,180 |
| Subordinate PFC debt service paid with PFC revenue | (i) | 75,203 | 77,810 |
| Subordinate PFC debt service paid with PFC fund balance | | 15,392 | — |
| Total subordinate PFC debt service | | $ 90,595 | $ 77,810 |
| <u>Coverage ratios</u> | | | |
| Senior lien based on net revenues* | b/g | 3.03 | 4.57 |
| Senior lien including other available funds (1.25 required) | (b+c)/g | 3.28 | 4.82 |
| Subordinate lien after payment of senior lien* | (e-g)/h | 1.94 | 1.96 |
| Senior and subordinate lien including other available funds (1.10 required) | e/(g+h) | 1.52 | 1.65 |
| Subordinate PFC bonds* | f/i | 1.00 | 1.33 |

*Provided for informational purposes only

# Statistical Section

# Overview of Information Provided in the Statistical Section

The information provided in the statistical section has not been audited. It is intended to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, the notes to the financial statements, and the required supplementary information in order to understand and assess the Department's economic condition.

Financial trends:

Financial trend data has been provided to assist users in understanding and assessing how the Department's financial position has changed over time. Schedules included are:

- Schedule of Revenues, Expenses, and Changes in Net Position, Budget vs. Actual
- Summary of Changes in Net Position
- Summary of Net Position
- Summary of Operating Expenses
- Summary of Non-operating Income and Expenses

Revenue Capacity:

Revenue capacity information has been provided to assist users in assessing and understanding the Department's major revenue sources. Schedules included are:

- Summary of Operating Revenues
- Summary of Restricted Revenues

Debt Capacity:

Debt capacity information has been provided to assist users in understanding and assessing the Department's ability to service existing debt and ability issue additional debt in the future. Schedules included are:

- Schedule of Airport Revenue Bond Debt Service Coverage
- Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses
- Outstanding Debt Principal Balance by Type

**Overview of Information Provided in the Statistical Section**

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within with the Department's financial activities take place. Schedules included are:

- Visitor, Convention and Room Statistics
- Demographic and Economic Statistics
- Employment by Industry

Operating information:

Operating information has been provided to assist users with contextual information about the Department's operations and resources and to assist the reader in using financial statement information to understand and assess the Department's economic condition. Schedules included are:

- Passenger and Operating Statistics
- Market Share of Air Carriers
- Per Passenger Calculations
- Full Time Equivalent Employees
- Nature, Volume and Usage of Capital Assets

Schedule of Revenues, Expenses, and Changes in Net Position
Budget vs. Actual for the Fiscal Year Ended June 30, 2020
(With Comparative Totals for the Fiscal Year Ended June 30, 2019) (in thousands)

| | FY 2020 | | | FY 2019 |
|---|---|---|---|---|
| | Budget | Actual | Variance | Actual |
| Operating Revenues | | | | |
| Landing fees and other aircraft fees | $ 51,306 | $ 43,379 | $ (7,927) | $ 51,895 |
| Gate use fees | 29,375 | 28,430 | (945) | 29,175 |
| Terminal concessions | 76,766 | 58,999 | (17,767) | 75,843 |
| Terminal building and use fees | 185,000 | 188,664 | 3,664 | 190,551 |
| Parking and ground transportation fees | 67,577 | 59,221 | (8,356) | 71,941 |
| Gaming fees | 36,666 | 28,606 | (8,060) | 37,395 |
| Rental car facility and concession fees | 75,731 | 57,191 | (18,540) | 73,836 |
| Ground rents and use fees | 25,446 | 24,146 | (1,300) | 25,303 |
| Other | 9,054 | 9,197 | 143 | 9,935 |
| Total Operating Revenue | 556,922 | 497,833 | (59,089) | 565,873 |
| Operating Expenses | | | | |
| Salaries and wages | 106,945 | 99,005 | (7,940) | 93,784 |
| Employee benefits | 61,254 | 52,415 | (8,839) | 47,276 |
| Contracted and professional services | 65,753 | 67,154 | 1,401 | 65,115 |
| Repairs and maintenance | 26,474 | 20,988 | (5,486) | 24,970 |
| Utilities and communications | 26,789 | 23,843 | (2,946) | 23,946 |
| Materials and supplies | 17,305 | 17,501 | 196 | 19,470 |
| Administrative expenses | 7,059 | 5,336 | (1,723) | 5,440 |
| Total Operating Expenses | 311,580 | 286,242 | (25,338) | 280,001 |
| Operating income before depreciation | 245,342 | 211,591 | (33,751) | 285,872 |
| Depreciation/Amortization | 197,000 | 190,649 | (6,351) | 190,874 |
| Operating income or (loss) | 48,342 | 20,942 | (27,400) | 94,998 |
| Non-operating Revenues (Expenses) | | | | |
| Passenger Facility Charge revenue | 96,825 | 70,640 | (26,185) | 96,783 |
| Jet A Fuel Tax | 12,472 | 9,676 | (2,796) | 11,979 |
| Interest and investment income | 11,000 | 13,773 | 2,773 | 188 |
| Interest expense | (198,710) | (122,953) | 75,757 | (160,194) |
| Capital contributions | 6,526 | 23,030 | 65,161 | 22,281 |
| Net gain (loss) from disposition of capital assets | 500 | 76 | (424) | 232 |
| Other non-operating revenue | 9,000 | 16,972 | 1,684 | 16,948 |
| CARES Act Airport Grant | — | 48,657 | 48,657 | — |
| Total non-operating revenues (expenses) | (62,389) | 59,871 | 164,629 | (11,783) |
| Change in net position | (14,047) | 80,813 | 94,860 | 83,215 |
| Net position, beginning of year | 1,446,538 | 1,446,538 | — | 1,363,323 |
| Net position, end of year | $ 1,432,491 | $ 1,527,351 | $ 94,860 | $ 1,446,538 |

This schedule provides information on budget and actual figures for the current year and actual figures for the prior year for revenues, expenses, and changes in net position.

Summary of Changes in Net Position
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Operating Revenue | Percentage Increase/ (Decrease) | Operating Expenses | Percentage Increase/ (Decrease) | Income Before Depreciation | Percentage Increase/ Decrease | Depreciation and Amortization | Percentage Increase/ (Decrease) |
|---|---|---|---|---|---|---|---|---|
| 2011 | 392,554 | 8.3% | 217,353 | (4.5%) | 175,201 | 30.0 % | 136,104 | 1.3% |
| 2012 | 355,411 | (9.5%) | 223,106 | 2.6% | 132,305 | (24.5)% | 137,052 | 0.7% |
| 2013 | 496,572 | 39.7% | 236,511 | 6.0% | 260,061 | 96.6 % | 199,528 | 45.6% |
| 2014 | 507,055 | 2.1% | 233,978 | (1.1%) | 273,077 | 5.0 % | 198,247 | (0.6%) |
| 2015 | 521,729 | 2.9% | 235,937 | 0.8% | 285,792 | 4.7 % | 198,672 | 0.2% |
| 2016 | 540,200 | 3.5% | 241,158 | 2.2% | 299,042 | 4.6 % | 197,738 | (0.5%) |
| 2017 | 550,612 | 1.9% | 255,386 | 5.9% | 295,226 | (1.3)% | 195,035 | (1.4%) |
| 2018 | 559,319 | 1.6% | 271,873 | 6.5% | 287,446 | (2.6)% | 191,840 | (1.6%) |
| 2019 | 565,873 | 1.2% | 280,001 | 3.0% | 285,872 | (0.5)% | 190,874 | (0.5%) |
| 2020 | 497,833 | (12.0%) | 286,242 | 2.2% | 211,591 | (26.0)% | 190,649 | (0.1%) |

This schedule provides information on operating revenues and expenses, non-operating income, capital contributions, and changes in net position for the last ten years of the Department's operations.

| Operating Income | Percentage Increase/ (Decrease) | Non-Operating Income (Expense) | Percentage Increase/ (Decrease) | Income before Capital Contributions | Percentage Increase/ (Decrease) | Capital Contributions | Percentage Increase/ (Decrease) | Change in Net Position | Percentage Increase/ (Decrease) |
|---|---|---|---|---|---|---|---|---|---|
| $ 39,097 | 9976.5 % | $ (25,597) | (36.4)% | $ 13,500 | (133.9)% | $ 16,761 | (26.9)% | 30,261 | (278.7)% |
| (4,747) | (112.1)% | (162,232) | 533.8 % | (166,979) | (1336.9)% | 36,752 | 119.3 % | (130,227) | (530.3)% |
| 60,533 | (1375.2)% | (93,200) | (42.6)% | (32,667) | (80.4)% | 10,467 | (71.5)% | (22,200) | (83.0)% |
| 74,830 | 23.6 % | (132,746) | 42.4 % | (57,916) | 77.3 % | 9,794 | (6.4)% | (48,122) | 116.8 % |
| 87,120 | 16.4 % | (81,794) | (38.4)% | 5,326 | (109.2)% | 30,013 | 206.4 % | 35,339 | (173.4)% |
| 101,304 | 16.3 % | (99,021) | 21.1 % | 2,283 | (57.1)% | 19,222 | (36.0)% | 21,505 | (39.1)% |
| 100,191 | (1.1)% | (50,288) | (49.2)% | 49,903 | 2085.9 % | 49,276 | 156.4 % | 99,179 | 361.2 % |
| 95,606 | (4.6)% | (27,476) | (45.4)% | 68,130 | 36.5 % | 7,517 | (84.7)% | 75,647 | (23.7)% |
| 94,998 | (0.6)% | (34,064) | 24.0 % | 60,934 | (10.6)% | 22,281 | 196.4 % | 83,215 | 10.0 % |
| 20,942 | (78.0)% | 36,841 | (208.2)% | 57,783 | (5.2)% | 23,030 | 3.4 % | 80,812 | (2.9)% |

Summary of Net Position
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Net Investment in Capital | Restricted for Capital | Restricted for Debt Service | Restricted for Other | Unrestricted Net Position | Total Net Position |
|---|---|---|---|---|---|---|
| 2011 | $ 1,021,835 | $ 25,881 | $ 197,681 | $ 29,423 | $ 269,748 | $ 1,544,568 |
| 2012 | 920,794 | 29,105 | 191,675 | 50,240 | 186,131 | 1,377,945 |
| 2013 | 860,622 | 34,861 | 152,972 | 63,631 | 243,659 | 1,355,745 |
| 2014 | 775,098 | 37,846 | 166,940 | 75,182 | 252,557 | 1,307,623 |
| 2015 | 666,778 | 64,783 | 181,526 | 76,906 | 198,861 | 1,188,854 |
| 2016 | 619,109 | 59,445 | 242,817 | 76,349 | 212,639 | 1,210,359 |
| 2017 | 714,945 | 66,129 | 212,012 | 82,120 | 234,332 | 1,309,538 |
| 2018 | 668,209 | 84,356 | 264,923 | 84,077 | 261,758 | 1,363,323 |
| 2019 | 701,267 | 124,317 | 316,042 | 89,152 | 215,760 | 1,446,538 |
| 2020 | 937,167 | 75,802 | 279,634 | 65,761 | 168,987 | 1,527,351 |

This schedule provides information on the restricted and unrestricted components of net position for the last ten years of the Department's operations.

Summary of Operating Expenses
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Total | Salaries and Benefits | Professional Services | Utilities | Repairs, Supplies, and Maintenance | Insurance | Administrative |
|---|---|---|---|---|---|---|---|
| 2011 | $ 217,353 | $ 111,186 | $ 49,203 | $ 20,199 | $ 31,128 | $ 2,314 | $ 3,323 |
| 2012 | 223,106 | 111,195 | 51,900 | 20,970 | 34,230 | 2,283 | 2,528 |
| 2013 | 236,511 | 118,701 | 56,372 | 23,001 | 33,461 | 2,529 | 2,447 |
| 2014 | 233,978 | 117,903 | 54,205 | 24,404 | 32,145 | 2,579 | 2,742 |
| 2015 | 235,937 | 120,067 | 52,610 | 25,666 | 32,770 | 2,467 | 2,357 |
| 2016 | 241,158 | 121,697 | 54,687 | 24,338 | 34,020 | 2,395 | 4,021 |
| 2017 | 255,386 | 134,420 | 56,667 | 22,779 | 36,135 | 2,283 | 3,102 |
| 2018 | 271,873 | 139,783 | 59,937 | 24,106 | 40,023 | 2,007 | 6,017 |
| 2019 | 280,001 | 141,060 | 65,115 | 23,946 | 44,440 | 2,364 | 3,076 |
| 2020 | 268,741 | 151,420 | 67,154 | 23,843 | 20,988 | 2,075 | 3,261 |

This schedule provides information on operating expenses by type for the last ten years of the Department's operations.

Summary of Non-Operating Income and Expenses
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Passenger Facility Charges | Jet A Fuel Tax Revenue | Interest and Investment Income | Interest Expense | Other Non-Operating Income | Gain/(Loss) from Disposition of Assets | Total Non-operating Income/ (Expense) |
|---|---|---|---|---|---|---|---|
| 2011 | $ 77,949 | $ 7,318 | $ 51,334 | $ (180,231) | $ 18,069 | $ (35) | $ (25,596) |
| 2012 | 79,648 | 7,425 | (59,272) | (175,102) | 18,069 | (33,000) | $ (162,232) |
| 2013 | 79,933 | 11,268 | 48,248 | (249,325) | 17,283 | (607) | $ (93,200) |
| 2014 | 79,524 | 10,389 | (8,927) | (230,690) | 16,768 | 190 | $ (132,746) |
| 2015 | 83,921 | 10,542 | 6,813 | (210,002) | 16,750 | 10,182 | $ (81,794) |
| 2016 | 89,567 | 11,337 | (16,977) | (199,850) | 16,840 | 62 | $ (99,021) |
| 2017 | 90,793 | 12,050 | 29,355 | (199,267) | 16,822 | (41) | $ (50,288) |
| 2018 | 94,597 | 11,795 | 12,807 | (164,486) | 16,986 | 825 | $ (27,476) |
| 2019 | 96,783 | 11,979 | 118 | (160,194) | 16,948 | 232 | $ (34,134) |
| 2020 | 70,640 | 9,676 | 13,773 | (122,953) | 59,341 | 76 | $ (11,816) |

This schedule provides information on non-operating income and expenses by source and/or activity for the last ten years of the Department's operations.

Summary of Operating Revenues
Last Ten Fiscal Years
(in thousands)

| | | Rentals and Fees | | | | Concessions | | | | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Total Operating Revenue | Landing Fees | Aircraft Fees | Building Rentals | Land Rentals | Ground Transportation | Gaming | Terminal Concessions | Parking Fees | Misc. |
| 2011 | $ 392,554 | $ 57,656 | $ 5,619 | $ 155,827 | $ 18,578 | $ 40,614 | $ 25,908 | $ 53,023 | $ 28,326 | $ 7,003 |
| 2012 | 355,412 | 38,460 | 6,459 | 130,080 | 18,817 | 43,372 | 25,719 | 56,550 | 28,778 | 7,177 |
| 2013 | 496,572 | 53,451 | 5,997 | 248,211 | 20,119 | 45,049 | 23,865 | 62,047 | 30,540 | 7,293 |
| 2014 | 507,055 | 54,924 | 6,298 | 242,847 | 21,605 | 47,545 | 25,566 | 65,910 | 33,704 | 8,656 |
| 2015 | 521,729 | 54,342 | 6,575 | 249,505 | 22,122 | 50,650 | 27,657 | 66,586 | 36,034 | 8,258 |
| 2016 | 540,200 | 50,905 | 6,715 | 261,708 | 22,020 | 54,873 | 29,516 | 67,009 | 38,852 | 8,602 |
| 2017 | 550,612 | 48,833 | 7,055 | 257,963 | 22,849 | 60,510 | 34,410 | 71,153 | 38,616 | 9,223 |
| 2018 | 559,319 | 43,683 | 7,338 | 252,938 | 25,019 | 62,827 | 36,051 | 75,478 | 39,002 | 16,983 |
| 2019 | 565,873 | 43,557 | 8,337 | 257,824 | 25,303 | 66,920 | 37,395 | 75,843 | 40,759 | 9,935 |
| 2020 | 497,833 | 36,253 | 7,126 | 246,983 | 24,146 | 52,132 | 28,606 | 58,999 | 34,392 | 9,197 |

This schedule provides operating income by revenue type as rentals, fees, and concessions for the last ten years of the Department's operations.

Summary of Restricted Revenues
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Jet A Fuel Tax Revenue | Jet A Fuel Tax Per Enplaned Passenger | Passenger Facility Charges | PFC Per Enplaned Passenger |
|---|---|---|---|---|
| 2011 | $ 7,318 | $ 0.36 | $ 77,949 | $3.85 |
| 2012 | 7,425 | 0.35 | 79,648 | 3.80 |
| 2013 | 11,268 | 0.54 | 79,933 | 3.83 |
| 2014 | 10,389 | 0.49 | 79,524 | 3.75 |
| 2015 | 10,542 | 0.48 | 83,921 | 3.84 |
| 2016 | 11,337 | 0.49 | 89,567 | 3.84 |
| 2017 | 12,050 | 0.5 | 90,793 | 3.79 |
| 2018 | 11,795 | 0.48 | 94,597 | 3.85 |
| 2019 | 11,979 | 0.47 | 96,783 | 3.84 |
| 2020 | 9,676 | 0.51 | 70,640 | 3.71 |

This schedule provides information on restricted revenues for capital project funding collected from fuel taxes and passenger fees for the last ten years of the Department's operations.

Schedule of Airport Revenue Bond Debt Service Coverage (From Operating Revenues and Interest Income Available for Debt Service)
Last Ten Fiscal Years (in thousands)

| Fiscal Year | (a) Total Revenue Available for Senior Debt Service | (b) Total Revenue Available for Subordinate Debt Service | (c) Less: Operating and Maintenance Expenses | (d) (a) minus (c) Net Revenue Available for Senior Debt Service | (e) (b) minus (c) Net Revenue Available for Subordinate Debt Service | (f) Senior Debt Service | (d)/(f) Senior Lien Coverage (1.25 Required*) | (g) Subordinate Lien Debt Service | (e)/(f+g) Senior and Subordinate Lien Coverage (1.10 Required*) |
|---|---|---|---|---|---|---|---|---|---|
| 2011 | $ 413,762 | $ 419,503 | $ 217,353 | $ 196,409 | $ 202,150 | $ 63,194 | 3.11 | $ 57,407 | 1.68 |
| 2012 | 368,951 | 373,156 | 223,106 | 145,845 | 150,050 | 31,670 | 4.61 | 42,053 | 2.04 |
| 2013 | 532,135 | 547,115 | 236,511 | 295,624 | 310,604 | 71,102 | 4.16 | 149,804 | 1.41 |
| 2014 | 543,229 | 557,773 | 233,978 | 309,251 | 323,795 | 70,559 | 4.38 | 145,442 | 1.50 |
| 2015 | 560,237 | 572,092 | 235,937 | 324,300 | 336,155 | 79,533 | 4.08 | 118,553 | 1.70 |
| 2016 | 580,171 | 594,208 | 241,158 | 339,013 | 353,050 | 75,401 | 4.50 | 140,369 | 1.64 |
| 2017 | 585,379 | 599,642 | 255,386 | 329,993 | 344,256 | 71,778 | 4.60 | 142,633 | 1.61 |
| 2018 | 599,958 | 614,429 | 271,873 | 328,085 | 342,556 | 71,945 | 4.56 | 144,707 | 1.58 |
| 2019 | 620,677 | 635,195 | 280,001 | 340,676 | 355,194 | 70,622 | 4.82 | 145,180 | 1.65 |
| 2020 | 604,004 | 616,018 | 286,242 | 317,762 | 329,776 | 96,882 | 3.28 | 120,135 | 1.52 |

* Required by Master Indenture of Trust, dated May 1, 2003, as amended

Schedule of Passenger Facility Charge (PFC) Revenue Bond Debt Service Coverage From PFC Revenues and PFC Interest Income Available for Debt Service Last Ten Fiscal Years (in thousands)

| Fiscal Year | PFC Revenue | PFC Debt Service | PFC Coverage (none Required) |
|---|---|---|---|
| 2011 | $ 78,997 | $ 82,187 | 0.96 |
| 2012 | 80,688 | 76,586 | 1.05 |
| 2013 | 80,158 | 76,402 | 1.05 |
| 2014 | 80,250 | 76,231 | 1.05 |
| 2015 | 84,675 | 76,185 | 1.11 |
| 2016 | 91,425 | 75,977 | 1.20 |
| 2017 | 91,383 | 76,957 | 1.19 |
| 2018 | 95,912 | 77,231 | 1.24 |
| 2019 | 103,720 | 77,810 | 1.33 |
| 2020 | 75,203 | 90,595 | 0.83 |

This schedule provides information on coverage requirements for senior lien and subordinate lien debt service as defined in the Master Indenture of Trust dated May 1, 2003. For illustrative purposes, this schedule also provides calculated coverage for Passenger Facility Charge revenue bonds issued by the Department.

Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Senior Lien Debt Service | Subordinate Lien Debt Service | Total Debt Service | Operating Revenues | Ratio of Debt Service to Revenues | Operating Expenses | Ratio of Debt Service to Expenses |
|---|---|---|---|---|---|---|---|
| 2011 | $ 63,194 | $ 57,407 | $ 120,601 | $ 392,554 | 3.25 | $ 217,353 | 1.80 |
| 2012 | 31,670 | 42,053 | 73,723 | 355,411 | 4.82 | 223,106 | 3.03 |
| 2013 | 71,102 | 149,804 | 220,906 | 496,572 | 2.25 | 236,511 | 1.07 |
| 2014 | 70,559 | 145,442 | 216,001 | 507,055 | 2.35 | 233,978 | 1.08 |
| 2015 | 79,533 | 118,553 | 198,086 | 521,729 | 2.63 | 235,937 | 1.19 |
| 2016 | 75,401 | 140,369 | 215,770 | 540,200 | 2.50 | 241,158 | 1.12 |
| 2017 | 71,778 | 142,633 | 214,411 | 550,612 | 2.57 | 255,386 | 1.19 |
| 2018 | 71,945 | 144,707 | 216,652 | 559,319 | 2.58 | 271,873 | 1.25 |
| 2019 | 70,622 | 145,180 | 215,802 | 565,873 | 2.62 | 280,001 | 1.30 |
| 2020 | 96,882 | 120,135 | 217,017 | 497,833 | 2.29 | 286,242 | 1.32 |

This schedule provides information on bond debt service ratios for operating revenues and operating expenses for the last ten years of the Department's operations.

Outstanding Debt Principal Balance by Type
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Senior Lien Bonds | Subordinate Lien Bonds | Passenger Facility Charge Bonds | Junior Subordinate Lien Debt and Jet A Bonds | General Obligation Bonds | Total Outstanding Debt |
|---|---|---|---|---|---|---|
| 2011 | $ 1,087,034 | $ 2,060,279 | $ 1,068,266 | $ 405,414 | $ 78,803 | $ 4,699,796 |
| 2012 | 1,043,717 | 2,041,597 | 1,040,543 | 293,206 | 78,888 | 4,497,951 |
| 2013 | 992,820 | 2,019,542 | 1,002,761 | 382,335 | 78,973 | 4,476,431 |
| 2014 | 983,010 | 2,009,578 | 982,757 | 375,286 | 80,199 | 4,430,830 |
| 2015 | 971,455 | 1,982,261 | 949,193 | 368,077 | 79,958 | 4,350,944 |
| 2016 | 953,131 | 1,960,532 | 919,885 | 359,118 | 79,717 | 4,272,383 |
| 2017 | 937,343 | 1,846,989 | 852,691 | 350,188 | 79,476 | 4,066,687 |
| 2018 | 924,198 | 1,799,575 | 813,894 | 341,139 | 79,235 | 3,958,041 |
| 2019 | 910,794 | 1,718,420 | 770,715 | 332,630 | 78,995 | 3,811,554 |
| 2020 | 889,496 | 1,521,731 | 651,124 | 319,182 | 78,754 | 3,460,287 |

This schedule provides information on bond debt valued at outstanding principal net of unamortized premiums and discounts for the last ten years of the Department's operations.

Visitor, Convention, and Room Statistics (Las Vegas)
Last Ten Calendar Years

| Calendar Year | Total Visitor Volume | Convention Attendance | Total Available Hotel-Motel Rooms | Occupancy Rates |
|---|---|---|---|---|
| 2011 | 38,928,708 | 4,865,272 | 150,161 | 83.8 % |
| 2012 | 39,727,022 | 4,944,014 | 150,481 | 84.4 % |
| 2013 | 39,668,221 | 5,107,416 | 150,593 | 84.3 % |
| 2014 | 41,126,512 | 5,169,054 | 150,544 | 86.8 % |
| 2015 | 42,312,216 | 5,891,151 | 149,213 | 87.7 % |
| 2016 | 42,936,109 | 6,310,616 | 149,339 | 89.1 % |
| 2017 | 42,214,200 | 6,646,200 | 146,993 | 88.7 % |
| 2018 | 42,116,800 | 6,501,800 | 149,158 | 88.2 % |
| 2019 | 42,523,700 | 6,649,100 | 150,259 | 88.9 % |
| 2020 | not available | not available | not available | not available |

Source: Las Vegas Convention and Visitors Authority - City of Las Vegas figures

This schedule provides visitor, room, and convention statistics for the Las Vegas metropolitan area for the last ten years of the Department's operations.

Demographic and Economic Statistics (Clark County, Nevada)
Last Ten Calendar Years

| Calendar Year | (1) Clark County Population | (2) Personal Income | Per Capita Personal Income | (3) School Enrollment | (4) Labor Force | (4) Unemployment Rate |
|---|---|---|---|---|---|---|
| 2011 | 1,966,630 | 70,652,760,000 | 35,926 | 309,899 | 995,532 | 13.3% |
| 2012 | 2,008,654 | 74,886,428,000 | 37,282 | 308,377 | 1,000,923 | 11.3% |
| 2013 | 2,062,253 | 75,957,334,000 | 36,832 | 311,218 | 1,006,724 | 9.6% |
| 2014 | 2,102,238 | 81,821,005,000 | 39,533 | 314,598 | 1,019,653 | 7.8% |
| 2015 | 2,147,641 | 85,970,490,000 | 40,652 | 317,759 | 1,047,528 | 6.8% |
| 2016 | 2,205,207 | 91,150,359,000 | 42,284 | 319,172 | 1,048,043 | 5.8% |
| 2017 | 2,248,390 | 97,457,342,000 | 44,217 | 321,991 | 1,060,660 | 5.5% |
| 2018 | 2,284,616 | 105,087,856,000 | 47,090 | 324,030 | 1,098,114 | 4.8% |
| 2019 | 2,325,798 | not available | not available | 325,081 | 1,131,551 | 4.0% |
| 2020 | not available | not available | not available | 323,787 | not available | not available |

Source: (1) Clark County Department of Comprehensive Planning
(2) U.S. Bureau of Economic Analysis
(3) Clark County School District (in fiscal year format) * Estimated
(4) State of Nevada Department of Employment, Training and Rehabilitation

This table includes historical revisions, therefore, certain amounts presented may not be comparable to amounts presented in prior reports.

This schedule provides information on certain Clark County demographic and economic statistics for the last ten years of the Department's operations.

Employment by Industry (Clark County, Nevada)
Current Year and Nine Years Ago

| | 2020 | | 2011 | |
|---|---|---|---|---|
| Industry | Employees | % of Total Employment | Employees | % of Total Employment |
| Leisure and Hospitality | 221,700 | 24.85 % | 264,200 | 32.72 % |
| Trade, Transportation and Utilities | 160,600 | 18.00 % | 148,300 | 18.37 % |
| Professional and Business Services | 123,700 | 13.87 % | 101,900 | 12.62 % |
| Education and Health Services | 94,900 | 10.64 % | 72,700 | 9.00 % |
| Government | 102,700 | 11.51 % | 90,100 | 11.16 % |
| Construction | 72,200 | 8.09 % | 37,300 | 4.62 % |
| Financial Activities | 54,000 | 6.05 % | 40,000 | 4.95 % |
| Other Services | 27,100 | 3.04 % | 23,700 | 2.93 % |
| Manufacturing | 24,900 | 2.79 % | 19,700 | 2.44 % |
| Information | 9,600 | 1.08 % | 9,400 | 1.16 % |
| Mining and Logging | 600 | 0.07 % | 200 | 0.02 % |
| Total for principal employers | 892,000 | | 807,500 | |

Source: United States Bureau of Labor Statistics

This schedule provides employment by industry in Clark County for the current year and the year nine years prior.

Passenger and Operating Statistics
Last Ten Fiscal Years

| Fiscal Year | Aircraft Operations (Departures) | Landed Weight(000 lbs.) | Total Enplaned Passengers | Cargo Tons |
|---|---|---|---|---|
| 2011 | 224,388 | 24,288,033 | 20,266,091 | 95,555 |
| 2012 | 227,206 | 24,855,800 | 20,962,087 | 96,173 |
| 2013 | 221,755 | 24,313,676 | 20,872,526 | 105,100 |
| 2014 | 219,437 | 24,431,409 | 21,224,639 | 104,101 |
| 2015 | 216,604 | 24,668,357 | 21,863,773 | 109,319 |
| 2016 | 215,887 | 25,803,661 | 23,307,617 | 108,695 |
| 2017 | 220,229 | 26,493,451 | 23,973,303 | 117,035 |
| 2018 | 223,879 | 26,856,277 | 24,596,343 | 126,830 |
| 2019 | 225,571 | 27,418,216 | 25,223,715 | 132,975 |
| 2020 | 185,107 | 22,749,778 | 19,037,659 | 125,932 |

This schedule provides information on passenger and landed weight statistics for the last ten years of the Department's operations.

Market Share of Air Carriers
Last Three Fiscal Years

| | FY 2020 | | | FY 2019 | | | FY 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Enplaned Passengers | | | Enplaned Passengers | | | Enplaned Passengers | | |
| Airline | Number | Percent of Total | Increase/ Decrease | Number | Percent of Total | Increase/ Decrease | Number | Percent of Total | Increase/ Decrease |
| Southwest | 6,241,218 | 32.8% | (30.4%) | 8,971,760 | 35.6% | (1.1%) | 9,069,000 | 36.8% | (0.3%) |
| Spirit | 2,019,837 | 10.6% | (14.5%) | 2,361,517 | 9.4% | 25.6% | 1,880,051 | 7.6% | 14.8% |
| Delta | 1,923,499 | 10.1% | (23.4%) | 2,512,623 | 10.0% | 5.5% | 2,381,513 | 9.7% | 8.8% |
| American | 1,718,451 | 9.0% | (23.4%) | 2,244,777 | 8.9% | (2.1%) | 2,292,713 | 9.3% | (1.4%) |
| United | 1,490,791 | 7.8% | (28.8%) | 2,094,660 | 8.3% | 7.1% | 1,955,411 | 8.0% | 3.6% |
| Frontier | 1,401,842 | 7.4% | 13.4% | 1,236,031 | 4.9% | 1.7% | 1,215,538 | 4.9% | 17.2% |
| Allegiant | 886,811 | 4.7% | (25.0%) | 1,182,786 | 4.7% | (0.5%) | 1,189,097 | 7.4% | 2.1% |
| Alaska | 788,679 | 4.1% | (28.2%) | 1,098,729 | 4.4% | (5.9%) | 1,167,678 | 4.8% | (1.9%) |
| International | 1,300,773 | 6.8% | (31.0%) | 1,883,962 | 7.5% | 3.5% | 1,820,003 | 4.8% | (6.0%) |
| General Aviation & Other | 413,014 | 2.2% | (22.9%) | 535,678 | 2.1% | 11.4% | 480,924 | 2.1% | 3.4% |
| JetBlue | 409,161 | 2.1% | (29.8%) | 582,487 | 2.3% | (16.7%) | 699,266 | 2.8% | 1.2% |
| Sun Country | 208,719 | 1.1% | (2.5%) | 214,140 | 0.8% | 57.5% | 135,926 | 0.6% | 21.6% |
| Hawaiian | 193,433 | 1.0% | (23.8%) | 253,940 | 1.0% | (0.8%) | 256,069 | 1.0% | (0.9%) |
| Charter Airlines | 30,548 | 0.2% | (29.9%) | 43,557 | 0.2% | 0.3% | 43,443 | 0.2% | (1.4%) |
| Contour | 10,883 | 0.1% | 58.2% | 6,878 | —% | —% | — | —% | —% |
| California Pacific | — | —% | (100.0%) | 190 | —% | —% | — | —% | —% |
| Elite | — | —% | —% | — | —% | (100.0%) | 9,711 | —% | —% |
| Total Enplanements | 19,037,659 | 100.0% | (342.0%) | 25,223,715 | 100.0% | 2.6% | 24,596,343 | 100.0% | 2.8% |

This schedule provides market share information by air carrier for the last three fiscal years of the Department's operations.

Per Passenger Calculations
Last Ten Fiscal Years

| Fiscal Year | Concessions | | | | Concession Revenue per Enplaned Passenger | Operating Expenses per Enplaned Passenger | Outstanding Debt per Enplaned Passenger | Airport Revenue Bond Debt Service per Enplaned Passenger | Airline Cost per Enplaned Passenger |
|---|---|---|---|---|---|---|---|---|---|
| | Ground Trsp | Gaming | Terminal | Parking | | | | | |
| 2011 | $ 3.59 | $ 1.28 | $ 2.62 | $ 1.40 | $ 8.89 | $ 10.72 | $ 231.90 | $ 5.79 | $ 8.46 |
| 2012 | 3.69 | 1.23 | 2.70 | 1.37 | 8.99 | 10.64 | 214.58 | 3.52 | 8.51 |
| 2013* | 3.89 | 1.14 | 2.97 | 1.46 | 9.46 | 11.22 | 214.47 | 10.58 | 12.22 |
| 2014 | 3.92 | 1.20 | 3.11 | 1.59 | 9.82 | 11.02 | 208.76 | 10.18 | 11.74 |
| 2015 | 3.95 | 1.26 | 3.04 | 1.65 | 9.90 | 10.78 | 199.00 | 9.05 | 11.60 |
| 2016 | 3.95 | 1.26 | 2.87 | 1.66 | 9.74 | 10.24 | 183.30 | 9.24 | 11.05 |
| 2017 | 4.14 | 1.43 | 2.96 | 1.61 | 10.14 | 10.64 | 169.41 | 8.93 | 10.13 |
| 2018 | 4.14 | 1.47 | 3.07 | 1.59 | 10.27 | 11.05 | 160.92 | 8.81 | 9.89 |
| 2019 | 4.37 | 1.56 | 3.16 | 1.70 | 10.79 | 11.66 | 169.41 | 8.99 | 9.91 |
| 2020 | 3.33 | 1.16 | 2.40 | 1.40 | 8.29 | 11.62 | 160.68 | 9.43 | 12.55 |
| Average | $ 3.90 | $ 1.30 | $ 2.89 | $ 1.54 | $ 9.63 | $ 10.96 | $ 191.24 | $ 8.45 | $ 10.61 |

This schedule provides information on concession revenues, operating expenses, bond debt and service coverage, and airline cost, all normalized per enplaned passenger for the last ten years of the Department's operations.

* In June 2012, Terminal 3 became fully operational.

Full Time Equivalent Employees
Last Ten Fiscal Years

| Fiscal Year | Total |
|---|---|
| 2011 | 1,321 |
| 2012 | 1,469 |
| 2013 | 1,481 |
| 2014 | 1,400 |
| 2015 | 1,364 |
| 2016 | 1,377 |
| 2017 | 1,402 |
| 2018 | 1,434 |
| 2019 | 1,453 |
| 2020 | 1,460 |
| Average Annual Increase (Decrease) | 1.1% |

This schedule provides information on the number of full time equivalent employees for the last ten years of the Department's operations.

Nature, Volume, and Usage of Capital Assets - Last Ten Fiscal Years

| | For the Fiscal Years Ended: | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 |
| Indicators of the Level of Demand for Services | | | | |
| Airlines: | 33 | 36 | 29 | 29 |
| Destinations served: | 156 | 156 | 137 | 150 |
| Daily flight operations: | 1,202 | 1,492 | 1,480 | 1,501 |
| Daily commercial operations: | 839 | 992 | 965 | 953 |
| Annual passengers: | 37,963,942 | 50,488,456 | 49,226,068 | 47,946,907 |
| McCarran International Airport Site: | 2,820 acres | 2,820 acres | 2,820 acres | 2,820 acres |
| Runways: | 26R*/8L: 14,512' X 150' | 26R*/8L: 14,510' X 150' | 26R*/8L: 14,512' X 150' | 26R*/8L: 14,510' X 150' |
| | 26L*/8R: 10,525' X 150' | 26L*/8R: 10,525' X 150' | 26L*/8R: 10,525' X 150' | 26L*/8R: 10,526' X 150' |
| | 19R/1L*: 8,988' X 150' | 19R/1L*: 8,988' X 150' | 19R/1L*: 8,988' X 150' | 19R/1000L*: 8,985' X 150' |
| | 19L/1R: 9,775' X 150' | 19L/1000R: 9,775' X 150' | 19L/1R: 9,771' X 150' | 19L/1000R: 9,775' X 150' |
| | * ILS equipped | * ILS equipped | * ILS equipped | * ILS equipped |
| Gates | 109 | 109 | 109 | 109 |
| Terminal buildings: | | | | |
| Rentable Space | 2,318,410 | 2,318,410 | 2,340,694 | 2,340,694 |
| Public Space | 1,617,519 | 1,617,519 | 1,540,266 | 1,540,266 |
| Total Usable Space | 3,935,929 | 3,935,929 | 3,880,960 | 3,880,960 |
| Administration | 520,077 | 520,077 | 510,482 | 510,482 |
| Mechanical/Utilities | 640,098 | 640,098 | 497,036 | 497,036 |
| Total Space | 5,096,104 | 5,096,104 | 4,888,478 | 4,888,478 |
| Parking: | | | | |
| Short-term | 1,381 | 1,381 | 1,381 | 1,381 |
| Valet | 917 | 917 | 769 | 769 |
| Long-Term | 7,363 | 7,363 | 7,363 | 7,471 |
| Surface Lot(s) | 1,235 | 1,235 | 624 | 624 |
| Terminal 2 Public | N/A | N/A | N/A | N/A |
| Economy | 5,724 | 5,724 | 5,100 | 5,100 |
| Remote | 526 | 526 | 1,954 | 1,954 |
| Total Public Parking Spaces | 17,146 | 17,146 | 17,191 | 17,299 |
| Consolidated Car Rental Facility: | | | | |
| Customer Service Building (Sq. Ft.) | 111,000 | 111,000 | 111,000 | 111,000 |
| Garage (Sq. Ft.) | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 |
| Vehicle Capacity | 5,000+ | 5,000+ | 5,000+ | 5,000+ |
| Shuttle Bus Fleet (units) | 48 | 48 | 48 | 48 |

This schedule provides information on the nature, volume, and usage of the Department's capital assets for the last ten years of the Department's operations.

Nature, Volume, and Usage of Capital Assets - Last Ten Fiscal Years (continued)

For the Fiscal Years Ended:

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| 31 | 32 | 35 | 44 | 39 | 36 |
| 152 | 149 | (including 27 international) | (including 27 international) | (including 26 international) | (including 21 international) |
| 1,463 | 1,429 | 1,432 | 1,429 | 1,465 | 1,423 |
| 938 | 907 | 931 | 929 | 959 | 942 |
| 46,629,208 | 43,685,099 | 42,323,363 | 41,681,296 | 41,874,993 | 40,495,125 |
| 2,820 acres | 2,820 acres | 2,820 acres | 2,820 acres | 2,820 acres | 2,820 acres |
| 25R*/7L: 14,510' X 150' | 25R*/7L: 14,510' X 150' | 25R*/7L: 14,510' X 150' | 25R*/7L: 14,510' X 150' | 25R*/7L: 14,510' X 150' | 25R*/7L: 14,510' X 150' |
| 25L*/7R: 10,526' X 150' | 25L*/7R: 10,526' X 150' | 25L*/7R: 10,526' X 150' | 25L*/7R: 10,526' X 150' | 25L*/7R: 10,526' X 150' | 25L*/7R: 10,526' X 150' |
| 19R/1000L*: 8,985' X 150' | 19R/1000L*: 8,985' X 150' | 19R/1000L*: 8,985' X 150' | 19R/1000L*: 8,985' X 150' | 19R/1000L*: 8,985' X 150' | 19R/1000L*: 8,985' X 150' |
| 19L/1000R: 9,775' X 150' | 19L/1000R: 9,775' X 150' | 19L/1000R: 9,775' X 150' | 19L/1000R: 9,775' X 150' | 19L/1000R: 9,775' X 150' | 19L/1000R: 9,775' X 150' |
| * ILS equipped | * ILS equipped | * ILS equipped | * ILS equipped | * ILS equipped | * ILS equipped |
| 109 | 110 | 110 | 110 | 110 | 104 |
| | | | | | |
| 2,340,694 | 2,340,694 | 2,340,694 | 2,340,694 | 2,340,694 | 1,017,254 |
| 1,540,266 | 1,540,266 | 1,540,266 | 1,540,266 | 1,540,266 | 767805.44 |
| 3,880,960 | 3,880,960 | 3,880,960 | 3,880,960 | 3,880,960 | 1785059.44 |
| 510,482 | 510,482 | 510,482 | 510,482 | 510,482 | 381529.57 |
| 497,036 | 497,036 | 497,036 | 497,036 | 497,036 | 182612.65 |
| 4,888,478 | 4,888,478 | 4,888,478 | 4,888,478 | 4,888,478 | 2349201.66 |
| | | | | | |
| 1,381 | 1,381 | 1,381 | 1,381 | 1,381 | 791 |
| 857 | 1,530 | 1,530 | 1,530 | 1,530 | 932 |
| 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 3,432 |
| 624 | 624 | 624 | 624 | 624 | N/A |
| N/A | N/A | N/A | N/A | N/A | 272 |
| 5,100 | 5,100 | 5,100 | 5,100 | 5,100 | 5100 |
| 1,954 | 1,954 | 1,954 | 1,954 | 1,954 | 1,984 |
| 17,279 | 17,952 | 17,952 | 17,952 | 17,952 | 12,511 |
| | | | | | |
| 111,000 | 111,000 | 111,000 | 111,000 | 111,000 | 111,000 |
| 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 |
| 5,000+ | 5,000+ | 5,000+ | 5,000+ | 5,000+ | 5,000+ |
| 50 | 50 | 50 | 50 | 50 | 50 |

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