Interim Quarterly Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Nine Months Ended March 31, 2021

Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

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CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Interim Quarterly Financial Report
For the Nine Months Ended March 31, 2021

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Financial Section

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 first nine months of fiscal year 2021 (FY2021), which is the period of July 1, 2020 through March 31, 2021. Certain information is presented in comparison to the fiscal year end ended June 30, 2020 (FY2020), and certain information is presented in comparison to the first nine months of FY 2020, which is the period of July 1, 2019 through March 31, 2020. This section should be read in conjunction with the 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 MD&A, Financial Statements (including the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows) and Notes to the Financial Statements, presented for the nine months ended March 31, 2021, are unaudited and will not contain certain information included in the Comprehensive Annual Financial Report (CAFR) issued by the Department. This Interim Quarterly Financial Report should be read in conjunction with the Department's CAFR for FY 2020.

Activity Highlights

In March 2020, passenger traffic dropped significantly as a result of the COVID-19 outbreak. One year later, in March 2021, the Airport experienced more significant increases in passenger traffic as traveler habits begin showing signs of recovery to previously expected patterns. U.S based air carriers have also announced new destinations for summer service as demand for leisure markets has increased in recent months. Refer to Note 1 for more discussion related to the impact of COVID-19 on the operations and activities of the Department. Passenger enplanements for the nine months ended Q3 FY2021 totaled 8,087,222, compared to 18,262,258 for the same nine month period ended Q3 FY2020, which is a decrease of 55.7%.

Aircraft landed weights for the nine months ended Q3 FY2021 totaled 12,243,559 thousand pounds, compared to 20,683,048 thousand pounds for same nine month period ended Q3 FY2020, which is a decrease of 40.8%. The number of departures for domestic and international flights for the nine months ended Q3 FY2021 totaled 100,533, compared to 169,123, which is a 40.6% decrease compared to the nine month period ended Q3 FY2020.

Airline Rates and Charges

Effective July 1, 2010, the Department entered into an Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market. 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 additional extension options through June 30, 2030. 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.

The following table provides the rates and fees in effect as of March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
Landing fee (per 1000 lbs.)	$ 1.88	$ 1.68
Terminal rental rate (per square foot)	173.37	169.88
Gate use fee-narrow body (per turn)	494.00	364.00
Gate use fee-wide body (per turn)	741.00	545.00
Gate use lease fee (per annum)	203,082.00	195,821.00
International facility use fee (per deplaned international passenger)	8.50	8.50
Common use ticketing fee (per enplaned passenger)	3.01	1.50

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 nine months ended March 31, 2021 and 2020 (in thousands):

	March 31, 2021	March 31, 2020	Change	
Landing and other aircraft fees	$ 20,613	$ 32,920	$ (12,307)	(37.4)%
Terminal building rentals	122,658	122,528	130	0.1 %
Gate use fees	14,492	22,172	(7,680)	(34.6)%
Passenger fee - ticketing & customs and border patrol	4,682	15,387	(10,705)	(69.6)%
Total	$ 162,445	$ 193,007	$ (30,562)	(15.8)%
Enplaned passengers	8,087	18,262	(10,175)	(55.7)%
*Cost per enplaned passenger	$ 20.09	$ 10.57	$ 9.52	90.1 %

*This figure is not presented in thousands.

Financial Highlights

Net Position Summary

The following table summarizes assets, liabilities, deferred inflows and outflows of resources, and net position as of March 31, 2021 and June 30, 2020 (in thousands):

	March 31, 2021	June 30, 2020	Change	
Assets				
Current assets	$ 925,207	$ 743,736	$ 181,471	24.4%
Capital assets, net	4,077,137	4,195,134	(117,997)	(2.8%)
Other non-current assets	281,601	475,464	(193,863)	(40.8%)
Total assets	5,283,945	5,414,334	(130,389)	(2.4%)
Deferred outflows of resources	92,188	82,505	9,683	11.7%
Total assets and deferred outflows of resources	$ 5,376,133	$ 5,496,839	$ (120,706)	(2.2%)
Liabilities, deferred inflows of resources, and net position				
Current liabilities	252,730	295,484	(42,754)	(14.5%)
Non-current liabilities	3,360,600	3,586,702	(226,102)	(6.3%)
Total liabilities	3,613,330	3,882,186	(268,856)	(6.9%)
Deferred inflows of resources	101,839	87,302	14,537	16.7%
Net position				
Net investment in capital assets	986,486	937,167	49,319	5.3%
Restricted	303,511	421,197	(117,686)	(27.9%)
Unrestricted	370,967	168,987	201,980	119.5%
Total net position	1,660,964	1,527,351	133,613	8.7%
Total liabilities, deferred inflows of resources, and net position	$ 5,376,133	$ 5,496,839	$ (120,706)	(2.2%)

Discussion of Q3 FY2021 Net Position

Total net position for the Department as of March 31, 2021 was $1,661.0 million. This is an increase of $133.6 million from June 30, 2020 and can be primarily attributed to the following significant changes:

- Current assets
  - At March 31, 2021, current assets were $925.2 million, an increase of $181.5 million from June 30, 2020. The majority of this change was due to increases in cash and cash equivalents, accounts receivable and investments offset by decreases in grants receivable, interest receivable and other receivable. Cash and cash equivalents increased $196.7 million from Q4 FY2020 to Q3 FY20021. These increases were driven by completed land sales in Q1 and Q2 of FY2021, as well as grant reimbursements received during the first nine months of FY 2021. Investments classified as current assets increased $21.6 million from Q4 FY2020 to Q3 FY2021 which represent amounts classified as available to be utilized for current obligations. Accounts receivable increased $3.7 million. Receivable balance increases were driven by increased passenger traffic and overall business activity for the quarter. Grants receivable decreased $28.2 million from Q4 FY2020 to Q3 FY 2021, the change is attributable to the timing of grant reimbursements received, particularly from the CARES Act. Refer to Note 1 for more information. Interest receivable decreased $3.7 million from Q4 FY2020 to Q3 FY2021. The decreases in interest receivable were attributable to the decreases in overall interest rates during the period from July 1, 2020 to March 31, 2021. Other receivables decreased $8.6 million from Q4 FY2020 to Q3 FY2021. This change was driven by the receipt of $6.3 million from County funds which was an outstanding receivable as of June 30, 2020.
- Other non-current assets
  - At March 31, 2021, other non-current assets were $281.6 million, a decrease of $193.9 million, from $475.5 million at June 30, 2020. The majority of this change is due to decreases in cash and cash equivalents classified as non-current assets, these amounts decreased $187.4 million from Q4 FY 2020 to Q3 FY2021. Investments classified as non-current assets also decreased by $7.7 million. Such amounts represent cash and cash equivalents or investments available to be used for non-current obligations. Amounts may move between current and non-current classifications based upon the due dates of Department obligations. These decreases were offset by increases in derivative instruments - interest rate swaps of $1.3 million. Increases in interest rate swaps are driven by the change in fair value of these instruments.
- Capital assets
  - At March 31, 2021, capital assets, net of accumulated depreciation, decreased $118.0 million from June 30, 2020. The decrease was due to depreciation of $143.2 million and asset retirements of $0.9 million, net of accumulated depreciation. These decreases were offset by capital expenditures of $26.2 million.

- Current liabilities
  - At March 31, 2021, current liabilities were $252.7 million, a decrease of $42.8 million, from $295.5 million at June 30, 2020. Accounts payable from restricted and non-restricted assets increased $6.2 million from Q4 FY2020 to Q3 FY2021 which is driven by the timing of payments to vendors. Rents received in advance increased $5.9 million, driven principally by payments received in advance from airlines and concessionaires for future rents. Accrued interest decreased $43.3 million from Q4 FY2020 to Q3 FY2021 which is driven by the timing of interest payments as well as reduced interest obligations through recent debt refunding transactions. Current portion of long-term debt decreased $8.4 million, driven by the principal payments made on debt obligations and the timing of debt principal due dates. Other accrued expenses decreased $3.1 million from Q4 FY2020 to Q3 FY2021, which is attributable to a reduction in accrued payroll driven by reduced headcount and number of days accrued at period end.
- Non-current liabilities
  - Non-current liabilities at March 31, 2021 were $3,360.6 million, a decrease of $226.1 million, from $3,586.7 million at June 30, 2020. This change is primarily due to decreases in the non-current portion of long-term debt, decreases in other post employment benefits liability, decreases in derivative instruments - interest rate swaps and decreases in other non-current liabilities offset by increases in the net pension liability. The non-current portion of long-term debt decreased $196.8 million in accordance with scheduled debt payments. The net other post employment benefits liability decreased $8.6 million from Q4 FY2020 to Q3 FY2021, driven by the Department recording its quarterly estimates. Derivative instruments - interest rate swaps decreased $35.9 million driven by current market rates. Other non-current liabilities decreased $1.4 million driven by a reduced number of tenant deposits held by the Department comparing Q3 FY2021 vs. Q4 FY2020. The net pension liability increased $16.6 million. This liability is actuarilly determined as of June 30 each fiscal year, such increases were driven by the Department recording its quarterly estimates.

Operating Revenue

The following table summarizes total operating revenue for the nine months ended March 31, 2021 and 2020 (in thousands):

	March 31, 2021	March 31, 2020	Change	
Terminal building and use fees	$ 135,039	$ 146,368	$ (11,329)	(7.7%)
Landing fees and other aircraft fees	24,328	39,346	(15,018)	(38.2%)
Gate use fees	17,416	24,343	(6,927)	(28.5%)
Terminal concession fees	19,346	56,816	(37,470)	(65.9%)
Rental car facility and concession fees				
Rental car facility fees	16,309	26,801	(10,492)	(39.1%)
Rental car concession fees	13,405	26,703	(13,298)	(49.8%)
Parking and ground transportation fees				
Public and employee parking fees	20,434	30,944	(10,510)	(34.0%)
Ground transportation fees	8,945	24,104	(15,159)	(62.9%)
Gaming fees	12,896	28,606	(15,710)	(54.9%)
Ground rents and use fees	15,870	18,428	(2,558)	(13.9%)
Other				
General aviation fuel sales (net of cost)	2,735	3,911	(1,176)	(30.1%)
Other operating income	9,837	4,769	5,068	106.3%
	$ 296,560	$ 431,139	$ (134,579)	(31.2%)

General Discussion of Operating Revenues

Aviation Revenues

Refer to the FY 2020 CAFR for a general discussion regarding the sources that comprise the operating revenue categories, for both aviation and non aviation related revenues.

Discussion of Changes in Operating Revenues

Total operating revenues for the Department for the nine months ended Q3 FY2021 were $296.6 million, a decrease of $134.6 million from the corresponding period ended Q3 FY2020. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
  - The decrease of $11.3 million was mainly attributable to the decrease in international processing fees of $6.7 million and common use ticket counter fees of $4.1 million. The 94.9% decrease in international passenger traffic comparing the nine months ended Q3 FY2021 to Q3 FY2020 resulting from the COVID-19 pandemic has also led to decreases in certain terminal building rentals of $0.4 million.

- Landing fees and other aircraft fees
  - The decrease of $15.0 million in landing fees and other aircraft fees was attributable to the decrease in total landed weights of 40.6% comparing the nine months ended Q3 FY2021 to Q3 FY2020.
- Gate use fees
  - The decrease of $6.9 million was attributable to a 55.5% decrease in common use gate turns for the nine months ended Q3 FY2021 vs Q3 FY2020.
- Terminal concession fees
  - The decrease of $37.5 million was attributable to the sharp declines in passenger traffic resulting from the COVID-19 pandemic. Enplaned passengers decreased 55.7% comparing the nine months ended Q3 FY2021 vs. Q3 FY2020. Also, effective November 1, 2020, minimum annual guarantee (MAG) rates were reduced by 75.0% for concessionaires. MAG is also being waived for concessionaires who are affected by major construction or concourse closures.
- Rental car facility fees
  - The decrease of $10.5 million was attributable to the decreased usage of the rental car facility driven by the COVID-19 pandemic. Consolidated facility charge (CFC) revenue, which is driven by rental transaction days decreased by $10.5 million for the nine months ended Q3 FY2021 vs. Q3 FY2020.
- Rental car concession fees
  - The decrease of $13.3 million was attributable to the decreased usage of the rental car facility driven by the COVID-19 pandemic. The rental car tenants within the McCarran Rental Car Center reported a 40.0% decrease in gross receipts for the nine months ended Q3 FY2021 vs. Q3 FY2020.
- Public and employee parking fees
  - The decrease of $10.5 million was attributable to the decreased utilization of the public parking areas during the nine months ended Q3 FY2021 vs. Q3 FY2020 driven by the COVID-19 pandemic.
- Ground transportation fees
  - The decrease of $15.2 million was attributable to the decrease in fees derived from transportation network companies (TNCs), which decreased $10.1 million. Fees derived from taxi and limousine operations also decreased $4.1 million combined for the nine months ended Q3 FY2021 vs. Q3 FY2020. Fees derived from buses and courtesy vehicles also decreased $0.9 million for the same nine month period. These decreases were driven by reduced passenger counts resulting from the COVID-19 pandemic.
- Gaming fees
  - The decrease of $15.7 million was attributable to the decrease in passenger traffic. For the nine months ended Q3 FY2021 vs. Q3 FY2020, enplaned passengers decreased 55.7%.

- Other operating income
  - The majority of the $5.1 million increase relates to land sales completed in the first nine months of FY2021. Land sales accounted for $6.4 million increase in other operating income. This increase was offset by decreases in various non-operating revenues which were recorded in FY2020. Some of which include: a $0.5 million advance from the County for a public works project, $0.2 million in miscellaneous auction revenues, $0.2 million in energy rebates and a $0.1 million payment related to a general aviation trade show.

Operating Expenses

The following table summarizes total operating expenses for the nine months ended March 31, 2021 and 2020 (in thousands):

	March 31, 2021	March 31, 2020	Change	
Salaries and benefits	$ 101,311	$ 112,131	$ (10,820)	(9.6%)
Professional services	43,853	55,702	(11,849)	(21.3%)
Utilities and communications	14,763	19,326	(4,563)	(23.6%)
Repairs and maintenance	9,757	15,621	(5,864)	(37.5%)
Materials and supplies	6,650	15,278	(8,628)	(56.5%)
General administrative				
Administrative	1,386	2,794	(1,408)	(50.4%)
Insurance	1,755	1,530	225	14.7%
	$ 179,475	$ 222,382	$ (42,907)	(19.3%)

Discussion of Changes in Operating Expenses

For the nine months ended March 31, 2021 the Department's total operating expenses were $179.5 million, a decrease of $42.9 million from the nine months ended March 31, 2020. This can be primarily attributed to the following significant changes:

- Salaries and benefits
  - Salaries and benefits decreased by $10.8 million. The decrease was driven by a reduced full-time employee headcount of 11% when comparing Q3 FY2021 vs. Q3 FY2020. On July 10, 2020, the Board approved the separation of 93 employees under a voluntary separation program.
- Professional services
  - Professional services costs decreased by $11.8 million. A portion of this decrease was due to non-recurring bond issuance costs of $4.6 million which occurred in FY2020. The remainder of the decrease was attributable to a reduction in service costs directly correlated with reductions in passenger counts of

$1.8 million, a reduction in software support of $0.7 million. $4.6 million of the overall decrease is attributable to the Department's cost savings efforts surrounding third party service contracts.

- Utilities and communications
  - Utilities and communication expense decreased $4.6 million comparing the nine months ended Q3 FY2021 vs. Q3 FY2020. The majority of the increase is attributable to a $3.3 million decrease in electricity expense, which decreased largely due to decreases in the rates charged for usage and the overall reduction of passengers and use of certain areas of the terminals. The remaining $1.3 million decrease resulting from reduced natural gas, water and trash expenditures resulting from reduced passenger traffic and the Department's cost savings measures during the COVID-19 pandemic.
- Repairs and maintenance
  - Repairs and maintenance expense decreased $5.9 million. During the nine months ended Q3 FY2021, the Department has implemented cost savings measures resulting in a $3.3 million reduction in costs related to maintenance of equipment and facilities comparing the nine months ended Q3 FY2021 vs. Q3 FY2020. Other maintenance services decreased $1.6 million and cleaning expenditures were reduced by $1.2 million in other cost savings measures set forth by the Department.
- Materials and Supplies
  - Materials and supplies expenses decreased $8.6 million. These decreases directly relate to the Department's cost cutting measures and a reduction in purchased operating supplies in response to the reduced passenger traffic and the COVID-19 pandemic.

Non-Operating Revenues and Expenses

The following table summarizes non-operating revenues and expenses for the nine months ended March 31, 2021 and 2020 (in thousands):

	March 31, 2021	March 31, 2020	Change	
Passenger Facility Charge revenue	$ 30,951	$ 76,173	$ (45,222)	(59.4%)
Jet A Fuel Tax revenue	5,610	9,008	(3,398)	(37.7%)
Interest and investment income (loss)				
Unrestricted interest income	7,248	7,541	(293)	(3.9%)
Restricted interest income	2,868	7,850	(4,982)	(63.5%)
PFC interest income	689	3,426	(2,737)	(79.9%)
Unrealized gain (loss) on investments – derivative instruments	29,073	(21,368)	50,441	(236.1%)
Interest expense	(73,999)	(95,898)	21,899	(22.8%)
Net (loss) gain from disposition of capital assets	(2,374)	423	(2,797)	(661.2%)
Other non-operating revenue	7,669	7,653	16	0.2%
CARES Act Airport Grant	147,193	—	147,193	100.0%
	$ 154,928	$ (5,192)	$ 160,120	(3,084.0%)

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

For the nine months ended March 31, 2021, non-operating revenue and totaled $154.9 million. This is a change of $160.1 million, from $5.2 million expense for the nine months ended Q3 FY2020which can be attributed to the following significant changes:

- Passenger Facility Charge revenue
  - PFC Revenue decreased $45.2 million. This decrease is attributable to the decrease in passenger activity due to the COVID-19 pandemic. Passenger enplanements for the nine months ended Q3 FY2021 totaled 8,087,222, compared to 18,262,258 for the same nine month period ended Q3 FY2020, which is a decrease of 55.7%.
- Unrealized gain/loss on investments – derivative instruments
  - The Department's unrealized net gain on investments – derivative instruments was $29.1 million for the nine months ended Q3 FY2021, compared to a loss of $21.4 million for the nine months ended Q3 FY2020. The $50.4 million change is attributable to fair value changes in investment derivative instruments.
- Interest expense
  - Interest expense on the Department's outstanding bonds and interest rate swaps decreased by $21.9 million. The majority of this decrease relates to interest rate savings and changes in bond premium amortizations, resulting from the issuance of and refunding that occurred during FY 2020.

- Net (loss) gain from disposition of capital assets
  - The Department's net loss from disposition of capital assets was $2.4 million for the nine months ended Q3 FY2021 compared to a gain of $0.4 million for Q3 FY2020. In Q3 FY2021, the Department reduced the carrying value of certain construction in progress assets in the amount of $3.4 million. This loss was offset by the increase in gain from disposition of other assets via auction of $1.0 million comparing the nine months ended Q3 FY2021 vs. Q2 FY2020.
- CARES Act Airport Grant
  - For the nine months ended Q3 FY 2021, the Department recognized $147.2 million in non-operating revenue subsidy from the CARES Act. Refer to Note 1 for additional information.

Capital Contributions

The following table summarizes capital contributions for the nine months ended March 31, 2021 and 2020 (in thousands):

	March 31, 2021	March 31, 2020	Change	
Capital contributions	$ 4,827	$ 5,760	(933)	(16.2%)

Discussion of Capital Contributions

Capital contributions during the nine months ended Q3 FY2021 were $4.8 million, a decrease of $0.9 million from the nine months ended Q3 FY2020.

All capital contributions recorded for the nine months ended FY 2021 were reimbursements from the Federal Aviation Administration (FAA) for approved grant funded projects.

Outstanding Debt

The following table summarizes outstanding debt obligations at March 31, 2021 and June 30, 2020 (in thousands):

	March 31, 2021	June 30, 2020	Change	
Senior lien bonds	$ 778,630	$ 825,505	$ (46,875)	(5.7%)
Subordinate lien bonds	1,388,950	1,453,870	(64,920)	(4.5%)
PFC bonds	519,040	576,355	(57,315)	(9.9%)
Junior subordinate lien and Jet A bonds	302,515	307,785	(5,270)	(1.7%)
General obligation bonds	76,020	76,020	—	0.0%
Total bonded debt principal outstanding	3,065,155	3,239,535	(174,380)	(5.4%)
Unamortized premiums	200,687	230,811	(30,124)	(13.1%)
Unamortized discounts	(9,303)	(10,059)	756	(7.5%)
Imputed debt from termination of hedges	2,452	3,923	(1,471)	(37.5%)
Current portion of long term debt	(166,005)	(174,380)	8,375	(4.8%)
Total outstanding long-term debt obligations	$ 3,092,986	$ 3,289,830	$ (196,844)	(6.0%)

Total outstanding long-term debt obligations as of March 31, 2021 were $3,093.0 million, a decrease of $196.8 million, from $3,289.8 million at June 30, 2020. This decrease was primarily related to scheduled principal payments along with related changes in discounts and premiums.

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. Refer to Note 8, “Long-Term Debt” for further detail regarding long-term debt obligations.

Looking Forward

In reaction to the unusual circumstances brought on by the COVID-19 pandemic, 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 March 31, 2021, the Department recognized $147.2 million from the CARES Act in non-operating revenues in FY 2021 and has drawn the entire amount awarded.

On February 12, 2021, the Department was notified of its eligibility for $41.8 million of funds under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The FAA will distribute these grants under the new Airport Coronavirus Response Grant Program (ACRGP). $5.3 million are specifically designated for relieving rent and minimum annual guarantees for concessionaires.

On March 8, 2021, the American Rescue Plan Act of 2021 was signed into law. This act includes $8.0 billion in funds to be awarded to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. The Department is still awaiting the notification from the FAA regarding the amounts it has been awarded under this program.

The Department's current, comprehensive five-year capital improvement plan, includes 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, several 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.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Net Position (Unaudited, in thousands)
As of March 31, 2021 and June 30, 2020

Assets and Deferred Outflows of Resources	March 31, 2021	June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 659,762	$ 462,442
Cash and cash equivalents, restricted	102,810	103,426
Investments, restricted	101,336	79,778
Accounts receivable, net of allowance for doubtful accounts of $1,154 and $1,086, respectively	38,916	40,291
Accounts receivable, restricted	6,563	1,529
Interest receivable	91	1,612
Interest receivable, restricted	82	2,234
Grants receivable, restricted	—	28,167
Other receivables	1	6,693
Other receivables, restricted	3,822	5,769
Inventories	9,623	10,614
Prepaid expenses	2,201	1,181
Total current assets	925,207	743,736
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Construction in progress	67,122	97,531
Land	588,782	589,632
Land, restricted	13,018	13,018
Perpetual avigation easement	332,562	332,562
Capital assets being depreciated		
Land improvements	1,774,478	1,774,707
Buildings and improvements	3,710,643	3,677,876
Furniture and fixtures	45,651	45,651
Machinery and equipment	595,406	571,820
	7,127,662	7,102,797
Accumulated depreciation	(3,050,525)	(2,907,663)
Capital assets, net	4,077,137	4,195,134
Other non-current assets:		
Cash and cash equivalents, restricted	227,886	415,305
Investments, restricted	50,308	58,054
Derivative instruments - interest rate swaps	3,243	1,920
Prepaid expenses	164	185
Total other non-current assets	281,601	475,464
Total non-current assets	4,358,738	4,670,598
Total assets	5,283,945	5,414,334
Deferred outflows of resources:		
Pension	46,816	29,114
Other post employment benefits	18,434	16,126
Hedging derivative instruments	6,435	13,106
Losses on bond refundings and on imputed debt	20,503	24,159
Total deferred outflows of resources	92,188	82,505
Total assets and deferred outflows of resources	$ 5,376,133	$ 5,496,839

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Net Position (Unaudited, in thousands)
As of March 31, 2021 and June 30, 2020

Liabilities, Deferred Inflows of Resources, and Net Position	March 31, 2021	June 30, 2020
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	$ 24,306	$ 17,133
Other accrued expenses	17,868	20,982
Rents received in advance	8,820	2,905
Total payable from unrestricted assets	50,994	41,020
Payable from restricted assets:		
Accounts payable and other current liabilities	2,530	3,551
Accrued interest	33,201	76,533
Current portion of long-term debt	166,005	174,380
Total payable from restricted assets	201,736	254,464
Total current liabilities	252,730	295,484
Noncurrent liabilities:		
Payable from unrestricted assets:		
Net pension liability	194,918	178,360
Net other post employment benefits liability	31,307	39,872
Derivative instruments - interest rate swaps	36,948	72,801
Other non-current liabilities	4,441	5,839
Total payable from unrestricted assets	267,614	296,872
Payable from restricted assets:		
Long-term debt, net of current portion	3,092,986	3,289,830
Total payable from restricted assets	3,092,986	3,289,830
Total noncurrent liabilities	3,360,600	3,586,702
Total liabilities	3,613,330	3,882,186
Deferred inflows of resources:		
Pension	20,698	16,371
Other post employment benefits	69,640	58,644
Hedging derivative instruments	2,637	1,205
Unamortized gain on bond refundings	8,864	11,082
Total deferred inflows of resources	101,839	87,302
Net position:		
Net investment in capital assets	986,486	937,167
Restricted for:		
Capital projects	20,321	75,802
Debt service	216,347	279,634
Other	66,843	65,761
Total restricted	303,511	421,197
Unrestricted	370,967	168,987
Total net position	1,660,964	1,527,351
Total liabilities, deferred inflows of resources, and net position	$ 5,376,133	$ 5,496,839

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited, in thousands)
For the Three and Nine Months Ended March 31, 2021 and 2020

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Operating revenues:				
Terminal building and use fees	$ 46,812	$ 47,750	$ 135,039	$ 146,368
Landing fees and other aircraft fees	8,604	12,345	24,328	39,346
Gate use fees	6,528	7,899	17,416	24,343
Terminal concession fees	5,965	17,236	19,346	56,816
Rental car facility and concession fees	9,582	15,584	29,714	53,504
Parking and ground transportation fees	10,126	16,471	29,378	55,048
Gaming fees	4,841	8,950	12,896	28,606
Ground rents and use fees	5,185	5,520	15,870	18,428
Other	2,333	2,486	12,572	8,680
	99,976	134,241	296,559	431,139
Operating expenses:				
Salaries and benefits	32,324	37,369	101,311	112,131
Professional services	13,859	16,510	43,853	55,702
Utilities and communication	4,266	5,522	14,763	19,326
Repairs and maintenance	1,970	5,932	9,757	15,621
Materials and supplies	2,088	5,969	6,650	15,278
General administrative	1,098	1,318	3,141	4,324
	55,605	72,620	179,475	222,382
Operating income before depreciation and	44,371	61,621	117,084	208,757
Depreciation and amortization	48,475	47,711	143,226	142,866
Operating income	(4,104)	13,910	(26,142)	65,891
Non-operating revenues (expenses):				
Passenger Facility Charge	12,480	28,497	30,951	76,173
Jet A Fuel Tax	1,961	2,896	5,610	9,008
Interest and investment income	22,895	(12,330)	39,878	(2,551)
Interest expense	(24,600)	(28,291)	(73,999)	(95,898)
Net (loss) gain from disposition of capital assets	18	133	(2,374)	423
Other non-operating revenue	2,556	2,551	7,669	7,653
CARES Act Airport Grant	12,145	—	147,193	—
	27,455	(6,544)	154,928	(5,192)
Income before capital contributions	23,351	7,366	128,786	60,699
Capital contributions	2,632	5,459	4,827	5,760
	25,983	12,825	133,613	66,459
Net position, beginning of period	1,634,981	1,500,172	1,527,351	1,446,538
Net position, end of period	$ 1,660,964	$ 1,512,997	$ 1,660,964	$ 1,512,997

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows (Unaudited, in thousands)
For the Three and Nine Months Ended March 31, 2021 and 2020

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Cash flows from operating activities:				
Cash received from customers	$ 71,492	$ 143,243	$ 303,688	$ 439,931
Cash paid to employees	(29,651)	(36,547)	(101,121)	(119,618)
Cash paid to outside vendors	(12,591)	(28,306)	(74,698)	(100,805)
Net cash provided by operating activities	29,250	78,390	127,869	219,508
Cash flows from capital and related financing activities:				
Passenger Facility Charges received	10,544	27,994	25,917	77,712
Jet A Fuel Tax received	1,727	2,960	5,012	10,097
Acquisition and construction of capital assets	(13,036)	(23,784)	(28,274)	(60,339)
Federal grants and reimbursements received	28,806	4,995	186,475	10,356
Collateralized agreements with swap counterparties	1,060	(7,450)	480	(9,120)
Bond refunding payments	—	—	—	(79,363)
Early payment of debt obligations	—	—	—	(114,386)
Proceeds from capital asset disposal	19	133	1,901	431
Build America Bonds subsidy	5,113	—	10,215	13,576
Debt service payments:				
Principal	—	—	(174,380)	(117,910)
Interest	(68,262)	(55,784)	(146,591)	(165,947)
Net cash used by capital and related financing activities	(34,029)	(50,936)	(119,245)	(434,893)
Cash flows from investing activities:				
Interest and investment income received	4,252	9,232	14,473	26,520
Proceeds from maturities of investments	13,994	19,010	85,035	239,554
Purchase of investments	(1,559)	(132,607)	(98,847)	(247,987)
Net cash provided (used) by investing activities	16,687	(104,365)	661	18,087
Increase (decrease) in cash and cash equivalents	11,908	(76,911)	9,285	(197,298)
Cash and cash equivalents, beginning of period	978,550	952,843	981,173	1,073,230
Cash and cash equivalents, end of period	$ 990,458	$ 875,932	$ 990,458	$ 875,932
Cash and cash equivalent balances:				
Unrestricted cash and cash equivalents	$ 659,762	$ 477,633	$ 659,762	$ 477,633
Restricted cash and cash equivalents	330,696	398,299	330,696	398,299
Cash and cash equivalents, end of period	990,458	875,932	990,458	875,932

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows (Unaudited, in thousands)
For the Three and Nine Months Ended March 31, 2021 and 2020

	Three Months Ended March 31,		Nine Months Ended March 31,	
Reconciliation of operating income to net cash provided by operating activities:	2021	2020	2021	2020
Operating (loss) income	$ (4,104)	$ 13,910	$ (26,142)	$ 65,891
cash from operating activities:				
Depreciation and amortization	48,475	47,711	143,226	142,866
Changes in operating assets and liabilities:				
Accounts receivable	(5,050)	4,968	1,374	2,350
Other receivables	374	665	406	1,848
Inventory	795	669	991	2,052
Prepaid expenses	813	1,860	(1,019)	(1,032)
Deferred outflows - pension	(5,635)	(7,272)	(17,702)	(21,921)
Deferred outflows - other post employment benefits	(769)	(2,584)	(2,308)	(9,834)
Accrued payroll and benefits	1,307	1,793	(3,114)	(2,391)
Accounts payable	7,935	2,904	(98)	622
Accrued expenses	(21,384)	5,658	3,179	10,184
Unearned revenue	(1,154)	(671)	5,915	2,288
Deposits	(125)	(109)	(154)	(75)
Net pension liability	5,519	7,718	16,557	23,153
Net other post employment benefits liability	(2,855)	4,611	(8,565)	13,833
Deferred inflows - pension	1,443	(605)	4,327	(1,816)
Deferred inflows - other post employment benefits	3,665	(2,836)	10,996	(8,510)
Net cash provided by operating activities	$ 29,250	$ 78,390	$ 127,869	$ 219,508
Non-cash capital and related financing and investing activities:				
Gain (loss) on investments - derivative instruments	$ 18,835	$ (19,771)	$ 29,073	$ (21,368)
Capital asset additions with outstanding accounts payable	$ 6,405	$ 16,126	$ 6,405	$ 16,126
Refunding bond proceeds deposited in escrow	$ —	$ —	$ —	$ 1,362,574

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, Nevada (County), a political subdivision of the State of Nevada (State). The Department, under the supervision of a seven-member 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).

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a private 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. Unless otherwise noted, all accounting and reporting policies remain unchanged as presented in the June 30, 2020 CAFR.

(c) Use of Estimates

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

(d) 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. 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 were to be paid in equal monthly installments beginning July 1, 2020 and continuing through December 31, 2020. 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.

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.

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. Through March 31, 2021, the Department has applied all of the CARES Act allocation against debt service and operating expenditures.

On February 12, 2021, the Department was notified of its eligibility for $41.8 million of funds under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The FAA will distribute these grants under the new Airport Coronavirus Response Grant Program (ACRGP). $5.3 million are specifically designated for relieving rent and minimum annual guarantees for concessionaires.

On March 8, 2021, the American Rescue Plan Act of 2021 was signed into law. This act includes $8.0 billion in funds to be awarded to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. The Department is still awaiting the notification from the FAA regarding the amounts it has been awarded under this program.

2.) CASH, CASH EQUIVALENTS, AND INVESTMENTS

According to State 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 State statutes 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 Airport System are included in the investment pool of the Clark County Treasurer (Treasurer) and the Department's Trustee, the Bank of New York Mellon (Trustee). The following shows how those amounts are distributed as of March 31, 2021 and June 30, 2020 (in thousands):

	March 31, 2021	June 30, 2020
Clark County Investment Pool	$ 814,769	$ 684,882
Cash and Investments with Trustee	322,346	429,426
Custodian Account	2,530	2,050
Cash On Hand or In Transit	2,468	2,646
Total	$ 1,142,113	$ 1,119,004

(a) Clark County Investment Pool

The Treasurer invests monies both by individual funds and through a pooling of funds. The pooled funds, 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.

NRS does not specifically require collateral for demand and time deposits; however, it does 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 market and then apportions the corresponding adjustment to the various participants for the year. The Department's share of the investments held in the investment pool at March 31, 2021 was $814.8 million. The respective allocation percentages of the investments held in the investment pool at March 31, 2021 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	26.9 %	15.3%	6.4%	5.2%	—%
U.S. Agency Obligations	37.3 %	6.2%	17.9%	7.0%	6.2%
Corporate Obligations	16.6 %	2.6%	8.3%	5.7%	—%
Money Market Funds	1.9 %	1.9%	—%	— %	—%
Commercial Paper	5.9 %	5.9%	—%	— %	—%
Negotiable Certificates of Deposit	6.6 %	6.6%	—%	—%	—%
Asset Backed Securities	4.8 %	0.0%	1.1%	3.5%	0.2%
	100.0 %	38.5%	33.7%	21.4%	6.4%

The department's share of the investments held in the investment pool at June 30, 2020 was $684.9 million. 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%

(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 March 31, 2021, 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 Treasury Bills	P-1	A-1+
U.S. Treasury Notes	Aaa	AA+
U.S. Agency Callables	Aaa	AA+
U.S. Agency Non Callables	Aaa	AA+
U.S. Agency Discounts	P-1	A-1+
Corporate Notes	A3	BBB+
Corporate Floaters	Aa2	A+
Money Market Funds	Aaa	AAA
Commercial Paper Discount	P-1	A-1
Negotiable Certificates of Deposit	P-1	A-1
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 value of the County Investment Pool.

At March 31, 2021, the following investments exceeded 5% of the total cash, investments and loaned securities collateral for all entities combined:

Federal Farm Credit Banks	16.47 %
Federal Home Loan Banks	20.32 %
Federal National Mortgage Association	13.54 %

As of June 30, 2020, the following investments exceeded 5% of total cash, investments and loaned securities collateral for all entities combined:

Federal Agricultural Mortgage Corporation	8.81 %
Federal Farm Credit Banks	18.34 %
Federal Home Loan Banks	8.68 %
Federal National Mortgage Association	15.05 %

(f) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

(g) Trustee Cash

In accordance with the Master Indenture of Trust dated May 3, 2003, as amended, between the County and the 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 March 31, 2021, and June 30, 2020, the Trustee held $322.3 million and $429.4 million, respectively, of the Department's cash and investments restricted for debt service reserves and annual debt service payments.

As of March 31, 2021, of the $322.3 million held by the Trustee, $170.7 million was held as cash and cash equivalents invested in United States Government Money Market Funds, and $151.6 million was invested in short-term and long-term investments with the following entities (in thousands):

		Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1	1 to 3	3 to 5
US Treasury Bills	$ 55,998	$ 55,998	$ —	$ —
US Treasury Notes	15,239	15,239	—	—
Federal Agricultural Mortgage Corp Non-Callables	2,044	—	2,044	—
Federal Farm Credit Bank Non-Callables	24,975	9,489	9,211	6,276
Federal Home Loan Bank Callables	—	—	—	
Federal Home Loan Bank Discounts	19,000	19,000	—	—
Federal Home Loan Bank Non-Callables	11,809	1,610	10,198	—
Federal Home Loan Mortgage Corporation Discounts	—	—	—	—
Federal Home Loan Mortgage Corporation Non-Callables	2,042	—	2,042	—
Federal National Mortgage Association Non-Callables	20,537	—	11,711	8,826
	$ 151,644	$ 101,336	$ 35,206	$ 15,102

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 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 Callables	Aaa	AA+

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

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 the following entities (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	12,137	10,069	2,068	—
Federal Farm Credit Bank Non-Callables	25,284	4,069	12,705	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+

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

Custodian Account

Under the master agreements between the Department and the counterparties to each swap, when a counterparty's credit rating falls to an established threshold as defined in each master agreement, the counterparty is required to post collateral equal to the mark-to-market value of the swap.

As of March 31, 2021, the counterparty to Swap #12A was required to post collateral. The County executed the Collateral Account Control Agreement (CACA) for Swap #12A on February 6, 2017. The Bank of New York Mellon agreed to be the custodian for the collateral. Under the CACA, the custodian monitors the collateral posted by the counterparty on behalf of the County. As of March 31, 2021, the counterparty posted cash as collateral with the custodian for Swap #12A at a value of $2.5 million.

(h) Fair Value of Combined Investments and Derivative Instruments

The fair value of the Department's investments and derivative instruments as of March 31, 2021 and June 30, 2020 are as follows (in thousands):

As of March 31, 2021

Investment Type	Fair Value	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements: Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool			
U.S. Treasuries	$ 177,086	$ 177,086	$ —
U.S. Agencies	336,598	9,147	327,451
Corporate Obligations	149,213	—	149,213
Money Market Funds	14,073	14,073	—
Commercial Paper	39,154	—	39,154
Negotiable CD	62,557	—	62,557
Asset Backed Securities	36,089	—	36,089
Subtotal	814,770	200,306	614,464
Debt Securities held by Trustee			
U.S. Treasury Bills	55,998	55,998	—
U.S. Treasury Notes	15,239	15,239	—
Federal Agricultural Mortgage Corp Non-Callables	2,044	—	2,044
Federal Farm Credit Bank Non-Callables	24,975	—	24,975
Federal Home Loan Bank Discounts	19,000	19,000	—
Federal Home Loan Bank Non-Callables	11,809	—	11,809
Federal Home Loan Mortgage Corporation Non-Callables	2,042	—	2,042
Federal National Mortgage Association Non-Callables	20,537	—	20,537
Money Market Funds	170,702	170,702	—
Subtotal	322,346	260,939	61,407
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	3,243	—	3,243
Derivative Instruments - Liability	(36,948)	—	(36,948)
Subtotal	(33,705)	—	(33,705)
Total	$ 1,103,411	$ 461,245	$ 642,166

As of June 30, 2020

Investment Type	Fair Value	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements: 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	2,375	2,375	—
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	684,883	153,350	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	$ 1,043,429	$ 510,585	$ 532,844

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.

The interest rate swaps are valued at fair value. The fair values of the interest rate swaps were estimated using an independent pricing service. The valuations provided were 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.

3.) GRANTS RECEIVABLE

Grants receivable as of March 31, 2021 and June 30, 2020, consists of the following:

	March 31, 2021	June 30, 2020
CARES Act	$ —	$ 26,184
FAA Grants	—	1,983
Total	$ —	$ 28,167

4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included assets those assets funded by Passenger Facility Charges (PFCs) and jet aviation fuel tax revenue because these revenues have been pledged for capital projects and debt service. Restricted assets consist of the following at March 31, 2021 and June 30, 2020 (in thousands):

	March 31, 2021	June 30, 2020
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	$ 30,741	$ 68,342
Cash and investments - PFC	9,821	44,015
Accounts receivable - PFC	6,563	1,529
Grant reimbursements receivable	—	28,167
Interest receivable	82	2,091
Subtotal restricted for capital projects	47,207	144,144
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	46,207	74,047
Cash and investments - other bonds	122,318	194,396
Other receivable	2,556	5,102
Interest receivable	—	2
Subtotal restricted for bond funds	171,081	273,547
Debt service reserves:		
Cash and investments - PFC bonds	35,998	36,174
Cash and investments - other bonds	140,911	145,467
Subtotal restricted for debt service reserves	176,909	181,641
Subordinate and other debt coverage reserves:		
Cash and investments	39,988	39,329
Interest receivable	—	141
Other receivable - Jet A Fuel Tax	1,266	667
Subtotal restricted for subordinate and other debt coverage reserves	41,254	40,137
Subtotal restricted for debt service	389,244	495,325
Other restricted assets:		
Cash and investments - Working capital and contingency	24,262	23,856
Cash and investments - Capital fund and rate stabilization	29,564	28,887
Custodian account	2,530	2,050
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	69,374	67,811
Total restricted assets	$ 505,825	$ 707,280
Restricted assets by class:		
Total current assets	$ 214,612	$ 220,903
Total capital assets	13,018	13,018
Total other non-current assets	278,195	473,359
Total restricted assets:	$ 505,825	$ 707,280

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.

State of Nevada Public Employees' Retirement System

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.

As of March 31, 2021, the Department estimated a net pension liability of $194.9 million; as of June 30, 2020 the Department had a net pension liability of $178.4 million, which represents the Department's percentage, 15.7%, of the County's net pension liability. This percentage was determined based on the contributions to PERS by the Department during fiscal year 2019, relative to the total contributions to PERS by the County during fiscal year 2019.

For the nine months ended March 31, 2021 and 2020, the Department reported pension expense of $21.8 million and $20.4 million, respectively. The actuarial valuation related to the pension plan is prepared annually. Management records estimates during the fiscal year for pension expense, deferred outflows, and deferred inflows, and such amounts are adjusted to actuals at year-end, when the actuarial valuations are received.

Refer to the Department's CAFR as of and for the year ended June 30, 2020, for comprehensive information and related disclosures pertaining to the Department's pension plan as of June 30, 2020. There are no updates to the disclosed information as of the issuance of these financial statements.

6.) OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

OPEB Plans Administered as Trusts

CCSF

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 http://www.clarkcountynv.gov/finance/comptroller/Pages/ClarkCounty,NevadaOPEBTrustFund.aspx.

OPEB Plans Not Administered as Trusts

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/.

Net OPEB Liability and Changes in the Net OPEB Liability

The Department's estimated total net OPEB liability as of March 31, 2021 was $31.3 million. The Department's total net OPEB liability as of June 30, 2020 was $39.9 million and was measured by an actuarial valuation dated June 30,

2018. The Department's portion of the CCSF and RHPP OPEB liabilities as of June 30, 2020 is calculated based on the Department's census data for the plan valuation year. The Department's portion of the PEBP OPEB liability as of June 30, 2020 is allocated to the Department, based on the proportion of the Department's PEBP subsidy payments, during the PEBP actuarial valuation year, in proportion to 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.

Refer to the Department's CAFR as of and for the year ended June 30, 2020, for comprehensive information and related disclosures pertaining to the Department's OPEB plans as of June 30, 2020. There have been no changes to this information as of the issuance of these financial statements.

7.) CHANGES IN CAPITAL ASSETS

Capital asset activity for the nine months ended March 31, 2021 was as follows (in thousands):

	June 30, 2020	Additions	Deletions	Transfers	March 31, 2021
Capital assets, not being depreciated:					
Land	$ 602,650	$ —	$ (850)	$ —	$ 601,800
Avigation easement	332,562	—	—	—	332,562
Construction in progress	97,531	28,460	(3,513)	(55,355)	67,123
Total capital assets, not being depreciated	1,032,743	28,460	(4,363)	(55,355)	1,001,485
Capital assets, being depreciated:					
Land Improvements	1,774,707	—	—	(230)	1,774,477
Buildings and improvements	3,677,876	—	—	32,768	3,710,644
Machinery and equipment	571,820	1,132	(363)	22,817	595,406
Furniture and fixtures	45,651	—	—	—	45,651
Total capital assets being depreciated	6,070,054	1,132	(363)	55,355	6,126,178
Less accumulated depreciation:					
Land improvements	(1,107,718)	(45,691)	—	—	(1,153,409)
Buildings and improvements	(1,357,225)	(75,995)	—	—	(1,433,220)
Machinery and equipment	(409,193)	(19,876)	363	—	(428,706)
Furniture and fixtures	(33,527)	(1,664)	—	—	(35,191)
Total accumulated depreciation	(2,907,663)	(143,226)	363	—	(3,050,526)
Total capital assets being depreciated, net	3,162,391	(142,094)	—	55,355	3,020,297
Total capital assets, net	$ 4,195,134	$(113,634)	$ (4,363)	$ —	$ 4,077,137

8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations from June 30, 2020 to March 31, 2021 are summarized as follows (in thousands):

	June 30, 2020	Additions	Refunding	Pay downs	March 31, 2021	
SENIOR LIEN BONDS:						
2010 Series C Build America Bonds	$ 454,280	$ —	$ —	$ —	$ 454,280	†
2015 Series A	59,915	—	—	—	59,915	†
2019 Series B	240,800		—		240,800	†
2019 Series C	70,510		—	46,875	23,635	†
Sub-Total Senior Lien Bonds	825,505	—	—	46,875	778,630	
SUBORDINATE LIEN BONDS:						
2008 Series A-2	26,760	—	—	9,865	16,895	*
2008 Series B-2	26,785	—	—	9,875	16,910	*
2008 Series C-1	122,900	—	—	—	122,900	*
2008 Series C-2	59,900	—	—	3,125	56,775	*
2008 Series C-3	59,900	—	—	3,125	56,775	*
2008 Series D-1	50,870	—	—	2,200	48,670	*
2008 Series D-2A	100,000	—	—	—	100,000	*
2008 Series D-2B	99,605	—	—	—	99,605	*
2008 Series D-3	120,395	—	—	635	119,760	*
2014 Series A-1	16,710	—	—	2,300	14,410	†
2014 Series A-2	221,870	—	—	—	221,870	†
2017 Series A-1	43,125	—	—	14,045	29,080	†
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	53,565	—	—	19,750	33,815	*
Sub-Total Subordinate Lien Bonds	1,453,870	—	—	64,920	1,388,950	
PFC BONDS:						
2012 Series B	59,830	—	—	4,755	55,075	†
2015 Series C	88,500	—	—	10,810	77,690	†
2017 Series B	58,980	—	—	7,340	51,640	†
2019 Series E	369,045	—		34,410	334,635	†
Sub-Total PFC Bonds	576,355	—	—	57,315	519,040	
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:						
2013 Jet A Fuel Tax Series A	65,945	—	—	5,270	60,675	†
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	307,785	—	—	5,270	302,515	
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	3,239,535	$ —	$ —	$ 174,380	3,065,155	
Premiums, discounts, and imputed debt from termination of hedges:		Additions	Amortization	Deletions		
Unamortized premiums	230,811	$ —	$ (30,124)	$ —	200,687	
Unamortized discounts	(10,059)	—	756	—	(9,303)	
Imputed debt from termination of hedges	3,923	—	(1,471)	—	2,452	
	224,675	$ —	$ (30,839)	$ —	193,836	
Current portion of long-term debt	(174,380)				(166,005)	
Total long-term debt outstanding	$ 3,289,830				$ 3,092,986	

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

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 FY2020 was 3.28. As of March 31, 2021, the Department had $778.6 million in principal of senior lien bonds outstanding.

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 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 operation 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 actual senior and subordinate combined lien coverage for FY 2020 was 1.52. As of March 31, 2021, the Department had $1,389.0 million in principal of subordinate lien bonds outstanding.

On January 19, 2021, the Board approved the replacement of the credit facility associated with the 2008D2-B Bonds previously provided by Royal Bank of Canada to Barclays Bank PLC for a period of three years beginning March 3, 2021 and expiring on March 1, 2024.

Subordinate Lien Bonds from Direct Placements

On December 6, 2017, the County issued the Series 2017 D Airport System Subordinate Lien Refunding Revenue Bonds (Series 2017 D Bonds) for $92.5 million to mature on July 1, 2022. The Series 2017 D is issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A. The Series 2017 D Bonds was issued to refund Series 2011 B-2 Bonds and the Bank of America Preferred Funding Corporation has agreed to purchase the bonds pursuant to the terms and provisions of a Direct Purchase Agreement. The purchase agreement for the Series 2017 D Bonds constitutes a direct placement of debt. The Series 2017 D Bonds 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 March 31, 2021, the Department had $33.8 million in outstanding subordinate lien bonds from direct placements (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.

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 March 31, 2021, the Department had $519.0 million in outstanding PFC bonds.

The Master Indenture of Trust does not require additional coverage for PFC bonds. During the first nine months of FY2021, the Department earned $31.0 million in PFC revenues and $0.7 million in PFC interest income.

Junior Subordinate Lien Debt and Jet A Bonds

The junior subordinate lien debt and Jet A bonds comprise Jet A Fuel Tax bonds and short term 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 March 31, 2021, the Department had $60.7 million in outstanding Jet A bonds and $241.8 million in outstanding short term notes, for a total of $302.5 million in total outstanding third lien debt.

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 March 31, 2021, 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 March 31, 2021, 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 2017 D, 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 lines 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 January 2022 and March 2024.

The following summarizes the credit facilities securing the variable rate bonds at March 31, 2021 (in thousands):

	Bond Series	Credit Provider	Facility Fee Rate	Remarketing Agent	Remarketing Fee Rate
(a)	2008A GO	State Street Bank and Trust	0.35 %	Citi Bank N.A.	0.09 %
(b)	2008A-2	State Street Bank and Trust	0.38 %	J.P. Morgan Securities	0.10 %
(c)	2008B-2	State Street Bank and Trust	0.38 %	Citi Bank N.A.	0.10 %
(d)	2008C-1	Bank of America	1.00%	Bank of America Merrill Lynch	0.07 %
(e)	2008C-2	State Street Bank and Trust	0.40 %	J.P. Morgan Securities	0.09 %
(f)	2008C-3	Sumitomo Mitsui Banking Corporation	0.42 %	Citi Bank N.A.	0.09 %
(g)	2008D-1	Sumitomo Mitsui Banking Corporation	0.49 %	Citi Bank N.A.	0.09 %
(h)	2008D-2A	Wells Fargo Bank, N.A.	0.38 %	Wells Fargo Securities	0.07 %
(i)	2008D-2B	Barclays Bank	1.00%	RBC Capital Markets	0.09 %
(j)	2008D-3	Bank of America	0.40 %	Citi Bank N.A.	0.09 %

	Credit Type	Original Commitment Amount	Term Out	Termination Date
(a)	Line of credit*	$ 45,713	3 years	February 14, 2024
(b)	Letter of credit	53,321	3 years	July 1, 2022
(c)	Letter of credit	53,321	3 years	July 1, 2022
(d)	Letter of credit	130,941	3 years	June 6, 2022
(e)	Letter of credit	76,018	3 years	February 14, 2023
(f)	Letter of credit	76,018	3 years	February 14, 2024
(g)	Letter of credit	62,833	3 years	January 26, 2022
(h)	Letter of credit	106,641	3 years	February 24, 2023
(i)	Letter of credit	106,122	3 years	March 1, 2024
(j)	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 March 31, 2021.

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 is current on all required arbitrage payments. As of March 31, 2021 the Department has estimated its potential arbitrage rebate liability and has accrued $0.01 million to cover this estimated liability.

(c) Deferred Inflows of Resources Related to Debt

The following schedule details the unamortized gains on bond refundings, presented as deferred inflows, at March 31, 2021 and June 30, 2020 (in thousands):

	March 31, 2021	June 30, 2020
2008 Series D-1	$ 27	$ 32
2013 Jet A Fuel Tax Series A	376	619
2014 Series A-1	278	366
2015 Series A	815	851
2017 Series A-1	285	578
2017 Series A-2	1,651	1,720
2017 Series B PFC	663	872
2019 Series A	2,150	2,604
2019 Series C	150	600
2019 Series D	2,468	2,839
Total unamortized gains on refunded bonds	$ 8,863	$ 11,081

(d) 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 March 31, 2021 and June 30, 2020 (in thousands):

	March 31, 2021	June 30, 2020
2008 Series A-2	$ —	$ 1
2008 Series A	434	486
2008 Series B-2	—	1
2008 Series C	582	881
2008 Series D-2	8,688	9,201
2008 Series D-3	523	581
2012 Series B	519	855
2013 Series B	48	59
2014 Series A-2	2,410	2,577
2015 Series C	2,020	2,406
2019 Series E	2,826	3,189
Total unamortized losses on refunded bonds	18,050	20,237
Deferred losses on imputed debt	2,452	3,923
Total other deferred costs	$ 20,502	$ 24,160

(e) Long-term Debt Obligations

The following table summarizes long term debt obligations at March 31, 2021 (in thousands):

	Series		Purpose	Pledged Revenue
Senior Lien Bonds	(a)	2010C	Issued to fund the construction of Terminal 3	Airport System Revenue
	(b)	2015A	Refunded Series 2005A	Airport System Revenue
	(c)	2019B	Refunded Series 2009B	Airport System Revenue
	(d)	2019C	Refunded Series 2010D	Airport System Revenue
Subordinate Lien Bonds	(e)	2008A2	Refunded Series 2006 B1	Airport System Revenue
	(f)	2008B2	Refunded Series 2006 B1	Airport System Revenue
	(g)	2008C1*		Airport System Revenue
	(h)	2008C2*	*Refunded Series 2005 C1A and Series 2005 C1B, Series 2005	Airport System Revenue
	(i)	2008C3*	C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series	Airport System Revenue
	(j)	2008D1*	2005 E1, Series 2005 E2, Series 2005 E3	Airport System Revenue
	(k)	2008D2*		Airport System Revenue
	(l)	2008D3	Refunded Series 2001C	Airport System Revenue
	(m)	2014A1	Refunded Series 2004 A1 and Series 2004 A2	Airport System Revenue
	(n)	2014A2		Airport System Revenue
	(o)	2017A1	Refunded Series 2007 A	Airport System Revenue
	(p)	2017A2		Airport System Revenue
	(q)	2019A	Refunded Series 2009C	Airport System Revenue
	(r)	2019D	Refunded Series 2010B	Airport System Revenue
Bonds from Direct Placements		2017D	Refunded Series 2011 B-2	Airport System Revenue
PFC Bonds	(s)	2012BPFC	Refunded Series 1998A	Revenue
	(t)	2015CPFC	Refunded Series 2007	Revenue
	(u)	2017B PFC	Refunded Series 2007 A1 Bonds and funded a new debt service reserve fund for the Series 2017B Bonds	Passenger Facility Charge Revenue
	(v)	2019E PFC	Refunded Series 2010A PFC	Revenue
Junior Subordinate Lien and Jet A Bonds	(w)	2013A	Refunded Series 2003C	Revenue
	(x)	2017C	Refunded Series 2013 C1	Airport System Revenue
	(y)	2018A	Refunded Series 2014B	Airport System Revenue
General Obligation Bonds	(z)	2008A	Refunded Series 2003A	Airport System Revenue
	(aa)	2013B	Refunded Series 2003B	Airport System Revenue

	Issue Date	Maturity Date	Interest Rate	Original Issue	March 31, 2021
(a)	2/23/2010	7/1/2045	6.82%	$ 454,280	$ 454,280
(b)	4/30/2015	7/1/2040	5.00%	59,915	59,915
(c)	7/1/2019	7/1/2042	5.00%	240,800	240,800
(d)	11/27/2019	7/1/2021	5.00%	70,510	23,635
		Subtotal			778,630
		Unamortized premiums			60,109
		Current portion			(23,635)
		Total Senior Lien Bonds			815,104
(e)	6/26/2008	7/1/2022	weekly variable rate **	50,000	16,895
(f)	6/26/2008	7/1/2022	weekly variable rate **	50,000	16,910
(g)	3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
(h)	3/19/2008	7/1/2029	weekly variable rate **	71,550	53,650
(i)	3/19/2008	7/1/2029	weekly variable rate **	71,550	59,900
(j)	3/19/2008	7/1/2036	weekly variable rate **	58,920	48,670
(k)	3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
(l)	3/19/2008	7/1/2029	weekly variable rate **	122,865	119,760
(m)	4/8/2014	7/1/2024	4.00%-5.00%	95,950	14,410
(n)	4/8/2014	7/1/2036	4.00%-5.00%	221,870	221,870
(o)	4/25/2017	7/1/2022	4.00%-5.00%	65,505	29,080
(p)	4/25/2017	7/1/2040	5.00%	47,800	47,800
(q)	7/1/2019	7/1/2026	5.00%	107,530	107,530
(r)	11/27/2019	7/1/2032	5.00%	296,155	296,155
	12/6/2017	7/1/2022	monthly variable rate †	92,465	33,815
		Subtotal			1,388,950
		Unamortized premiums			67,395
		Unamortized discounts			(9,303)
		Current portion			(84,410)
		Total Subordinate Lien Bonds			1,362,632
(s)	7/2/2012	7/1/2033	5.00%	64,360	55,075
(t)	7/22/2015	7/1/2027	5.00%	98,965	77,690
(u)	4/25/2017	7/1/2025	3.25%-5.00%	69,305	51,640
(v)	11/27/2019	7/1/2033	5.00%	369,045	334,635
		Subtotal			519,040
		Unamortized premiums			65,509
		Unamortized discounts			—
		Current portion			(52,425)
		Total PFC bonds			532,124
(w)	4/2/2013	7/1/2029	5.00%	70,965	60,675
(x)	6/29/2017	7/1/2021	5.00%	146,295	146,295
(y)	6/29/2018	7/1/2021	5.00%	95,545	95,545
		Subtotal			302,515
		Unamortized premiums			5,122
		Current portion			(5,535)
		Total Junior Subordinate Lien and Jet A bonds			302,102
(z)	2/26/2008	7/1/2027	weekly variable rate **	43,105	43,105
(aa)	4/2/2013	7/1/2033	5.00%	32,915	32,915
		Subtotal			76,020
		Unamortized premiums			2,553
		Total General Obligation bonds			78,573
		Imputed debt from termination of hedges			2,452
	Total long-term debt				$ 3,092,986

** Interest on the variable-rate bonds is determined by each remarketing agent and reset weekly.

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

(f) Schedule of Debt Principal and Interest

Principal and interest payments on debt at March 31, 2021, are as follows (in thousands):

	Total		Senior Lien Bonds		Subordinate Lien Bonds **		Subordinate Lien Bonds from Direct Placements		PFC		Jet A Fuel A Tax Bonds Bond Anticipation Notes		General Obligation Bonds	
Fiscal Year Ended June 30,	Principal	Interest	Principal	Interest*	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	—	—		—		—		—		—		—		—
2022	$ 407,845	$ 116,800	$ 23,635	$ 46,609	$ 64,610	$ 34,781	$ 19,800	$ 196	$ 52,425	$ 24,589	$ 247,375	$ 8,941	$ —	$ 1,685
2023	172,970	104,282	—	46,018	98,100	32,008	14,015	58	55,045	21,902	5,810	2,612	—	1,685
2024	152,250	97,272	—	46,018	88,355	28,175	—	—	57,795	19,081	6,100	2,314	—	1,685
2025	140,200	90,881	—	46,018	92,110	24,800	—	—	41,685	16,378	6,405	2,001	—	1,685
2026-2030	681,050	380,066	45,445	226,754	364,940	88,534	—	—	190,380	51,713	36,825	4,749	43,460	8,317
2031-2035	586,445	267,496	92,205	207,651	339,970	44,268	—	—	121,710	12,542	—	—	32,560	3,036
2036-2040	430,785	185,579	175,310	172,769	255,475	12,810	—	—	—	—	—	—	—	—
2041-2045	387,135	103,538	335,560	103,133	51,575	405	—	—	—	—	—	—	—	—
2046-2050	106,475	3,631	106,475	3,631	—	—	—	—	—	—	—	—	—	—
Total	$3,065,155	$1,349,545	$ 778,630	$898,599	$1,355,135	$ 265,781	$ 33,815	$ 254	$ 519,040	$146,205	$ 302,515	$ 20,617	$ 76,020	$ 18,091

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

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. The Department also executed forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds. Some of the Department’s swaps are structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

Refer to the Department's Comprehensive Annual Financial Report as of June 30, 2020, for information and related disclosures pertaining to the Department's interest rate swaps as of June 30, 2020. There have been no significant changes to the comprehensive information and related disclosures pertaining to the Department's interest rate swap as of the date of this report.

The following table summarizes the Department's interest rate swaps (in thousands):

Swap #		Interest Rate Swap Description	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Outstanding National March 31, 2021	June 30, 2020
2		Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	$ 185,855	Financial Products Inc.	A3	BBB+	A	$ 63,888	$ 64,409
4		Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000	Financial Products Inc.	A3	BBB+	A	71,815	83,431
07A	‡	Floating-to-Fixed	2008 A-2	0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	50,675	80,275
07B	‡	Floating-to-Fixed	2008 B-2, 2017 D	0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	UBS AG	Aa3	A+	AA-	50,725	80,350
08A		Floating-to-Fixed	2008C	3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	151,200	Financial Products Inc.	A3	BBB+	A	131,250	135,575
08B		Floating-to-Fixed	2008C	3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	27,750	28,650
08C		Floating-to-Fixed	2008C	3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975	UBS AG	Aa3	A+	AA-	27,750	28,650
09A		Floating-to-Fixed	2008 D-1	1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	41,330	Financial Products Inc.	A3	BBB+	A	34,140	35,680
09B		Floating-to-Fixed	2008 D-1	1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	7,265	7,595
09C		Floating-to-Fixed	2008 D-1	1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795	UBS AG	Aa3	A+	AA-	7,265	7,595
10B		Floating-to-Fixed	2008 D-2A, 2008 D-2B	2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	29,935	29,935
10C		Floating-to-Fixed	2008 D-2A, 2008 D-2B	2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	UBS AG	Aa3	A+	AA-	29,935	29,935
12A	*	Floating-to-Fixed	2008C, 2008 D-3, 2008A GO	0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000	Financial Products Inc.	A3	BBB+	A	200,000	200,000
Total								$1,219,795					$ 732,393	$ 812,080

‡ 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 2017 D Bonds and therefore re-associating $92.5 million in notional of swap #07B with 2017 D 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 2008 A General Obligation Bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap #14B, $201.9 million, was associated both with the principal of the 2008 A 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 derivatives. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and 14B were fully hedged derivatives. 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. 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 2008 D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap#12A were re-associated to 2008 A General Obligation Bonds and 2008 C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and 14B associated to 2008 D-2A, 2008 D2-B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

(b) Changes in Fair Value

The following summary provides the aggregate fair values and the changes in fair values of the Department's interest rate swap agreements for the nine months ended March 31, 2021:

	Assets	Liabilities	Net
Balance as of June 30, 2020	$ 1,920	$ (72,801)	$ (70,881)
Net increase (decrease) in fair value of hedging derivatives	1,432	6,671	8,102
Net increase (decrease) in fair value of investing derivatives	(109)	29,182	29,073
Balance as of March 31, 2021	$ 3,243	(36,948)	$ (33,705)

For the nine-month period ended March 31, 2021 no derivatives were reclassified from hedging derivative instruments to investment derivative instruments. The table below provides the fair values, changes in fair values, and outstanding notional amounts of the Department's interest rate swap agreements as of March 31, 2021 (in thousands):

		Fair Value and Classifications as of March 31, 2021		Changes in Fair Value for the Nine Months Ended March 31, 2021		
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	$ (203)	$ 247	$ —	$ 247
07B ‡	Floating-to-Fixed Interest Rate Swap	Non-current liability	(228)	268	—	268
10B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(3,002)	—	(3,078)	3,078
10C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(3,002)	—	(3,078)	3,078
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	2,637	1,432	—	1,432
Total hedging derivative activities			(3,798)	$ 1,947	$ (6,156)	8,103
				Gain (loss) on Investment	Deferral Included in Gain (loss)	
Investment derivative instruments						
2	Basis Rate Swap	Non-current liability	(632)	155	$ —	155
4	Basis Rate Swap	Non-current asset	606	(109)	—	(109)
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(20,807)	17,055	—	17,055
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(4,402)	3,608	—	3,608
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(4,402)	3,608	—	3,608
09A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(189)	3,337	—	3,337
09B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(40)	710	—	710
09C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(40)	710	—	710
Total investment derivative activities			(29,906)	$ 29,074	$ —	29,074
Total			$ (33,704)			$ 37,177

‡ 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.

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. The total amounts billed for these services for the nine months ended March 31, 2021 and 2020 were $27.8 million and $24.1 million, respectively.

11.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

As of March 31, 2021, the Department's management estimates that construction in progress will require an additional outlay of approximately $141.4 million to bring related 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 Fund's financial position, results of operations or liquidity at March 31, 2021.

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 Department was served with a lawsuit filed by the United States Department of Justice (Plaintiff) regarding a modification to a 1999 lease that the County entered into involving land that is 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 is vigorously defending the claims for back rent.

At this time, the County is unable to predict the outcome of the dispute. The current tenant, Nevada Links, is also a defendant in the litigation and may share responsibility for back payments. Nevada Links submitted an Expert Appraisal Report indicating that the market value of the County's leased fee interest as of September 6, 2011 was $0.9 million. On March 20, 2020, each party submitted their own renewed Motions for Summary Judgment.

In addition to disputing liability, the parties dispute the fair market value and rent of the Bali Hai property as of the relevant date in September 2011. The United States' damages expert calculated past and future damages based on the United States' valuation of the property. Clark County has moved for summary judgment to dismiss the United

States' claim for so-called "future damages," because the County believes they have no legal basis. The United States' claim for past damages through October 2018 is $17.2 million (not including interest), which the United States presumably will update at trial. Through September, 2020, the United States' claim for past damages would be $22.0 million (not including interest).

On February 24, 2021, *U.S. Department of Justice v. Nevada Links and Clark County* was dismissed by the Court. On April 23, 2021, Plaintiff filed a notice of appeal to the US Court of Appeals, Ninth Circuit. This matter is currently awaiting scheduling for a Ninth Circuit mediation assessment conference.

12.) 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.

13.) AIRPORT LAND TRANSFERS

Gross proceeds from the sale or lease of CMA land for the nine months ended March 31, 2021, were $73.5 million. The Department's share of these proceeds was $7.3 million for the nine months ended March 31, 2021. As of March 31, 2021, the Department has $8.0 million payable to the BLM and $0.5 million payable to the State related to CMA land activity.

14.) SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the following significant events occurred:

A. On April 26, 2021, the Office of the County Treasurer for Clark County sent a direction letter to the Bank of New York Mellon to deliver a conditional call notice on April 30, 2021 for the purpose of calling for prior redemption and payment of all outstanding aggregate principal plus accrued interest of the Series 2017D Airport System Subordinate Lien Refunding bonds. This redemption and payment is scheduled for July 1, 2021.

B. The Department continued procedures related to the issuance of the Series 2021A and 2021B Airport Refunding Bonds which will refund the Series 2018A and Series 2017C bonds, respectively. On May 18, 2021, the Board approved and authorized the issuance of such bonds and the issuance date of these bonds is anticipated to be July 1, 2021.

C. On May 24, 2021, the Office of the County Treasurer for Clark County sent separate direction letters to the Bank of New York Mellon to deliver a conditional call notice on June 1, 2021 for the purpose of calling for prior redemption and payment of all outstanding aggregate principal plus accrued interest of the Series 2008A-2 and Series 2008B-2 Airport System Subordinate Lien Revenue bonds. These redemptions and payments are scheduled for July 1, 2021.