Interim Quarterly Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Nine Months Ended March 31, 2024

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INTERNATIONAL
LAS VEGAS

Prepared by the Department of Aviation

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

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CLARK COUNTY, NEVADA
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Introduction

The following is Management's Discussion and Analysis (MD&A) of the financial performance and activity of the Clark County Department of Aviation (Department). The MD&A provides an introduction to and understanding of the financial statements of the Department for the first nine months of fiscal year 2024 (FY 2024), which is the period from July 1, 2023, through March 31, 2024. Certain information is presented in comparison to the fiscal year ended June 30, 2023 (FY 2023), and certain information is presented in comparison to the first nine months of FY 2023. 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 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 Harry Reid International Airport (Airport) and the four other general aviation facilities owned by the County (Airport System). The Airport System comprises the Airport, the seventh-busiest airport in North America by passenger volume in calendar year 2022; 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, 2024, are unaudited and will not contain certain information included in the Annual Comprehensive Financial Report (ACFR) issued by the Department. This Interim Quarterly Financial Report should be read in conjunction with the Department's ACFR for FY 2023.

Activity Highlights

Passenger enplanements for the nine months ended March 31, 2024, totaled 21,557,006 compared to 20,915,527 for the nine months ended March 31, 2023, which is an increase of 3.1%. Aircraft landed weights for the nine months ended March 31, 2024, totaled 23,903,463 thousand pounds compared to 22,826,995 thousand pounds for the nine months ended March 31, 2023, which is an increase of 4.7%. The number of departures for domestic and international flights for the nine months ended March 31, 2024, totaled 194,010, compared to 189,566 for the nine months ended March 31, 2023, which is an increase of 2.3%.

Financial Highlights

Net Position Summary

The following table summarizes assets, liabilities, deferred inflows and outflows of resources, and net position as of March 31, 2024, and June 30, 2023 (in thousands):

	March 31, 2024	June 30, 2023	Change	
Assets				
Current assets	$ 716,324	$ 965,148	$ (248,824)	(25.8)%
Capital assets, net	4,220,997	3,902,409	318,588	8.2 %
Other non-current assets	318,873	465,737	(146,864)	(31.5)%
Total assets	5,256,194	5,333,294	(77,100)	(1.4)%
Deferred outflows of resources	175,065	111,660	63,405	56.8 %
Total assets and deferred outflows of resources	$ 5,431,259	$ 5,444,954	$ (13,695)	(0.3)%
Liabilities, deferred inflows of resources, and net position				
Current liabilities	$ 261,600	$ 333,699	$ (72,099)	(21.6)%
Non-current liabilities	2,574,271	2,703,433	(129,162)	(4.8)%
Total liabilities	2,835,871	3,037,132	(201,261)	(6.6)%
Deferred inflows of resources	155,136	167,437	(12,301)	(7.3)%
Net position				
Net investment in capital assets	1,961,983	1,454,617	507,366	34.9 %
Restricted	422,463	410,879	11,584	2.8 %
Unrestricted	55,806	374,889	(319,083)	(85.1)%
Total net position	2,440,252	2,240,385	199,867	8.9 %
Total liabilities, deferred inflows of resources, and net position	$ 5,431,259	$ 5,444,954	$ (13,695)	(0.3)%

Discussion of Q3 FY 2024 Net Position

Total net position for the Department as of March 31, 2024, was $2,440.3 million. This is an increase of $199.9 million from June 30, 2023. This can be primarily attributed to the following significant changes:

- Current assets
  - At March 31, 2024, current assets decreased $248.8 million from June 30, 2023. The majority of this change was due to decreases in cash and cash equivalents, interest receivable, grants receivable, lease receivable, and other receivables, offset by increases in investments, inventories and prepaid and others. Cash and cash equivalents decreased $316.9 million, driven by $439.3 million in payments for the acquisition and construction of capital assets. Interest receivable decreased $5.3 million, driven by increases in the swap market value and overall interest rates during the period. Grants receivable decreased $4.0 million due to the timing of the FAA grant request payments. Lease receivable decreased by $11.6 million due to the reclassification of short term and long term GASB 87 agreements during the period and reclassification of non-GASB 87 assets. Other receivables, restricted, decreased $7.9 million, due to the timing of the subsidy payments received related to the Department's Build America Bonds (BABs). Investments classified as current assets increased $91.1 million. The fluctuation of the investment balances is driven by the timing of the obligations which they are correlated with as well as the return rates they are tied to. Inventory increased $1.9 million, driven by the purchases of material and supplies for increasing operating activities. Prepaid and other increased by $2.5 million, driven by the increase in prepaid insurance.
- Capital assets
  - At March 31, 2024, capital assets, net of accumulated depreciation, increased $318.6 million from June 30, 2023. This increase was driven by land purchases of $318.6 million and an increase in construction in progress of $139.5 million mainly for construction of the west apron expansion, concourse improvements at D Gates, parking improvements at Terminal 1, and runway rehabilitation. The increase in capital assets was offset by the increase of $137.4 million in accumulated depreciation and amortization.
- Other non-current assets
  - At March 31, 2024, other non-current assets decreased $146.9 million from June 30, 2023. The majority of this change is due to decreases in cash and cash equivalents classified as non-current assets, investments classified as non-current, fair value of the interest rate swaps, and lease receivable classified as non-current. These decreases were offset by increases in net other post retirement benefit asset. Cash and cash equivalents decreased $123.3 million and investments classified as non-current

decreased $13.8 million. The decreases in cash and cash equivalents and investments classified as non-current are both reflective of the Department's treasury needs and timing and planning of non-current obligations. Lease receivable classified as non-current decreased $14.0 million due to normal amortization and reclassification of non-GASB 87 assets. Net other post retirement benefits asset increased $5.5 million, driven by actuarial analysis and actual FY 2023 other post retirement benefits activities.

- Current liabilities
  - At March 31, 2024, current liabilities decreased $72.1 million, from June 30, 2023. Accounts payable from restricted and non-restricted assets decreased $10.5 million, driven by the timing of payments to vendors, including payments due to the Bureau of Land Management and the State of Nevada for land activities. Accrued interest decreased by $33.0 million, driven by the scheduled pay down of debt. Current portion of long-term debt decreased $26.5 million, driven by the lower annual payment amount related to the 2019A Sub Lien Bond.
- Non-current liabilities
  - Non-current liabilities at March 31, 2024, decreased $129.2 million from June 30, 2023. The majority of this is due to decreases in the non-current portion of long-term debt, interest rate swap liability, and other post employment benefits liability, which are offset with an increase in net pension liability. The non-current portion of long-term debt decreased $155.8 million in accordance with scheduled debt payments. Interest rate swap liability decreased $6.1 million, driven by the changes in the fair value of the interest rate swap portfolio. The net other post employment benefits (OPEB) liability decreased $4.3 million, driven by the Department recording its quarterly OPEB activities based on the most recent actuary report. The net pension liability increased $37.8 million. Net pension liability is actuarially determined as of June 30 each fiscal year. This increase was driven by the Department recording its quarterly estimates.

Operating Revenue

Refer to the FY 2023 ACFR for a general discussion regarding the sources that comprise the operating revenue categories, for both aviation and non-aviation related revenues.

The following table provides the rates and fees in effect for the nine months ended March 31, 2024 and 2023:

	March 31, 2024	March 31, 2023
Landing fee (per 1000 lbs.)	$ 0.94	$ 1.32
Terminal rental rate (per square foot)	116.25	127.21
Gate use fee-narrow body (per turn)	276.00	360.00
Gate use fee-wide body (per turn)	414.00	540.00
Gate use lease fee (per annum)	196,408.00	196,414.00
International facility use fee (per deplaned international passenger)	8.50	8.50
Common use ticketing fee (per enplaned passenger)	1.09	1.22

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, 2024, and 2023 (in thousands):

	Nine months ended March 31, 2024	Nine months ended March 31, 2023	Change	
Landing and other aircraft fees	$ 22,008	$ 28,734	$ (6,726)	(23.4)%
Terminal building rentals	88,930	96,963	(8,033)	(8.3)%
Gate use fees	18,673	20,947	(2,274)	(10.9)%
Passenger fee - ticketing & customs and border patrol	12,722	13,145	(423)	(3.2)%
Total	$ 142,333	$ 159,789	$ (17,456)	(10.9)%
Enplaned passengers	21,557	20,916	641	3.1 %
Cost per enplaned passenger*	$ 6.60	$ 7.64	$ (1.04)	(13.6)%

*This figure is not presented in thousands.

The following table summarizes total operating revenue for the nine months ended March 31, 2024, and 2023 (in thousands):

	March 31,			
	2024	2023	Change	
Terminal building and use fees	$ 111,759	$ 120,655	$ (8,896)	(7.4)%
Landing fees and other aircraft fees	30,863	37,005	(6,142)	(16.6)%
Gate use fees	20,596	23,055	(2,459)	(10.7)%
Terminal concession fees	79,933	61,270	18,663	30.5 %
Rental car facility and concession fees				
Rental car facility fees	31,368	29,222	2,146	7.3 %
Rental car concession fees	33,885	34,040	(155)	(0.5)%
Parking and ground transportation fees				
Public and employee parking fees	47,352	45,713	1,639	3.6 %
Ground transportation fees	30,340	28,313	2,027	7.2 %
Gaming fees	47,748	43,316	4,432	10.2 %
Ground rents and use fees	20,994	19,446	1,548	8.0 %
Other				
General aviation fuel sales (net of cost)	8,353	6,586	1,767	26.8 %
Other operating income	7,536	3,113	4,423	142.1 %
	$ 470,727	$ 451,734	$ 18,993	4.2 %

Discussion of Changes in Operating Revenue

Total operating revenue for the Department for the nine months ended March 31, 2024, was $470.7 million, an increase of $19.0 million from the nine months ended March 31, 2023. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
    - The decrease of $8.9 million was driven by a $8.9 decrease in terminal complex rental revenue due to a 8.6% decrease in the signatory terminal complex rental rate.
- Landing fees and other aircraft fees
    - The decrease of $6.1 million was driven by a 28.8% decrease in landing fee rates, partially offset by a 4.7% increase in total landed weights.

- Terminal concession fees
  - The following table summarizes the gross billing and grant credit given for the nine months ended March 31, 2024, and 2022 (in thousands):

	March 31, 2024	March 31, 2023	Change	
Gross billing	$ 79,935	$ 71,699	8,236	11.5%
Concessionaire grants credit applied				
CRRSA grant	—	(842)	842	100.0%
ARPA grant	(2)	(9,587)	9,585	100.0%
Total revenue	$ 79,933	$ 61,270	$ 18,663	30.5%

  The increase of $18.7 million in total revenue was driven by the 3.1% increase in passenger enplanements combined with concessionaire grant credits utilized in FY 23.

- Gaming fees
  - The increase of $4.4 million was driven by the 3.1% increase in passenger enplanements.
- Other operating income
  - The increase of $4.4 was driven by special event fees charged per aircraft at North Las Vegas Airport and Henderson Executive Airport during the Formula 1 Las Vegas Grand Prix in November 2023 and the Super Bowl in February 2024.

Operating Expenses

The following table summarizes total operating expenses for the nine months ended March 31, 2024, and 2023 (in thousands):

	March 31, 2024	March 31, 2023	Change	
Salaries and benefits	$ 96,746	$ 102,844	$ (6,098)	(5.9)%
Professional services	67,078	56,701	10,377	18.3 %
Utilities and communications	27,206	24,301	2,905	12.0 %
Repairs and maintenance	16,017	11,214	4,803	42.8 %
Materials and supplies	17,808	13,890	3,918	28.2 %
General administrative				
Insurance	2,814	2,519	295	11.7 %
Administrative	3,932	3,464	468	13.5 %
	$ 231,601	$ 214,933	$ 16,668	7.8 %

<u>Discussion of Changes in Operating Expenses</u>

Total operating expenses for the Department for the nine months ended March 31, 2024, were $231.6 million, an increase of $16.7 million from the nine months ended March 31, 2023. This can be primarily attributed to the following significant changes:

- Salaries and benefits
  - The decrease of $6.1 million is attributed to the following factors: An increase in salaries and wages of $8.0 million driven by the increased full time employee headcount of approximately 3% comparing March 31, 2024 to March 31, 2023, and an increase of $0.9 million in worker's compensation expenditures. These increases were offset by a decrease in benefits expense of $14.1 million attributed to the actuarilly estimated decreases in OPEB expenditures.
- Professional services
  - The increase of $10.4 million was driven by several factors, including a $3.4 million increase in shuttle service due to an additional contract with a busing company for shuttling employees to a new parking location and a $2.3 million in increase baggage handling support services and security support services due to changes in rate and service scope. Police and fire department services have increased $1.7 million total comparing the nine-month periods. Additionally, expenditures increased due to the Airport's name change, roofing replacement at Terminal 1 offices and C Gates, and the digital roadway signage retrofit.
- Repairs and maintenance
  - The increase of $4.8 million was driven by the overall increase in facility maintenance projects in preparation for special events such as Formula 1 and the Super Bowl, as well as increase in cleaning and custodial services related to increased passenger traffic.
- Materials and supplies
  - The increase of $3.9 million was driven by increases in the usage of general operating and cleaning supplies directly related to increased passenger traffic and special events being hosted in Las Vegas.

Non-Operating Revenue and Expenses

The following table summarizes non-operating revenue and expenses for the nine months ended March 31, 2024, and 2023 (in thousands):

	March 31, 2024	March 31, 2023	Change	
Passenger Facility Charge revenue	$ 82,698	$ 83,233	$ (535)	(0.6%)
Jet A Fuel Tax revenue	12,667	12,934	(267)	(2.1%)
Interest and investment income				
Unrestricted interest income	11,087	9,923	1,164	11.7%
Restricted interest income	11,019	7,027	3,992	56.8%
PFC interest income	3,985	1,782	2,203	123.6%
Unrealized gain on investments – derivative instruments	6,724	5,705	1,019	17.9%
Interest expense	(63,769)	(65,920)	2,151	(3.3%)
Net (loss) gain from disposition of capital assets	(3,429)	14,494	(17,923)	(123.7%)
Other non-operating revenue, net	7,664	6,324	1,340	21.2%
ARPA Act Airport Grant	2,620	2,030	590	29.1%
CRRSA Act Airport Grant	2	148,947	(148,945)	(100.0%)
	$ 71,268	$ 226,479	$ (155,211)	(68.5%)

Discussion of Non-Operating Revenue/Expenses

Non-operating revenue and expenses, net for the Department for the nine months ended March 31, 2024, were $71.3 million, a decrease of $155.2 million from the nine months ended March 31, 2023. This can be primarily attributed to the following significant changes:

- Interest and investment income
  - The total increase of $7.4 million in interest and investment income was primarily driven by higher investment returns from increased interest rates. Additionally, there were unrealized gains from changes in the fair value of investment derivative instruments.
- Net (loss) gain from disposition of capital assets
  - The change in net gains/losses from the disposition of capital assets is driven by land sales. The Department realized $14.5 million related to land sales in the nine-month period ended Q3 FY 2023 with the remaining losses derived from the disposition of other capital assets during the nine-months ended Q3 FY 2024.
- Airport grants
  - The Department had drawn the majority of the CRRSA Act Airport Grant funds by the end of FY 2023. The Department drew $0.6 million more in ARPA Act Airport Grant funds during the nine-months ended Q3 FY 2024 as compared to the same period ended Q3 FY 2023.

Capital Contributions

The following table summarizes capital contributions for the nine months ended March 31, 2024, and 2023 (in thousands):

	Nine months ended March 31, 2024	Nine months ended March 31, 2023	Change	
Capital contributions	$ 32,949	$ 9,531	$ 23,418	245.7%

Discussion of Capital Contributions

Capital contributions during the nine months ended March 31, 2024 were $32.9 million, an increase of $23.4 million from the nine months ended March 31, 2023. This change was due to a decrease of $1.0 million in donations received related to the airport name change fund offset by an increase of $24.4 million in Airport Improvement Program funding.

Outstanding Debt

The following table summarizes outstanding debt obligations at March 31, 2024, and June 30, 2023 (in thousands):

	March 31, 2024	June 30, 2023	Change	
Senior lien bonds	$ 754,995	$ 754,995	$ —	0.0%
Subordinate lien bonds	1,040,475	1,119,375	(78,900)	(7.0%)
PFC bonds	352,340	410,135	(57,795)	(14.1%)
Junior subordinate lien and Jet A bonds	129,880	155,540	(25,660)	(16.5%)
Total bonded debt principal outstanding	2,277,690	2,440,045	(162,355)	(6.7%)
Unamortized premiums	143,006	163,638	(20,632)	(12.6%)
Unamortized discounts	(6,297)	(7,045)	748	(10.6%)
Current portion of long term debt	(135,890)	(162,355)	26,465	(16.3%)
Total outstanding long-term debt obligations	$ 2,278,509	$ 2,434,283	$ (155,774)	(6.4%)

Total outstanding long-term debt obligations as of March 31, 2024, were $2,278.5 million, a decrease of $155.8 million from June 30, 2023. This decrease was primarily related to scheduled payments made during the period.

Looking Forward

Each fiscal year, the Department updates its five-year capital improvement plan. 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 input into 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 Airport

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.

A majority of the airlines who were flying to the Las Vegas area before the COVID-19 pandemic have returned. Las Vegas continues to promote and draw large scale sporting and entertainment events, including the Super Bowl, which was Las Vegas hosted in February 2024. The Las Vegas Grand Prix is also scheduled to take place in November 2024 following its inclusion in the Formula 1 circuit in 2023.

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.harryreidairport.com.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Net Position (Unaudited, in thousands)
As of March 31, 2024, and June 30, 2023

Assets and Deferred Outflows of Resources	March 31, 2024	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 317,681	$ 669,422
Cash and cash equivalents, restricted	108,365	73,475
Investments, restricted	197,334	106,210
Accounts receivable, net of allowance of $559 and $718	50,501	49,422
Accounts receivable, restricted	14,483	14,295
Interest receivable	151	2,732
Interest receivable, restricted	1,382	4,074
Grants receivable, restricted	18	3,993
Lease receivable	3,981	15,588
Other receivables, restricted	5,301	13,207
Inventories	12,163	10,218
Prepaid expenses and other	4,964	2,512
Total current assets	716,324	965,148
Non-current assets:		
Capital assets:		
Capital assets not being depreciated:		
Construction in progress	190,218	76,886
Land	1,024,437	705,795
Land, restricted	13,018	13,018
Perpetual avigation easement	332,562	332,562
Capital assets being depreciated/amortized:		
Land improvements	1,813,851	1,814,641
Buildings and improvements	3,728,813	3,720,290
Furniture and fixtures	36,768	36,770
Machinery and equipment	642,045	626,515
Right of use - leased building	19,085	19,085
Right of use – SBITA	8,271	7,562
	7,809,068	7,353,124
Accumulated depreciation and amortization	(3,588,071)	(3,450,715)
Capital assets, net	4,220,997	3,902,409
Other non-current assets:		
Cash and cash equivalents, restricted	275,353	398,683
Investments, restricted	—	13,833
Net other post retirement benefits asset, restricted	5,539	—
Derivative instruments - interest rate swaps	9,015	10,248
Lease receivable	28,871	42,862
Prepaid expenses	95	111
Total other non-current assets	318,873	465,737
Total non-current assets	4,539,870	4,368,146
Total assets	5,256,194	5,333,294
Deferred outflows of resources:		
Pension	150,064	83,114
Other post employment benefits	13,896	16,179
Hedging derivative instruments	—	—
Losses on bond refundings and on imputed debt	11,105	12,367
Total deferred outflows of resources	175,065	111,660
Total assets and deferred outflows of resources	$ 5,431,259	$ 5,444,954

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, 2024, and June 30, 2023

Liabilities, Deferred Inflows of Resources, and Net Position	March 31, 2024	June 30, 2023
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	$ 61,486	$ 67,672
Other accrued expenses	12,579	14,212
Rents received in advance	17,365	17,922
Total payable from unrestricted assets	91,430	99,806
Payable from restricted assets:		
Accounts payable and other current liabilities	5,480	9,759
Accrued interest	28,800	61,779
Current portion of long-term debt	135,890	162,355
Total payable from restricted assets	170,170	233,893
Total current liabilities	261,600	333,699
Non-current liabilities:		
Payable from unrestricted assets:		
Net pension liability	259,393	221,614
Net other post employment benefits liability	4,122	8,404
Derivative instruments - interest rate swaps	5,512	11,573
Long-term lease liabilities	12,094	13,368
Other non-current liabilities	14,641	14,191
Total payable from unrestricted assets	295,762	269,150
Payable from restricted assets:		
Long-term debt, net of current portion	2,278,509	2,434,283
Total payable from restricted assets	2,278,509	2,434,283
Total non-current liabilities	2,574,271	2,703,433
Total liabilities	2,835,871	3,037,132
Deferred inflows of resources:		
Pension	24,451	9,004
Other post employment benefits	85,362	85,841
Hedging derivative instruments	6,090	7,987
Leases	32,387	55,621
Unamortized gain on bond refundings	6,846	8,984
Total deferred inflows of resources	155,136	167,437
Net position:		
Net investment in capital assets	1,961,983	1,454,617
Restricted for:		
Capital projects	150,286	93,333
Debt service	182,957	235,301
Other	89,220	82,245
Total restricted	422,463	410,879
Unrestricted	55,806	374,889
Total net position	2,440,252	2,240,385
Total liabilities, deferred inflows of resources, and net position	$ 5,431,259	$ 5,444,954

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, 2024 and 2023

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Operating revenues:				
Terminal building and use fees	$ 37,605	$ 38,323	$ 111,759	$ 120,655
Landing fees and other aircraft fees	9,967	12,459	30,863	37,005
Gate use fees	6,861	7,556	20,596	23,055
Terminal concession fees	26,226	13,659	79,933	61,270
Rental car facility and concession fees	21,510	20,095	65,253	63,262
Parking and ground transportation fees	24,763	23,980	77,692	74,026
Gaming fees	15,176	12,863	47,748	43,316
Ground rents and use fees	7,273	7,663	20,994	19,446
Other	6,433	3,228	15,889	9,699
	155,814	139,826	470,727	451,734
Operating expenses:				
Salaries and benefits	32,819	35,236	96,746	102,844
Professional services	22,419	19,782	67,078	56,701
Utilities and communication	9,102	8,406	27,206	24,301
Repairs and maintenance	5,571	4,114	16,017	11,214
Materials and supplies	5,537	5,486	17,808	13,890
General administrative	2,197	1,942	6,746	5,983
	77,645	74,966	231,601	214,933
Operating income before depreciation and	78,169	64,860	239,126	236,801
Depreciation and amortization	47,718	47,688	143,476	143,270
Operating income	30,451	17,172	95,650	93,531
Non-operating revenues (expenses):				
Passenger Facility Charge	30,247	29,929	82,698	83,233
Jet A Fuel Tax	3,863	4,298	12,667	12,934
Interest and investment income	13,439	5,558	32,815	24,437
Interest expense	(21,179)	(19,993)	(63,769)	(65,920)
Net gain from disposition of capital assets	(3,434)	14,190	(3,429)	14,494
Other non-operating revenue	2,550	1,285	7,664	6,324
ARPA Act Airport Grant	1,870	(20,282)	2,620	2,030
CRRSA Act Airport Grant	2	146,919	2	148,947
	27,358	161,904	71,268	226,479
Income before capital contributions	57,809	179,076	166,918	320,010
Capital contributions	10,671	4,886	32,949	9,531
	68,480	183,962	199,867	329,541
Net position, beginning of period	2,371,772	2,031,517	2,240,385	1,885,938
Net position, end of period	$ 2,440,252	$ 2,215,479	$ 2,440,252	$ 2,215,479

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, 2024 2024 and 2022

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Cash received from customers	$ 156,717	$ 74,219	$ 449,844	$ 391,314
Cash paid to employees	(41,968)	(38,078)	(120,119)	(107,244)
Cash paid to outside vendors	(48,555)	(35,429)	(145,479)	(112,362)
Net cash provided by operating activities	66,194	712	184,246	171,708
Cash flows from non-capital financing activities:				
Federal grants and reimbursements received	1,872	126,638	2,622	163,288
Cash flows from capital and related financing activities:				
Passenger Facility Charges received	27,066	26,754	82,511	78,686
Jet A Fuel Tax received	5,024	4,230	13,514	12,815
Acquisition and construction of capital assets	(218,248)	(19,492)	(439,307)	(47,743)
Right of Use - SBITA payments	(243)	(409)	(661)	(1,226)
Federal grants and reimbursements received	10,683	4,885	35,924	10,629
Bond refunding payments	—	—	—	(7,625)
Collateralized agreements with swap counterparties	(2,020)	(1,990)	(4,460)	(110)
Proceeds from CMA land sales	—	101,653	—	104,707
Payments for CMA land sales	—	(2,529)	(4,219)	(5,039)
Proceeds from capital asset disposal	77	4,770	82	4,770
Donations received for airport name change	(10)	—	1,000	1,950
Build America Bonds subsidy	5,113	—	15,339	—
Debt service payments:				
Principal	—	(176,320)	(162,355)	(328,895)
Interest	(57,093)	(58,477)	(117,294)	(122,629)
Lease interest received	153	101	465	247
Lease payments	(411)	(576)	(1,194)	(1,673)
SBITA interest payments	(47)	(34)	(77)	(101)
Net cash flows used by capital and related financing activities	(229,956)	(117,434)	(580,732)	(301,237)
Cash flows from investing activities:				
Interest and investment income received	10,022	9,061	30,973	18,214
Proceeds from maturities of investments	10,040	33,160	160,779	178,776
Purchase of investments	(131,232)	(95,069)	(238,069)	(209,878)
Net cash used by investing activities	(111,170)	(52,848)	(46,317)	(12,888)
(Decrease) increase in cash and cash equivalents	(273,060)	(42,932)	(440,181)	20,871
Cash and cash equivalents, beginning of period	974,459	1,111,264	1,141,580	1,047,461
Cash and cash equivalents, end of period	$ 701,399	$ 1,068,332	$ 701,399	$ 1,068,332
Cash and cash equivalent balances:				
Unrestricted cash and cash equivalents	$ 317,681	$ 726,381	$ 317,681	$ 726,381
Restricted cash and cash equivalents	383,718	341,951	383,718	341,951
Cash and cash equivalents, end of period	$ 701,399	$ 1,068,332	$ 701,399	$ 1,068,332

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, 2024 2024 and 2022

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 30,451	$ 17,189	$ 95,650	$ 93,583
Adjustments to reconcile income from operations to net cash from operating activities:				
Depreciation and amortization	47,718	48,112	143,476	144,544
Changes in operating assets and liabilities:				
Accounts receivable	955	6,395	(1,079)	3,584
Other receivables	—	81	6	81
Inventory	(29)	(465)	(1,945)	(541)
Prepaid expenses	213	805	(3,067)	(1,331)
Lease receivables	1,113	1,614	5,868	(807)
Net other post employment benefits asset	(1,846)	—	(5,539)	24,683
Deferred outflows - pension	(22,435)	(17,772)	(66,950)	(53,350)
Deferred outflows - other post employment benefits	761	1,047	2,283	3,140
Accrued payroll and benefits	(1,785)	(1,896)	(1,634)	(1,525)
Accounts payable	(3,753)	(68,021)	(25,531)	(71,272)
Unearned revenue	(265)	(1,032)	(556)	8,874
Deposits	147	253	723	53
Net pension liability	12,594	32,692	37,782	98,076
Net other post employment benefits liability	(1,427)	(2,303)	(4,282)	(31,590)
Deferred inflows - pension	5,149	(17,959)	15,447	(53,878)
Deferred inflows - other post employment benefits	(160)	3,348	(480)	10,043
Deferred inflows - Leases	(1,207)	(1,376)	(5,926)	(659)
Net cash provided by operating activities	$ 66,194	$ 712	$ 184,246	$ 171,708
Non-cash capital and related financing and investing activities:				
Gain on investments - derivative instruments	$ 5,007	$ 4,546	$ 6,724	$ 5,705
Capital asset additions with outstanding accounts payable	$ 35,160	$ 10,519	$ 35,160	$ 10,519
Refunding bond payments made in escrow account	—	$ (94,165)	—	$ (94,165)
Refunding bond proceeds deposited in escrow account	$ —	$ 83,630	$ —	$ 83,630

See accompanying notes to financial statements.

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation (Department) is a department of Clark County (County), a political subdivision of the State of Nevada (State). The Department, under the supervision of a seven-member Board of County Commissioners (Board) and the County Manager, is established to operate Harry Reid International 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 (collectively referred to as the Airport System). The Board is the governing body of the County; its 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 Annual Comprehensive Financial Report (ACFR). Therefore, these financial statements do not purport to represent the financial position or changes in financial position of the County as a whole.

Refer to the Department's FY 2023 ACFR for information and related disclosures pertaining to Federal grants and other transaction agreements, Passenger Facility Charges (PFC), airline rates and charges, and leases.

(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 FY 2023 ACFR.

(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) Accounting Changes and Restatements

The Department adopted GASB Statement No. 96, Subscription-Based Information Technology (IT) Arrangements (GASB 96), effective for the period beginning July 1, 2022, and reflected in the financial statements for the period beginning July 1, 2021, for comparability purposes. The implementation of this standard requires recognition of certain intangible assets and corresponding liabilities for subscription-based IT arrangements that were previously treated as service contracts, recognizing expenses as the services were used or as payments became due. GASB 96 establishes a unified approach to accounting for subscription-based IT arrangements based on the foundational principle that these arrangements covey control of the right to use a subscription-based IT software as an intangible asset, including additional note disclosure. Under this Statement, subscription-based IT arrangements are required to be recognized as a right-to use subscription asset and a corresponding subscription liability.

The net adjustment to adopt the standard is reflected for the period beginning July 1, 2021. Additional adjustments reflect the reclassification of subscription expenses and related costs in accordance with GASB 96 during FY 2023. Refer to Note 12 of the Department's FY 2023 ACFR for the annual adjustment summary.

2.) CASH, CASH EQUIVALENTS, AND INVESTMENTS

According to Nevada Revised Statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan institutions situated within the County. The County is authorized to use demand accounts, time accounts, and certificates of deposit. State statutes do not specifically require collateral for demand deposits but do specify that collateral for time deposits may be of the same type as that described for permissible investments. Permissible investments are similar to the allowable County investments described below, except the 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 Department are included in the investment pool of the County Treasurer and the Department’s Trustee, the Bank of New York Mellon (Trustee). The following table shows how those amounts are distributed as of March 31, 2024, and June 30, 2023 (in thousands):

	March 31, 2024	June 30, 2023
Clark County Investment Pool	$ 587,475	$ 865,886
Cash and Investments with Trustee	299,440	381,025
Custodian Account	4,680	9,140
Cash On Hand or In Transit	7,138	5,572
Total	$ 898,733	$ 1,261,623

(a) 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.

(b) Interest Rate Sensitivity

As of March 31, 2024, 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 prior to maturity.

- *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.

(c) 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	A2	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

(d) 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, 2024, none of the Department's individual investments exceeded 5% of total Department investments.

As of June 30, 2023, the following investments exceeded 5% of the total Department investments:

Federal Farm Credit Banks (FFCB)	6.47 %
Federal Home Loan Banks (FHLB)	6.46 %
Federal National Mortgage Association (FNMA)	6.71 %

(e) 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.

(f) 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, 2024, and June 30, 2023, the Trustee held $299.4 million and $381 million, respectively, of the Department's cash and investments restricted for debt service reserves and annual debt service payments.

As of March 31, 2024, of the $299.4 million held by the Trustee, $102.1 million was held as cash and cash equivalents invested in United States Government Money Market Funds, and $197.3 million was invested in short-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	$ 174,216	$ 174,216	$ —	$ —
US Treasury Notes	8,905	8,905	—	—
Federal Farm Credit Bank Non-Callables	5,937	5,937	—	—
Federal National Mortgage Association Non-Callables	8,276	8,276	—	—
	$ 197,334	$ 197,334	$ —	$ —

Investment Ratings	Moody's	S&P
US Treasury Bills	P-1	A-1+
US Treasury Notes	Aaa	AA+
Federal Farm Credit Bank Non-Callables	Aaa	AA+
Federal National Mortgage Association Non-Callables	Aaa	AA+

As of June 30, 2023, of the $381.0 million held by the Trustee, $261.0 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $120.0 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	$ 38,645	$ 38,645	$ —	$ —
US Treasury Notes	57,824	57,824	—	—
Federal Farm Credit Bank Non-Callables	7,766	1,991	5,775	—
Federal Home Loan Bank Non-Callables	7,750	7,750	—	—
Federal National Mortgage Association Non-Callables	8,058	—	8,058	—
	$ 120,043	$ 106,210	$ 13,833	$ —

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

(g) Fair Value of Combined Investments and Derivative Instruments

The fair value of the Department's investments and derivative instruments as of March 31, 2024, and June 30, 2023 are as follows (in thousands):

As of March 31,2024		Fair Value Measurements	
Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool	$ 579,312	$ 217,106	$ 362,206
Debt Securities held by Trustee			
U.S. Treasury Bills	174,216	174,216	—
U.S. Treasury Notes	8,905	8,905	—
Federal Farm Credit Bank Non-Callables	5,937	—	5,937
Federal National Mortgage Association Non-Callables	8,276	—	8,276
Money Market Funds	102,106	102,106	—
Subtotal	299,440	285,227	14,213
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	9,015	—	9,015
Derivative Instruments - Liability	(5,512)	—	(5,512)
Subtotal	3,503	—	3,503
Total	$ 882,255	$ 502,333	$ 379,922

As of As of June 30,2023

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		$ 865,887	$ 344,312	$ 521,575
Debt Securities held by Trustee				
U.S. Treasury Bills		38,645	38,645	—
U.S. Treasury Notes		57,824	57,824	—
Federal Farm Credit Bank Non-Callables		7,766	—	7,766
Federal Home Loan Bank Non-Callables		7,750	—	7,750
Federal National Mortgage Association Non-Callables		8,058	—	8,058
Money Market Funds		260,982	260,982	—
Subtotal		381,025	357,451	23,574
Debt Securities Derivative Instruments				
Derivative Instruments - Assets		10,248	—	10,248
Derivative Instruments - Liability		(11,573)	—	(11,573)
Subtotal		(1,325)	—	(1,325)
Total		$ 1,245,587	$ 701,763	$ 543,824

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

3.) GRANTS RECEIVABLE

Grants receivable as of March 31, 2024, and June 30, 2023, consists of the following (in thousands):

	March 31, 2024	June 30, 2023
FAA Grants	$ 18	$ 3,993

4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included Passenger Facility Charges and Jet A Fuel Tax revenue-related assets because these revenues have been pledged for capital projects and debt service. Restricted assets consist of the following as of March 31, 2024, and June 30, 2023 (in thousands):

	March 31, 2024	June 30, 2023
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	$ 32,070	$ 31,290
Cash and investments - PFC	91,537	57,777
Cash and investments - FAA grant reimbursement	37,467	8,506
Accounts receivable - PFC	14,483	14,295
Grant reimbursements receivable	18	3,993
Interest receivable	1,382	3,931
Subtotal restricted for capital projects	176,957	119,792
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	42,723	68,295
Cash and investments - other bonds	116,522	173,551
Other receivable	2,556	10,226
Subtotal restricted for bond funds	161,801	252,072
Debt service reserves:		
Cash and investments - PFC bonds	37,534	36,046
Cash and investments - other bonds	110,082	101,454
Subtotal restricted for debt service reserves	147,616	137,500
Subordinate and other debt coverage reserves:		
Cash and investments	37,774	36,914
Interest receivable	—	143
Other receivable - Jet A Fuel Tax	2,745	2,981
Subtotal restricted for subordinate and other debt coverage reserves	40,519	40,038
Subtotal restricted for debt service	349,936	429,610
Other restricted assets:		
Cash and investments - Working capital and contingency	25,992	25,458
Cash and investments - Capital fund and rate stabilization	44,671	43,770
Custodian account	4,680	9,140
Net other post employment benefits asset	5,539	—
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	93,900	91,386
Total restricted assets	$ 620,793	$ 640,788
Restricted assets by class:		
Total current assets	$ 326,883	$ 215,254
Total capital assets	13,018	13,018
Total other non-current assets	280,892	412,516
Total restricted assets:	$ 620,793	$ 640,788

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, 2024, the Department estimated a net pension liability of $259.4 million. As of June 30, 2023, the Department had a net pension liability of $221.6 million, which represents the Department's percentage, 14.7%, of the County's net pension liability. This percentage was determined based on the contributions to PERS by the Department during the measurement period, relative to the total contributions to PERS by the County during the measurement period.

For the nine months ended March 31, 2024 and 2023, the Department reported pension expense of $11.4 million and $11.5 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 actual at year-end, when the actuarial valuations are received.

Refer to the Department's ACFR as of and for the year ended June 30, 2023, for comprehensive information and related disclosures pertaining to the Department's pension plan as of June 30, 2023. 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 https://www.clarkcountynv.gov/government/departments/finance/boards_and_committees.php.

OPEB Plans Not Administered as Trusts

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 estimates a net OPEB liability of $4.1 million and a net OPEB asset of $5.5 million as of March 31, 2024. The Department's net OPEB liability was $8.4 million and total net OPEB asset was $0 as of June 30, 2023, and both were measured by an actuarial valuation dated June 30, 2022. The Department's portion of the CCSF liability as of June 30, 2023, 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, 2023, 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 ACFR as of and for the year ended June 30, 2023, for comprehensive information and related disclosures pertaining to the Department's OPEB plans as of June 30, 2023. There are no updates to the disclosed information as of the issuance of these financial statements.

7.) CHANGES IN CAPITAL ASSETS

Capital asset activity for the nine months ended March 31, 2024, was as follows (in thousands):

	June 30, 2023	Additions	Deletions	March 31, 2024
Capital assets, not being depreciated:				
Land	$ 718,813	$ 318,642	$ —	$ 1,037,455
Avigation easement	332,562	—	—	332,562
Construction in progress	76,886	139,518	(26,186)	190,218
Total capital assets, not being depreciated	1,128,261	458,160	(26,186)	1,560,235
Capital assets, being depreciated:				
Land Improvements	1,814,641	5,849	(6,639)	1,813,851
Buildings and improvements	3,720,290	8,523	—	3,728,813
Furniture and fixtures	36,770	—	(2)	36,768
Machinery and equipment	626,515	17,578	(2,048)	642,045
Right of Use - Building	19,085	—	—	19,085
Right of Use - SBITA	7,562	1,407	(698)	8,271
Total capital assets being depreciated	6,224,863	33,357	(9,387)	6,248,833
Less accumulated depreciation:				
Land improvements	(1,287,708)	(42,427)	3,151	(1,326,984)
Buildings and improvements	(1,651,894)	(72,633)	—	(1,724,527)
Machinery and equipment	(29,750)	(591)	2	(30,339)
Furniture and fixtures	(472,995)	(25,037)	2,338	(495,694)
Right of Use - Building	(5,453)	(1,363)	—	(6,816)
Right of Use - SBITA	(2,915)	(1,425)	629	(3,711)
Total accumulated depreciation	(3,450,715)	(143,476)	6,120	(3,588,071)
Total capital assets being depreciated, net	2,774,148	(110,119)	(3,267)	2,660,762
Total capital assets, net	$ 3,902,409	$ 348,041	$ (29,453)	$ 4,220,997

8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations from June 30, 2023, to March 31, 2024, are summarized as follows (in thousands):

	June 30, 2023	Additions	Refunding	Pay downs	March 31, 2024	
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	†
Sub-Total Senior Lien Bonds	754,995	—	—	—	754,995	
SUBORDINATE LIEN BONDS:						
2008 Series C-1	122,900	—	—	—	122,900	*
2008 Series D-2A	100,000	—	—	—	100,000	*
2008 Series D-2B	99,605	—	—	—	99,605	*
2008 Series D-3	118,625	—	—	(600)	118,025	*
2014 Series A-1	8,820	—	—	—	8,820	†
2014 Series A-2	221,870	—	—	—	221,870	†
2017 Series A-2	47,800	—	—	—	47,800	†
2019 Series A	107,530	—	—	(47,965)	59,565	†
2019 Series D	220,955	—	—	(30,335)	190,620	†
2021 Series A	71,270	—	—	—	71,270	†
Sub-Total Subordinate Lien Bonds	1,119,375	—	—	(78,900)	1,040,475	
PFC BONDS:						
2015 Series C	54,445	—	—	—	54,445	†
2017 Series B	36,495	—	—	(17,075)	19,420	†
2019 Series E	275,795	—	—	(40,720)	235,075	†
2022 Series B	43,400	—	—	—	43,400	†
Sub-Total PFC Bonds	410,135	—	—	(57,795)	352,340	
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:						
2021 Notes Series B	115,310	—	—	(17,835)	97,475	†
2022 Jet A Fuel Tax Series A	40,230	—	—	(7,825)	32,405	†
Sub-Total Junior Subordinate Lien Debt and Jet A Bonds	155,540	—	—	(25,660)	129,880	
Total Bonds	2,440,045	$ —	$ —	$ (162,355)	2,277,690	
Premiums, discounts, and imputed debt from termination of hedges:		Additions	Amortization	Deletions		
Unamortized premiums	163,638	$ —	$ (20,632)	$ —	143,006	
Unamortized discount	(7,045)	—	748	—	(6,297)	
	156,593	$ —	$ (19,884)	$ —	136,709	
Current portion of long-term debt	(162,355)				(135,890)	
Total Long-Term Debt Outstanding	$ 2,434,283				$ 2,278,509	

* Variable Rate Debt Obligations

† Fixed Rate Bonds

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 FY 2023 was 10.31. As of March 31, 2024, the Department had $755.0 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 2023 was 2.87. As of March 31, 2024, the Department had $1,040.5 million in principal of subordinate lien bonds outstanding.

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, 2024, the Department had $352.3 million in outstanding PFC bonds.

The Master Indenture of Trust does not require additional coverage for PFC bonds.

Junior Subordinate Lien Debt and Jet A Bonds

The junior subordinate lien debt and Jet A bonds comprise Jet A Fuel Tax bonds and 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, 2024, the Department had $32.4 million in outstanding Jet A bonds and $97.5 million in outstanding short term notes, for a total of $129.9 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 four-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, 2024, there was no shortage of Jet A Fuel Tax revenues to cover the Jet A Bonds debt service.

Other Information Related to Debt Issuances

The Department’s outstanding bonds and notes 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 variable rate demand bonds have four associated letters 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 and 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 letter of credit has a three- or four-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 on an accelerated basis in accordance with the agreement. The Department’s letters of credit terminate on dates occurring between June 2025 and July 2027.

On March 1, 2024, Moody's Investors Service upgraded the rating on the airport's subordinate lien and Passenger Facility Charge bonds to Aa2 from Aa3, and upgraded the rating on the airport's junior subordinate lien and Jet A obligations to Aa3 from A1. Moody's also affirmed the rating on the Airport's senior lien bonds at Aa2. The outlook has been revised to stable from positive.

On March 5, 2024, the Board approved a resolution appointing Bank of America Securities, Inc. as replacement remarketing agent for the Airport System Subordinate Lien Revenue Bonds, Series 2008D-3.

The following summarizes the credit facilities securing the variable rate bonds at March 31, 2024 (in thousands):

Bond Series	Credit Provider	Facility Fee Rate	Remarketing Agent	Remarketing Fee Rate	Credit Type	Original Commitment Amount	Term Out	Termination Date
2008 C-1	Bank of America	0.32%	Bank of America Merrill Lynch	0.07%	Letter of credit	130,941,000	3 years	June 6, 2025
2008 D-2A	Wells Fargo Bank, N.A.	0.38%	Wells Fargo Securities	0.07%	Letter of credit	106,641,000	3 years	February 24, 2026
2008 D-2B	Sumitomo Mitsui Banking Corporation	0.40%	RBC Capital Markets, LLC	0.09%	Letter of credit	106,023,000	4 years	July 23, 2027
2008 D-3	Bank of America	0.32%	Bank of America Securities, Inc	0.07%	Letter of credit	130,903,000	3 years	June 2, 2025

* The full commitment amount on the Department's line of credit is unused as of March 31, 2024.

(b) 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, 2024, the Department has estimated its potential arbitrage rebate liability at $0.4 million.

(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, 2024, and June 30, 2023 (in thousands):

	March 31, 2024	June 30, 2023
2014 Series A-1	$ 18	72
2015 Series A	674	709
2017 Series A-2	1,377	1,446
2017 Series B PFC	84	160
2019 Series A	536	787
2019 Series D	1,273	1,512
2022 Series A Jet A Fuel Tax	1,109	1,758
2022 Series B PFC	1,775	2,540
Total unamortized gains on refunded bonds	$ 6,846	$ 8,984

(d) Deferred Outflows of Resources Related to Debt

The Department has incurred deferred costs, which comprise unamortized losses on bond refundings 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, 2024, and June 30, 2023 (in thousands):

	March 31, 2024	June 30, 2023
2008 Series D-2	6,640	7,152
2008 Series D-3	297	353
2014 Series A-2	1,743	1,910
2015 Series C PFC	820	1,091
2019 Series E PFC	1,605	1,861
Total unamortized losses on refunded bonds	11,105	12,367

(e) Long-term Debt Obligations

The following table summarizes long term debt obligations at March 31, 2024 (in thousands):

Series		Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	March 31, 2024
Senior Lien Bonds	2010 C	Issued to fund the construction of Terminal 3	Airport System Revenue	2/23/2010	7/1/2045	6.82%	$ 454,280	$ 454,280
	2015 A	Refunded Series 2005 A	Airport System Revenue	4/30/2015	7/1/2040	5.00%	59,915	59,915
	2019 B	Refunded Series 2009 B	Airport System Revenue	7/1/2019	7/1/2042	5.00%	240,800	240,800
						Subtotal		754,995
						Unamortized premiums		47,009
						Total Senior Lien Bonds		802,004
Subordinate Lien Bonds	2008 C1	Refunded Series 2005 C1A and Series 2005 C1B, Series 2005 C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series 2005 E1, Series 2005 E2, Series 2005 E3	Airport System Revenue	3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
	2008 D2		Airport System Revenue	3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
	2008 D3	Refunded Series 2001 C	Airport System Revenue	3/19/2008	7/1/2029	weekly variable rate **	122,865	118,025
	2014 A1	Refunded Series 2004 A1, Series 2004 A2	Airport System Revenue	4/8/2014	7/1/2024	4.00%-5.00%	95,950	8,820
	2014 A2	Refunded Series 2004 A1, Series 2004 A2	Airport System Revenue	4/8/2014	7/1/2036	4.00%-5.00%	221,870	221,870
	2017 A2	Refunded Series 2007 A1	Airport System Revenue	4/25/2017	7/1/2040	5.00%	47,800	47,800
	2019 A	Refunded Series 2009 C	Airport System Revenue	7/1/2019	7/1/2026	5.00%	107,530	59,565
	2019 D	Refunded Series 2010 B	Airport System Revenue	11/27/2019	7/1/2032	5.00%	296,155	190,620
	2021 A	Refunded Series 2018 A	Airport System Revenue	6/30/2021	7/1/2036	5.00%	71,270	71,270
						Subtotal		1,040,475
						Unamortized premiums		53,336
						Unamortized discounts		(6,297)
						Current portion		(56,465)
						Total Subordinate Lien Bonds		1,031,049
PFC Bonds	2015 C PFC	Refunded Series 2007	Passenger Facility Charge Revenue	7/22/2015	7/1/2027	5.00%	98,965	54,445
	2017 B PFC	Refunded Series 2007 A1 Bonds and funded a new debt service reserve fund for the Series 2017 B Bonds	Passenger Facility Charge Revenue	4/25/2017	7/1/2025	3.25%-5.00%	69,305	19,420
	2019 E PFC	Refunded Series 2010 A PFC	Passenger Facility Charge Revenue	11/27/2019	7/1/2033	5.00%	369,045	235,075
	2022 B PFC	Refunded Series 2012 B PFC	Passenger Facility Charge Revenue	11/23/2022	7/1/2027	5.00%	43,400	43,400
						Subtotal		352,340
						Unamortized premiums		33,817
						Current portion		(50,475)
						Total PFC bonds		335,682

Long term debt obligations at March 31, 2024 (in thousands, continued):

Series		Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	March 31, 2024
Junior Subordinate Lien and Jet A Bonds	2021 B	Refunded Series 2017 C	Airport System Revenue	6/30/2021	7/1/2027	5.00%	125,310	97,475
	2022 A	Refunded Series 2013 A Jet A	Jet Aviation Fuel Tax Revenue	11/23/2022	7/1/2026	5.00%	40,230	32,405
						Subtotal		129,880
						Unamortized premiums		8,844
						Current portion		(28,950)
						Total Junior Subordinate Lien and Jet A bonds		109,774
						Total long-term debt		$ 2,278,509

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

(f) Schedule of Debt Principal and Interest

Principal and interest payments on debt at March 31, 2024, are as follows (in thousands):

	Total		Senior Lien Bonds		Subordinate Lien Bonds		PFC		Jet A Fuel A Tax Bonds Bond Anticipation Notes	
Fiscal Year Ended June 30,	Principal	Interest	Principal	Interest*	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ —	$ 67,989	$ —	$ 33,078	$ —	$ 22,882	$ —	$ 8,782	$ —	$ 3,247
2025	135,890	132,369	—	66,156	56,465	44,356	50,475	16,087	28,950	5,770
2026	136,405	125,596	—	66,156	61,790	41,408	44,355	13,742	30,260	4,290
2027	183,810	117,942	—	66,156	88,020	37,772	64,245	11,269	31,545	2,745
2028	141,790	110,087	14,415	65,796	29,870	35,109	58,380	8,204	39,125	978
2029-2033	520,795	477,170	83,635	317,129	327,585	139,483	109,575	20,558	—	—
2034-2038	488,475	351,378	134,325	289,136	328,840	61,609	25,310	633	—	—
2039-2043	364,460	226,441	216,555	217,159	147,905	9,282	—	—	—	—
2044-2048	306,065	52,658	306,065	52,658	—	—	—	—	—	—
Total	$ 2,277,690	$ 1,661,630	$ 754,995	$ 1,173,424	$ 1,040,475	$ 391,901	$ 352,340	$ 79,275	$ 129,880	$ 17,030

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 ACFR of June 30, 2023, for comprehensive information and related disclosures pertaining to the Department's interest rate swaps as of June 30, 2023. As of July 1, 2023, the Interbank exchange (ICE) Benchmark Administration ceased publishing any LIBOR setting using methodology in place as of December 31, 2021. As a result, effective July 1, 2023, LIBOR is no longer an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt for purposes of GASB Statement 53. No other significant changes have been made to the comprehensive information and related disclosures pertaining to the Department's interest rate swaps as of the date of this report.

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

Swap #	Interest Rate Swap Description	Bonds or Amended Swaps	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Outstanding Notional Mar 31, 2024	June 30, 2023
02	Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	$ 185,855	Citigroup Financial Products Inc.	A2	A	A+	$ 58,964	$ 62,752
04	Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc.	A2	A	A+	22,801	42,628
08A	Floating-to-Fixed	2008C-1, 2008D-2A, 2008D-2B	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc.	A2	A	A+	117,350	122,150
08B	Floating-to-Fixed	2008C-1, 2008D-2A, 2008D-2B	4.0000% to 7/2015, 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	24,800	25,825
08C	Floating-to-Fixed	2008C-1, 2008D-2A, 2008D-2B	4.0000% to 7/2015, 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-	24,800	25,825
09A	Floating-to-Fixed	2008D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	A2	A	A+	29,155	30,880
09B	Floating-to-Fixed	2008D-2A, 2008D-2B	5.0000% to 7/2015, 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	6,205	6,570
09C	Floating-to-Fixed	2008D-2A, 2008D-2B	5.0000% to 7/2015, 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-	6,205	6,570
10B	Floating-to-Fixed	2008D-2A, 2008D-2B	4.0030% to 7/2015, 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	2008D-2A, 2008D-2B	4.0030% to 7/2015, 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	2008D-2A, 2008D-2B, 2008D-3	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc.	A2	A	A+	122,950	182,525
Total							$ 919,795					$ 473,100	$ 565,595

*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, 2024:

	Assets	Liabilities	Net
Balance as of June 30,2023	$ 10,249	$ (11,573)	$ (1,324)
Net increase (decrease) in fair value of hedging derivatives	(1,897)	—	(1,897)
Net increase (decrease) in fair value of investing derivatives	663	6,061	6,724
Balance as of March 31, 2024	$ 9,015	(5,512)	$ 3,503

For the nine month period ended March 31, 2024, 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, 2024 (in thousands):

		Fair Value and Classifications as of March 31, 2024		Changes in Fair Value for the Nine Months Ended March 31, 2024		
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						
10B	Floating-to-Fixed Interest Rate Swap	Non-current asset	$ 1,272	$ 486	$ —	$ 486
10C	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,272	515	—	515
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	3,546	(2,898)	—	(2,898)
Total hedging derivative activities			$ 6,090	$ (1,897)	$ —	$ (1,897)
				Gain on Investment	Deferral Included in Gain (loss)	
Investment derivative instruments						
2	Basis Rate Swap	Non-current liability	$ (213)	$ 714	$ —	$ 714
4	Basis Rate Swap	Non-current asset	45	(100)	—	(100)
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(3,723)	3,757	—	3,757
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(788)	795	—	795
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(788)	795	—	795
09A	Floating-to-Fixed Interest Rate Swap	Non-current asset	2,034	409	—	409
09B	Floating-to-Fixed Interest Rate Swap	Non-current asset	413	67	—	67
09C	Floating-to-Fixed Interest Rate Swap	Non-current asset	433	87	—	87
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	—	200	—	200
Total investment derivative activities			$ (2,587)	$ 6,724	$ —	$ 6,724
Total			$ 3,503			4,828

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, 2024 and 2023 were $40.3 million and $32.8 million, respectively.

11.) LEASES

Refer to the Department's FY 2023 ACFR for comprehensive information and related disclosures pertaining to leases.

Lessor

The Department categorizes leases that meet GASB 87 requirements as Included leases and recognizes a lease receivable, a deferred inflow of resources, interest income, and lease revenue accordingly. As of March 31, 2024, all of the Included leases have terms expiring before fiscal year-end 2034. The financial details of these leases as of March 31, 2024 are summarized below (in thousands):

Beginning Lease Receivable at July 1, 2023	Ending Lease Receivable at March 31, 2024	Receivable Addition (Reduction)	Beginning Deferred Inflows at July 1, 2023	Ending Deferred Inflows at March 31, 2024
$ 58,450	$ 32,853	$ (25,597)	$ 55,621	$ 32,387

The current and non-current lease receivable balances as of July 1, 2023, were $15.6 million and $42.9 million, respectively. As of March 31, 2024, the Department recorded a current portion of $4.0 million and non-current portion of $28.9 million of lease receivable. For the nine months ended March 31, 2024, the Department recognized a total of $0.7 million of lease revenue and $0.8 million of lease interest revenue associated with Included lease payments received.

As of March 31, 2023, all of the Included leases have terms expiring before fiscal year-end 2028 and are summarized below (in thousands):

Beginning Lease Receivable at July 1, 2022	Ending Lease Receivable at March 31, 2023	Receivable Addition (Reduction)	Beginning Deferred Inflows at July 1, 2022	Ending Deferred Inflows at March 31, 2023
$ 34,168	$ 34,976	$ 808	$ 32,636	$ 31,976

The current and non-current lease receivable balances as of July 1, 2022 were $13.3 million and $20.9 million, respectively. As of March 31, 2023, the Department recorded a current portion of $15.3 million and non-current portion of $19.7 million of lease receivable. For the nine months ended March 31, 2023, the Department recognized a total of $12.3 million of lease revenue and $0.7 million of lease interest revenue associated with Included lease payments received.

Lessee

The Department entered into a twenty-two year lease agreement for the use of an administrative office building located adjacent to the Airport on August 7, 2007. Effective May 1, 2023, the Department partially terminated its lease of certain spaces in the building. The Department surrendered the space subject to termination of the lease, as required by the lease amendment. The Department recognizes a lease payable, interest expense, right of use asset net of accumulated amortization and amortization expense accordingly. The financial details of the lease agreement as of March 31, 2024 are summarized below (in thousands):

Beginning Lease Payable at July 1, 2023	Ending Lease Payable at March 31, 2024	Payable Reduction
$ 14,975	$ 13,782	$ (1,194)

The current and non-current lease payable balances as of July 1, 2023 were $1.6 million and $13.4 million, respectively. As of March 31, 2024, the Department recorded a current portion of $1.7 million and non-current portion of $12.1 million of lease payable. For the nine months ended March 31, 2024, the Department recognized interest expense of $0.3 million and amortization expense of $1.4 million, related to the right of use asset for the building.

Refer to the summary of lease payable for the building as of March 31, 2023 below (in thousands):

Beginning Lease Payable at July 1, 2022	Ending Lease Payable at March 31, 2023	Payable Reduction
$ 24,772	$ 23,099	$ 1,673

The current and non-current lease payable balances as of July 1, 2022 were $2.3 million and $22.5 million, respectively. As of March 31, 2023, the Department recorded a current portion of $2.4 million and non-current portion of $20.7 million of lease payable. For the nine months ended March 31, 2023, the Department recognized interest expense of $0.5 million and amortization expense of $2 million, related to the right of use asset for the building.

GASB 96 Subscription-Based IT Arrangements

The subscription based information technology arrangements (SBITA) activities for the nine months ended March 31, 2024, are summarized below (in thousands):

Beginning SBITA Payable at July 1, 2023	Payable Reduction	Ending SBITA Payable at March 31, 2024
$ 4,296	$ (77)	$ 4,373

The current and non-current portions of SBITA payable as of July 1, 2023 were $1.7 million and $2.6 million, respectively. The current and non-current portion of SBITA payable as of March 31, 2024, are $1.8 million and $2.6 million, respectively. The current and non-current portion of SBITA payables are reported under different line items on the Statement of Net Position. The current portion is included within Accounts payable and other current liabilities and the non-current portion is recognized within Other non-current liabilities. For the nine months ended March 31, 2024, the Department recognized interest expense of $0.1 million and amortization expense of $1.4 million, related to the right of use asset for the SBITAs.

Refer to the summary of SBITA activities for the nine months ended March 31, 2023, below (in thousands):

Beginning SBITA Payable at July 1, 2022	Payable Reduction	Ending SBITA Payable at March 31, 2023
$ 4,544	$ 186	$ 4,358

The current and non-current portions of SBITA payable as of July 1, 2022 were $1.6 million and $3.0 million, respectively. The current and non-current portion of SBITA payable as of March 31, 2024, are $1.6 million and $2.7 million, respectively. For the nine months ended March 31, 2023, the Department recognized interest expense of $0.1 million and amortization expense of $1.3 million, related to the right of use asset for the SBITAs.

Variable payments related to certain of the Department's SBITAs are contingent upon the number of seat licenses. Management has assessed the impact of the potential variable payments related to seat licenses and determined these potential payments to be immaterial. There were no other material outflows related to early termination fees or other service-related fees beyond the recognized subscription liability.

12.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

As of March 31, 2024, the Department's management estimates that construction in progress will require an additional outlay of approximately $301.3 million to bring related active 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, 2024.

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.

13.) RISK MANAGEMENT

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

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

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

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

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

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

Settled claims from these risks have not exceeded commercial insurance coverage during the nine months ended March 31, 2024.

14.) AIRPORT LAND TRANSFERS

Gross proceeds from the lease of land related to the Cooperative Management Area for the nine months ended March 31, 2024, were $3.5 million . The Department's share of these proceeds was $0.4 million for the nine months ended March 31, 2024. As of March 31, 2024, the Department has $0.9 million payable to the Bureau of Land Management and $0.05 million payable to the State related to such leases.

15.) SUBSEQUENT EVENTS

1. On April 2, 2024, the Department issued Airport System Subordinate Lien Refunding Revenue Bonds, Series 2024A, and Airport System Junior Subordinate Lien Revenue Notes, Series 2024B. The proceeds from the issuance of Series 2024A Bonds were used to refund all of the outstanding Clark County, Nevada Airport System Subordinate Lien Bonds Series 2014A-2, and refund all of the outstanding Clark County, Nevada, Airport System Subordinate Lien Bonds, Series 2008D-3. The proceeds from the issuance of Series 2024B Notes were used to finance the costs of the acquisition cost of certain real property for the Department.

2. On May 20, 2024, S&P Global Ratings raised its long-term rating to AA from AA- on the Airport System Senior Lien Revenue Bonds and also raised its long-term rating to AA- from A+ on the Airport System Subordinate, PFC, and Junior Subordinate Lien Bonds. The rating outlook is stable.