

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

Comprehensive Annual Financial Report

For the Years Ended June 30, 2020 and 2019



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Comprehensive Annual Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Fiscal Years Ended June 30, 2020 and 2019



Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

Clark County Board of Commissioners

Marilyn Kirkpatrick, Chair

Lawrence Weekly, Vice Chair

Larry Brown

James B. Gibson

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Richard "Tick" Segerblom

County Manager's Office

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Kevin Schiller, Assistant County Manager

Randall J. Tarr, Assistant County Manager

Jeffrey M. Wells, Assistant County Manager

Department of Aviation

Rosemary A. Vassiliadis, Director

James Chrisley, Deputy Director

Ralph Lepore, Deputy Director

Joseph M. Piurkowski, Airport Chief Financial Officer

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

INTRODUCTORY SECTION

Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	4
Organization Chart.....	5

FINANCIAL SECTION

Independent Auditor's Report.....	7
Management's Discussion and Analysis.....	10
Financial Statements:	
Statements of Net Position.....	31
Statements of Revenues, Expenses, and Changes in Net Position.....	33
Statements of Cash Flows.....	34
Notes to Financial Statements.....	36
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability.....	110
Schedule of Defined Benefit Plan Contributions.....	112
Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios.....	113
Schedule of Other Post Employment Benefit Plan Contributions - CCSF.....	116
Supplementary Information:	
Schedule of Airport Revenue Bond Debt Service Coverage.....	118

STATISTICAL SECTION

Overview of Information Provided in the Statistical Section.....	120
Schedule of Revenues, Expenses, and Changes in Net Position, Budget vs. Actual.....	122
Summary of Changes in Net Position.....	123
Summary of Net Position.....	125
Summary of Operating Expenses.....	126
Summary of Non-operating Income and Expenses.....	127
Summary of Operating Revenues.....	128
Summary of Restricted Revenues.....	129
Schedule of Airport Revenue Bond Debt Service Coverage.....	130
Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses.....	131
Outstanding Debt Principal Balance by Type.....	132
Visitor, Convention, and Room Statistics.....	133
Demographic and Economic Statistics.....	134
Employment by Industry.....	135
Passenger and Operating Statistics.....	136
Market Share of Air Carriers.....	137
Per Passenger Calculations.....	138
Full Time Equivalent Employees.....	139
Nature, Volume, and Usage of Capital Assets.....	140

Introductory Section



Department of Aviation

ROSEMARY A. VASSILIADIS
DIRECTOR

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November 25, 2020

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

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

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

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

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

Reporting Entity

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

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

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



Clark County Board of Commissioners

Marilyn Kirkpatrick, Chair • Lawrence Weekly, Vice Chair
Larry Brown • James B. Gibson • Justin C. Jones • Michael Naft • Tick Segerblom

Economic Outlook

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

Financial Information

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

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

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

Awards

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

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

Acknowledgments

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

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

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

Sincerely submitted,

A handwritten signature in black ink, appearing to read "Rosemary A. Vassiliadis". The script is fluid and cursive.

Rosemary A. Vassiliadis
Director of Aviation

A handwritten signature in black ink, appearing to read "Joseph M. Piurkowski". The script is fluid and cursive.

Joseph M. Piurkowski
Airport Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Clark County Department of Aviation
Nevada**

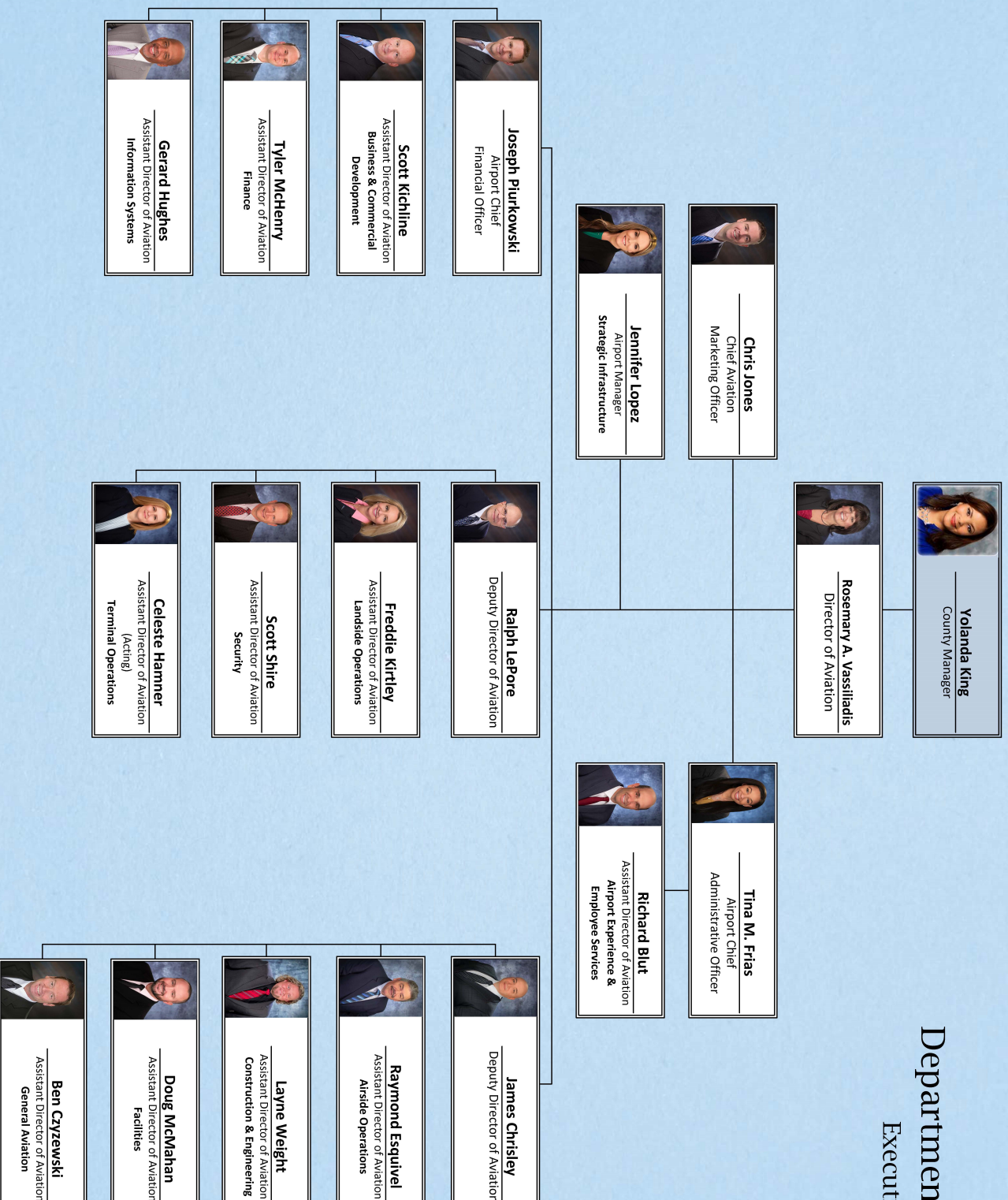
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

Department of Aviation Executive Team



Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Clark County Department of Aviation (the "Department"), an enterprise fund of Clark County, Nevada (the "County") as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, schedule of defined benefit plan contributions, schedule of changes in the net other post employment benefit plan liability and related ratios, and schedule of other post employment benefit plan contributions – CCSF, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, stylized font.

Crowe LLP

Costa Mesa, California
November 25, 2020

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Introduction

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

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

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

Overview of Financial Statements

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

The Statements of Net Position present information on all the Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2020 and 2019. The Statements of Revenues, Expenses, and Changes in Net Position present financial information showing how the Department's net position changed during the fiscal years ended June 30, 2020 and 2019. The Statements of Cash Flows relate the inflows and outflows

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

of cash and cash equivalents as a result of the financial transactions that occurred during these two fiscal years, and also includes a reconciliation of operating income to net cash provided by operating activities.

Activity Highlights

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Financial Highlights

Net Position Summary

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

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

Discussion of FY 2020 Net Position

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Discussion of FY 2019 Net Position

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

– Current assets

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

– Other non-current assets

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

– Capital assets

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

– Current liabilities

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

– Non-current liabilities

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Operating Revenue

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

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

General Discussion of Operating Revenues

Aviation Revenues

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

Terminal building and use fees

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

Landing fees

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Gate use fees

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

Non-Aviation Revenues

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

Terminal concession fees

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

Rental car facility and concession fees

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

Parking and ground transportation fees

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Gaming fees

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

Ground rents and use fees

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

Other

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

Discussion of FY 2020 Operating Revenues

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Discussion of FY 2019 Operating Revenues

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Operating Expenses

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

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

Discussion of FY 2020 Operating Expenses

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

Discussion of FY 2019 Operating Expenses

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

Non-Operating Revenues and Expenses

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

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

Discussion of FY 2020 Non-Operating Revenues/Expenses

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

Discussion of FY 2019 Non-Operating Revenues/Expenses

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Capital Contributions

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

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

Discussion of FY 2020 Capital Contributions

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

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

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

Discussion of FY 2019 Capital Contributions

Capital contributions during FY 2019 increased by \$14.8 million from FY 2018, largely due to reimbursements received from the FAA for approved capital projects. During FY 2019, the Department recorded \$14.6 million in capital contributions related to amounts reimbursable to the Department from the FAA, compared to \$1.2 million in FY 2018, an increase of \$13.4 million. The major FAA grant-funded projects in FY 2019, for which the Department

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

received reimbursement, included a project to extend/construct parallel Taxiway C, the rehabilitation of certain runways, and certain studies related to airfield geometry and airport layout.

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

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

Outstanding Debt

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

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

Discussion of FY 2020 Debt

Total outstanding bonded debt for FY 2020 was \$3,239.5 million, a decrease of \$512.2 million, from \$3,751.7 million in FY 2019. The decrease was primarily related to the paydown of scheduled bond principal payments that were made in conjunction with the bond refundings executed in FY 2020 (Refer to Note 8 for additional information related to the refundings). Additionally, on November 8, 2019, the outstanding aggregate principal balance for the Series 2010 F-2 Bonds of \$60.3 million, was called for full redemption and the outstanding aggregate principal

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

balance for the Series 2011 B-1 Bonds of \$53.5 million, was called for full redemption. A portion of the outstanding debt during FY 2020 was at a naturally or synthetically fixed interest rate debt, due to interest rate swap agreements. Refer to Note 9 for further detail regarding the Department's swap portfolio. The Department's credit ratings remained unchanged from FY 2019 to FY 2020 (Refer to Note 15 for related credit rating changes subsequent to FY 2020). Refer to Note 8 for further detail regarding long-term debt obligations.

Discussion of FY 2019 Debt

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

Current Highlights and Looking Forward

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

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

Additional Information

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

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

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

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

(b) Basis of Accounting

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(c) Cash and Cash Equivalents

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

(d) Investments

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

(e) Accounts Receivable

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

(f) Inventories

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

(g) Capital Assets

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(h) Derivative Instruments

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

(i) Deferred Outflows and Inflows of Resources

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(j) Federal Grants and Other Transaction Agreements

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

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

(k) Passenger Facility Charge

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

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

(l) Airline Rates and Charges

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

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

* Figures are reported in thousands.

(m) Restricted Assets and Liabilities

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

(n) Budgetary Control

As an enterprise fund of the County, the Department is subject to the budgetary requirements of the State of Nevada (State), including budgetary hearings and public meetings as required by the County's overall budget

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

process. Accordingly, the Board approves the Department's annual budget and any subsequent changes thereto. The Department's budget is prepared using the accrual basis of accounting, and actual expenses cannot exceed total budgeted operating expenses without action pursuant to the State's budgetary requirements. Appropriations for operating expenses lapse at the end of each fiscal year.

(o) Use of Estimates

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

(p) Net Position

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

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

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

(q) Reclassification

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(r) New Accounting Guidance

New Accounting Guidance - Recently Adopted

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

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

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

(s) Recent Event

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

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

2.) CASH AND INVESTMENTS

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

(a) Clark County Investment Pool

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

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

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. Once per year, the County records the investments in

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

the Treasurer Investment Pool at fair market and then apportions the corresponding adjustment to the various participants for the year. The Department's apportioned share of the fair value adjustment made at June 30, 2020 and 2019, was \$18.5 million and \$6.2 million, respectively; the Department's share of the investments held in the investment pool at June 30, 2020 and 2019 was \$684.9 million and \$824.8 million, respectively. The respective allocation percentages of the investments held in the investment pool at June 30, 2020 are as follows:

Investment Type	Fair Value	Percentage Share of Investment Maturities (in years)			
		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 %
	<u>100.0 %</u>	<u>42.5 %</u>	<u>28.9 %</u>	<u>18.6 %</u>	<u>10.0 %</u>

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

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

(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.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(c) Interest Rate Sensitivity

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

- *Callable securities* are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem, or call, a security before maturity, either on a given date or, generally, on coupon dates.
- *Asset Backed Securities* are financial securities backed by a loan, lease, or receivable against assets other than real estate and mortgage backed securities. These securities are subject to interest rate risk in that the value of the assets fluctuates inversely with changes in the general levels of interest rates.
- *A Corporate Note Floater* is a note with a variable interest rate that is usually, but not always, tied to an index.
- *Step-up or step-down securities* have fixed rate coupons for a specific time interval that will step up or step down a predetermined number of basis points at scheduled coupon dates or other reset dates. These securities are callable either one time or on their coupon dates.

(d) Credit Risk

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

(e) Concentration of Credit Risk

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

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

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

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

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

(f) Trustee Cash

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(g) Fair Value of Combined Investments and Derivative Instruments

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

As of As of June 30, 2019

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

3.) GRANTS RECEIVABLE

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
CARES Act	\$ 26,184	\$ —
FAA Grants	1,983	4,191
TSA OTA	—	2,363
Total	<u>\$ 28,167</u>	<u>\$ 6,554</u>

4.) RESTRICTED ASSETS

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

5.) RETIREMENT SYSTEM

Plan Description

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

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

Benefits Provided

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Vesting

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

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

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

Contributions

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

Summary of Significant Accounting and Reporting Policies

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

Basis of Accounting

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

Investment Policy

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

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Net Pension Liability

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

Net Pension Liability Discount Rate Sensitivity

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Actuarial Assumptions

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

6.) OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

OPEB Plans Administered as Trusts

Plan Description

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

Benefits Provided

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

Basis of Accounting

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

Contributions

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

OPEB Plans Not Administered as Trusts

Plan Descriptions

CC RHPP

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

PEBP

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

Benefits Provided

CC RHPP

CC RHPP provides medical, dental, vision, prescription drug, and life insurance benefits to eligible retirees and beneficiaries. Retirees are eligible to continue coverage in the HMO Plan as a participant with active employees at a blended premium rate, resulting in an implicit subsidy. Benefit provisions are established and amended through negotiations between the respective unions and the County. Benefit payments were \$0.2 million and \$0.2 million during the fiscal years ended June 30, 2019 and 2018, respectively. A total of \$0.2 million in estimated benefit

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

payments were made during the fiscal year ended June 30, 2020; these benefit payments after the plan measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

PEBP

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

Net OPEB Liability and Changes in the Net OPEB Liability

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Employees Covered by Benefit Terms

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

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

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

Actuarial assumptions and other inputs:

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

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

* The discount rate was based on blending of Bond Buyer 20-Bond GO Index and Expected Return on Assets Assumption.

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

* The discount rate was based on the Bond Buyer 20-Bond GO Index.

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

Rationale for Assumptions:

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

Changes in Assumptions

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

CCSF

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

CC RHPP and PEBP

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

All Post Employment Benefit Plans

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

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

Discount Rate Information and Discount Rate Sensitivity

CCSF

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CC RHPP and PEBP

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Healthcare Cost Trend Rate Sensitivity

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

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

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

reported as deferred outflows of resources and deferred inflows of resources, related to OPEB, will be recognized in OPEB expense as follows (in thousands):

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

7.) CHANGES IN CAPITAL ASSETS

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

* Variable Rate Debt Obligations

† Fixed Rate Bonds

‡ Bond Anticipation Notes

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

* Variable Rate Debt Obligations

† Fixed Rate Bonds

‡ Bond Anticipation Notes

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

Senior Lien Bonds

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

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

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

Subordinate Lien Bonds

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

Subordinate lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

Subordinate Lien Bonds from Direct Placements

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

PFC Bonds

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

Junior Subordinate Lien Debt and Jet A Bonds

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

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

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

General Obligation Bonds

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

Other Information Related to Debt Issuances

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

on an accelerated basis. The Department's line and letters of credit terminate on dates occurring between December 2020 and February 2024. Refer to Note 15 for additional information related to the letters of credit terminating within the next fiscal year.

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

(c) Arbitrage Rebate Requirement

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Senior Lien Bonds

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

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

Subordinate Lien Bonds

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

payments due on January 1 and July 1 of each year, and staggered scheduled principal payments due on July 1 of each year until the scheduled maturity date of July 1, 2032.

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

PFC Bonds

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

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

(e) Long-term Debt Obligations

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

June 30, 2020

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

June 30, 2019

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(f) Schedule of Pledged Revenues

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

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

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

(g) Schedule of Debt Principal and Interest

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

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CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

(h) Deferred Outflows of Resources Related to Debt

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(i) Deferred Inflows of Resources Related to Debt

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) Interest Rate Swaps

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

payment, as modified by the swap rate factor, and the future cash receipt due on the date of each and every future net settlement on the swap were netted, and each netting was then discounted using the discount factor implied by the LIBOR yield curve for a hypothetical zero-coupon rate bond due on the date of the future net settlement. These discounted nettings were then summed to arrive at the mark-to-market value of the swap.

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

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

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

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CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

(b) Derivative Instruments

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

- * On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, (as well as swaps #11, and #13, not presented above). To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated \$162.2 million of \$229.9 million notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively. Swap #17 was terminated on November 19, 2013. Swaps #15, #16, and #18 were terminated on December 19, 2018.
- ‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds.
- ** On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. The \$4.48 million of the entire notional amount of swap #14A, \$73.0 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative instrument. The entire notional amount of swap #14B, \$201.9 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivative instruments. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and #14B were fully hedged derivative instruments. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative instrument. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the \$47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while \$29.1 million and \$0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(c) Hedging Derivative Instruments

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

Forward Starting Swap Agreements – Hedging Derivative Instruments

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

Notional Amounts and Fair Values - Hedging Derivative Instruments

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Associated Debt Cash Flows - Hedging Derivative Instruments

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

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

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

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

Credit Risk - Hedging Derivative Instruments

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

Basis and Interest Rate Risk – Hedging Derivative Instruments

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

Tax Policy Risk – Hedging Derivative Instruments

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

Termination Risk – Hedging Derivative Instruments

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Market Access Risk - Hedging Derivative Instruments

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

Foreign Currency Risk - Hedging Derivative Instruments

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

Rollover Risk and Other Risks – Hedging Derivative Instruments

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

d) Investment Derivative Instruments

Credit Risk - Investment Derivative Instruments

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

Interest Rate Risk – Investment Derivative Instruments

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

10.) PAYMENTS TO CLARK COUNTY

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

11.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

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

(b) Litigation and Claims

General Litigation

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

Other Litigation

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

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

The County was served with a lawsuit filed by the Department of Justice regarding a modification to a 1999 lease that the County entered into involving land subject to the Southern Nevada Public Lands Management Act. The

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

12.) RENTALS AND OPERATING LEASES

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

13.) RISK MANAGEMENT

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

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

14.) AIRPORT LAND TRANSFERS

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

1. Valid existing rights;
2. Agreement that the land be managed in accordance with the law, with 49 U.S.C. §47504 (relating to airport noise compatibility planning), and with regulations promulgated pursuant to that section;
3. Agreement that, if any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall contain a limitation that requires uses be compatible with the Interim Cooperative Management Agreement and with Airport Noise Compatibility Planning provisions (14 C.F.R. Part 150); and
4. Agreement that, if any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall be at fair market value. The Department contributes 85% of the gross proceeds from the sale, lease, or other conveyance of such land directly to the BLM for use in purchasing, improving, or developing other land for environmental purposes. The Department contributes 5% of the gross proceeds from the sale, lease, or other conveyance of such land directly to the State for use in its general education program. The remainder is available for use by the Department for the benefit of airport development and the Noise Compatibility Program.

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

and \$6.2 million, respectively. . The Department's share of these proceeds were \$1.1 million and \$0.6 million for the years ended June 30, 2020 and 2019, respectively.

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

15.) SUBSEQUENT EVENTS

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

1. On November 5, 2020, S&P Global Ratings lowered it's long-term rating and underlying rating to A+ from AA- on the Department's senior airport system revenue bonds and lowered to A from A+ the long-term rating and underlying rating on the Department's subordinate-lien debt and PFC revenue debt, the junior-subordinate lien, and the underlying rating on the jet aviation fuel tax bonds.
2. On October 20, 2020, the Board approved the extension of the credit facility associated with the 2008C-1 Bonds provided by Bank of America, N.A. for a period of eighteen months as well as the credit facility associated with the 2008D-2B Bonds provided by Royal Bank of Canada for a period of ninety days, respectively. The Department is actively working to finalize a new agreement which would extend the credit facility associated with the 2008D-2B Bonds an additional two to three years.
3. On October 6, 2020, the Board authorized the Department to execute letters of agreement with concessionaires which would extend the terms of their current agreements by an additional year and would also modify MAG obligations. Effective November 1, 2020, MAG was reduced by 75% for concessionaires. Beginning January 2021, the MAG will then be recalculated for each agreement on the specified recalculation date, as per normal procedures. In some instances, MAG is being waived for concessionaires who are affected by major construction or concourse closures for the period of the closure or construction.
4. On July 21, 2020, the Board approved an amendment to the Agreement (2020 Amendment) which extended the terms of the Agreement through June 30, 2021 with extension options through June 30, 2030. Effective July 1, 2020, a total of 13 signatory airlines have agreed to the 2020 Amendment.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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

REQUIRED SUPPLEMENTARY INFORMATION

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CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

Schedule of Proportionate Share of Net Pension Liability

Last Ten Fiscal Years *

(in thousands)

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

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

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

Changes in assumptions:

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

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

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

<u>FY 2015</u>	
\$	130,301
	1.25%
\$	73,355
	177.63%
\$	33,575,081
	76.30%

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

Schedule of Defined Benefit Plan Contributions

Last Ten Fiscal Years *

(in thousands)

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios

Last Ten Fiscal Years *

(in thousands)

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

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

(continued on next page)

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios

Last Ten Fiscal Years *

(in thousands - continued from previous page)

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

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

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

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

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

*** Significant changes in assumptions from the June 30, 2017 valuation to the June 30, 2018 valuation were as follows:
 CCSF: The discount rate was updated from 3.60% at June 30, 2017 to 4.57% at June 30, 2018, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate.
 CC RHPP and PEBP: The discount rate was updated from 3.87% at June 30, 2017 to 3.58% at June 30, 2017 based on the municipal bond rate.
 All Post Employment Benefit Plans: The marriage assumption was updated to reflect the most recent participant experience. The aging factors were updated to be based on the 2013 Society of Actuaries study. The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results. The mortality table was updated from RP-2000 projected to year 2013 using Scale AA to RP-2014 with generational projection scale MP-2018. The salary scale assumption was updated to 3.0%. The inflation rate was updated to 2.00%. The investment rate of return was updated to 7.50%, based on the Nevada Retirement Benefits Investment Fund investment policy objective.

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Required Supplementary Information

As of June 30, 2020 and 2019

Schedule of Other Post Employment Benefit Plan Contributions - CCSF

Last Ten Fiscal Years *

(in thousands)

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

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

SUPPLEMENTARY INFORMATION

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CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Supplementary Information
As of June 30, 2020 and 2019

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

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

*Provided for informational purposes only

Statistical Section

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Overview of Information Provided in the Statistical Section

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

Financial trends:

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

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

Revenue Capacity:

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

- Summary of Operating Revenues
- Summary of Restricted Revenues

Debt Capacity:

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Overview of Information Provided in the Statistical Section

Demographic and Economic Information:

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

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

Operating information:

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

Source: United States Bureau of Labor Statistics

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Passenger and Operating Statistics
Last Ten Fiscal Years

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Market Share of Air Carriers
Last Three Fiscal Years

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Per Passenger Calculations
Last Ten Fiscal Years

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

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

* In June 2012, Terminal 3 became fully operational.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Full Time Equivalent Employees
Last Ten Fiscal Years

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

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

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

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