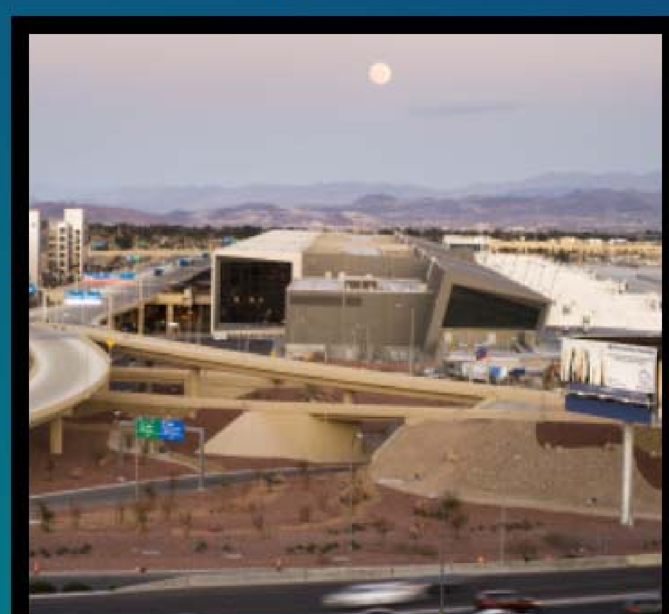
Comprehensive Annual Financial Report

For the Years Ended June 30, 2019 and 2018

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada



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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, 2019 and 2018

Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2019 and 2018

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LAS VEGAS
McCARRAN INTERNATIONAL AIRPORT

Department of Aviation

ROSEMARY A. VASSILIADIS
DIRECTOR

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LAS VEGAS, NEVADA 89111-1005
(702) 261-5211
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November 26, 2019

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, 2019. These financial statements were audited, as required by Nevada Revised Statues §354.624, by Crowe LLP, independent certified public accountants.

The Department's management is responsible for the accuracy of the data presented in the financial statements, along with the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, and as indicated in the unmodified opinion of our independent auditor, 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 the ninth-busiest airport in North America in terms of passenger volume, including through passengers, and it is the sixth busiest origination and destination airport in the United States. The Department also operates the following general aviation airports: North Las

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

Economic Outlook

Clark County continues to experience growth. During calendar year 2018, Clark County's population increased by approximately 36,000 residents, an increase of 1.6% from the prior calendar year, according to the Clark County Department of Comprehensive Planning. Per the Las Vegas Convention and Visitors Authority (LVCVA), convention attendance for calendar year remained strong during calendar year 2018 with a total of approximately 6.5 million attendees. Additionally, the hotel/motel occupancy rate for calendar year 2018 was 88.2%, as reported by the LVCVA.

McCarran brought 48% of the visitors to the Las Vegas area in calendar year 2018. McCarran has also experienced consistent passenger growth; enplanements for calendar year 2018 grew 2.4% from calendar year 2017. Further, during calendar year 2018, 49.6 million passengers traveled through the Airport System, setting a new record for the Airport's over 70-year history.

Financial Information

The Department's total operating revenues increased from $559.3 million in fiscal year 2018 to $565.9 million in fiscal year 2019, an increase of $6.6 million. The increase in operating revenues primarily is attributed to the increase in passenger traffic, as well as providing a larger variety services to Airport passengers. Operating expenses were $280.0 million, which is $19.7 million less than the budgeted costs of $299.7 million. This is primarily due to less costs incurred than anticipated for materials and supplies, professional services, and utilities. 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 with industry standards; the airline cost per enplaned passenger was $9.91 for fiscal year 2019.

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, 2019, the current bond proceeds available are anticipated to be used for airfield projects. 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.

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The Department continues to focus on long-term financial planning. The Department’s comprehensive five-year capital improvement plan, including projects funded by bonds, notes, and federal awards, totals $553.9 million. The capital improvement account consists of the Department’s gaming revenue, the net cash flow from the McCarran Rent-A-Car Center, and net operating cash flows. Based on the current five-year projection, it is anticipated that future gaming revenues and future cash flows from the rental car facility, along with existing funds, federal grant awards, and federal reimbursements, will adequately fund the capital improvement account requirements. The Department does not anticipate issuing any new debt to fund its current capital improvement plan.

The Department's financial policies remained consistent in fiscal year 2019, in comparison to fiscal year 2018. During fiscal year 2019, the Department implemented Governmental Standards Accounting Board Statement (GASB) No. 88, which impacted debt disclosures, as well GASB Statement No. 89, which impacted how interest costs incurred before the end of a construction period are recorded.

Awards

McCarran was ranked first place in customer satisfaction, by J.D. Power, for the 2018 North America Airport Satisfaction Study. 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, 2018, as well as for the fiscal year ended June 30, 2017. This was the 14th 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 efficiently 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 for review.

Acknowledgements

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.

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

Sincerely submitted,

Rosemary A. Vassiliadis	Joseph M. Piurkowski
Director of Aviation	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, 2018

Christopher P. Morrill

Executive Director/CEO

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA

ORGANIZATION CHART

As of June 30, 2019

- **Clark County Board of Commissioners**
  - **Yolanda T. King** – County Manager
    - **Rosemary A. Vassiliadis** – Director of Aviation
      - **Chris Jones** – Chief Aviation Marketing Officer
      - **Tina Frias, Esq.** – Airport Chief Administrative Officer
      - **Joseph Piurkowski** – Airport Chief Financial Officer
        - **Scott Kichline** – Assistant Director Business & Development
        - **Tyler McHenry** – Assistant Director Finance
        - **Samuel Ingalls** – Assistant Director Information Systems
      - **Ralph LePore** – Deputy Director of Aviation
        - **Freddie Kirtley** – Assistant Director Landside Operations
        - **Michael Bennett** – Assistant Director Security
        - **Vacant** – Assistant Director Terminal Operations
      - **James Chrisley** – Deputy Director of Aviation
        - **Ray Esquivel** – Assistant Director Airside Operations
        - **Layne Weight** – Assistant Director Construction & Engineering
        - **Darren Daniels** – Assistant Director Facilities
        - **Ben Czyzewski** – Assistant Director General Aviation

Financial Section

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Clark County Department of Aviation
Clark County, 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 year ended June 30, 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 audit. We conducted our audit 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 of 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.

(Continued)

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, 2019, and the changes in its financial position and its cash flows thereof for the year 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, 2019, the changes in its financial position, or, where applicable, its cash flows for the year 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

Prior Period Financial Statements

The financial statements of the Department as of June 30, 2018 were audited by other auditors whose report dated January 17, 2019 expressed an unmodified opinion on those statements.

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, the schedule of defined benefit plan contributions, the schedule of changes in the net other post employment benefit plan liability and related ratios, and the 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 the Governmental Accounting Standards Board who considers it to be an essential part of the 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 for the year ended June 30, 2019 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 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 for the year ended June 30, 2019 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 for the year ended June 30, 2019 has been subjected to the auditing procedures applied in the audit of the financial statements for the year ended June 30, 2019 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 for the year ended June 30, 2019 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

(Continued)

The schedule of airport revenue bond debt service coverage for the year ended June 30, 2018 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The schedule of airport revenue bond debt service coverage for the year ended June 30, 2018 has been subjected to the auditing procedures applied by other auditors in the audit of the financial statements for the year ended June 30, 2018 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 and whose report dated January 17, 2019 expressed an opinion that such information was fairly stated in all material respects in relation to the 2018 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 26, 2019 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 26, 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, 2019 (FY 2019) and 2018 (FY 2018), with selected comparable data for the fiscal year ended June 30, 2017 (FY 2017). 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, 2019 and 2018. 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, 2019 and 2018. The Statements of Cash Flows relate the inflows and outflows of cash and cash equivalents as a result of the financial transactions that occurred during these two fiscal years, and also includes a reconciliation of operating income to net cash provided by operating activities.

Activity Highlights

Passenger enplanements in FY 2019 totaled 25,223,715, compared to 24,596,343 in FY 2018, and 23,973,303 in FY 2017. The FY 2019 enplanements represent an increase of 2.6% over FY 2018.

Aircraft landed weights in FY 2019 totaled 27,418,216 thousand pounds, compared to 26,856,277 thousand pounds in FY 2018 and 26,493,451 thousand pounds in FY 2017. The FY 2019 landed weights represent a 2.1% increase compared to FY 2018. The number of departures for domestic and international flights in FY 2019 totaled 225,571, compared to 223,879 in FY 2018 and 220,229 in FY 2017. The FY 2019 departures represent a 0.8% increase from FY 2018.

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):

				Change			
	2019	2018	2017	2019 vs 2018		2018 vs 2017	
Assets and deferred outflows of resources:							
Current assets	$ 869,679	$ 817,473	$ 861,448	$ 52,206	6.4%	$ (43,975)	(5.1%)
Capital assets, net	4,319,413	4,428,782	4,578,703	(109,369)	(2.5%)	(149,921)	(3.3%)
Other non-current assets	515,648	595,361	415,024	(79,713)	(13.4%)	180,337	43.5%
Total assets	5,704,740	5,841,616	5,855,175	(136,876)	(2.3%)	(13,559)	(0.2%)
Deferred outflows of resources	78,531	86,625	108,450	(8,094)	(9.3%)	(21,825)	(20.1%)
Total assets and deferred outflows of resources	$ 5,783,271	$ 5,928,241	$ 5,963,625	$ (144,970)	(2.4%)	$ (35,384)	(0.6%)
Liabilities, deferred inflows of resources, and net position:							
Current liabilities	339,622	343,700	295,587	(4,078)	(1.2%)	48,113	16.3%
Non-current liabilities	3,910,581	4,162,284	4,318,212	(251,703)	(6.0%)	(155,928)	(3.6%)
Total liabilities	4,250,203	4,505,984	4,613,799	(255,781)	(5.7%)	(107,815)	(2.3%)
Deferred inflows of resources	86,530	58,934	40,288	27,596	46.8%	18,646	46.3%
Net position:							
Net investment in capital assets	701,267	688,209	714,945	13,058	1.9%	(26,736)	(3.7%)
Restricted	529,511	433,356	360,261	96,155	22.2%	73,095	20.3%
Unrestricted	215,760	261,758	234,332	(45,998)	(17.6%)	27,426	11.7%
Total net position	1,446,538	1,383,323	1,309,538	63,215	4.6%	73,785	5.6%
Total liabilities, deferred inflows of resources, and net position	$ 5,783,271	$ 5,948,241	$ 5,963,625	$ (164,970)	(2.8%)	$ (15,384)	(0.3%)

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 $63.2 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, due to a higher amount of the Department's investments that were held in instruments due in under one year. 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, "Derivative Instruments - Interest Rate Swaps." Investments classified as non-current decreased $22.9 million, given that a lower amount of the Department's investments were held in instruments due in over one year in FY 2019 in comparison to FY 2018.
- Capital assets
  - In FY 2019, capital assets, net of accumulated depreciation, decreased $109.4 million from FY 2018. See "Capital Assets" section for detail.
- 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, "Other Post Employment Benefits."

<u>Discussion of FY 2018 Net Position</u>

Total net position for the Department as of June 30, 2018 was $1,383.3 million. This is an increase of $73.8 million from FY 2017. This can be primarily attributed to the following significant changes:

- Accounting changes and restatements
    - The Department adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), effective for fiscal year 2018.The implementation of this standard requires governments to revise how the OPEB liability is calculated and reported, including additional note disclosures and required supplementary information. These changes resulted in a ($21.9) million net restatement of the July 1, 2017 net position. The Department also noted a $19.3 million increase in the OPEB liability, due to the implementation of GASB 75 and changes in OPEB actuarial assumptions. Further, the Department recorded $1.9 million in deferred outflows of resources

related to OPEB and $12.3 million in deferred inflows of resources related to OPEB, due to the implementation of GASB 75.

- Capital assets
  - In FY 2018, capital assets, net of accumulated depreciation, decreased $149.9 million from FY 2017. See “Capital Assets” section for detail.
- Current liabilities
  - For FY 2018, current liabilities were $343.7 million, an increase of $48.1 million, from $295.6 million in FY 2017. This increase primarily relates to changes in the amounts of bond principal payments due within the next fiscal year, which increased $39.6 million, from $90.9 million in FY 2017 to $130.5 million in FY 2018, in accordance with the scheduled debt payments. Further, the deposit amount of collateral by swap counterparties, increased by $8.2 million, from $51.4 million in FY 2017 to $59.5 million in FY 2018, as discussed in more detail in Note 9, "Derivative Instruments – Interest Rate Swaps."
- Non-current liabilities
  - Non-current liabilities in FY 2018 were $4,162.3 million, a decrease of $155.9 million, from $4,318.2 million in FY 2017. 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 $150.2 million, from FY 2017 to FY 2018, in accordance with the scheduled debt payments. During FY 2018, the fair value of the Department's interest rate swap liabilities decreased by $22.6 million, from $91.1 million at the end of FY 2017, to $68.5 million at the end of FY 2018, driven by increases in short-term interest rates. The decreases were offset by an increase of $19.3 million in the net OPEB liability, due to the valuation of OPEB in accordance with GASB 75 and changes in OPEB actuarial assumptions.

Operating Revenue

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

	2019	2018	2017	Change 2019 vs 2018		Change 2018 vs 2017	
Terminal building and use fees	$ 190,550	$ 184,660	$ 189,445	$ 5,890	3.2%	$ (4,785)	(2.5%)
Landing fees and other aircraft fees	51,895	51,021	55,888	874	1.7%	(4,867)	(8.7%)
Gate use fees	29,175	29,203	29,769	(28)	(0.1%)	(566)	(1.9%)
Terminal concession fees	75,843	75,478	71,153	365	0.5%	4,325	6.1%
Rental car facility and concession fees							
Rental car facility fees	38,098	39,075	38,749	(977)	(2.5%)	326	0.8%
Rental car concession fees	35,738	35,385	35,618	353	1.0%	(233)	(0.7%)
Parking and ground transportation fees							
Public and employee parking fees	40,759	39,002	38,616	1,757	4.5%	386	1.0%
Ground transportation fees	31,182	27,442	24,892	3,740	13.6%	2,550	10.2%
Gaming fees	37,395	36,051	34,410	1,344	3.7%	1,641	4.8%
Ground rents and use fees	25,303	25,019	22,849	284	1.1%	2,170	9.5%
Other							
General aviation fuel sales (net of cost)	4,619	4,334	4,740	285	6.6%	(406)	(8.6%)
Other operating income	5,316	12,649	4,483	(7,333)	(58.0%)	8,166	182.2%
	$ 565,873	$ 559,319	$ 550,612	$ 6,554	1.2%	$ 8,707	1.6%

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.

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. The Agreement requires that the terminal building rentals be set each fiscal year based on a residual rate-making approach of leased space. There is also a portion of terminal building and use fees that are collected from sources other than airlines.

Landing fees

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

Gate use fees

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

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 each day they rent a vehicle, which is collected by the car rental companies on behalf of the Airport System. Rental car concession fees consist of a percentage of gross sales from rental car concessionaires.

Parking and ground transportation fees

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

Gaming fees

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

Ground rents and use fees

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

Other

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

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

Total operating revenues for the Department as of June 30, 2019 were $565.9 million, 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 due 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 TNCs, which increased $5.1 million from FY 2018 to FY 2019. This increase in revenue from TNCs 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 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.

Discussion of FY 2018 Operating Revenues

Total operating revenues for the Department as of June 30, 2018 were $559.3 million. This is an increase of $8.7 million from FY 2017. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
  - Terminal building and use fees decreased $4.8 million, from $189.4 million in FY 2017 to $184.7 million in FY 2018. This decrease was due to a reduction in the terminal building rental rate from $168.20 per square foot per year to $161.93 per square foot per year, from FY 2017 to FY 2018.
- Landing fees and other aircraft fees
  - For FY 2018, revenues from landing fees and other aircraft fees were $51.0 million, a decrease of $4.9 million from $55.9 million in FY 2017. A reduction in the landing fee rate contributed to the decrease in landing fee revenues. The rate decreased from $1.93 per 1,000 lbs. in FY 2017 to $1.73 per 1,000 lbs. in FY 2018. The 1.9% increase in total landed weights, from FY 2018 to FY 2017, provided a slight offset to the rate decrease.
- Terminal concession fees
  - Percentage rents paid to the Airport System from terminal concessionaire-related sources were $75.5 million in FY 2018, an increase of $4.3 million, from $71.2 million in FY 2017. This increase was primarily due to increases in revenues from terminal food and beverage sales, in-terminal advertising and

revenues from passenger services in the terminal, largely due to increases in passenger traffic. For FY 2018, enplaned connecting passenger volume increased 6.9%, while origin and destination enplanements increased 2.1%. Further, overall in-terminal advertising revenue during FY 2018 increased from $13.2 million in FY 2017 to $15.7 million in FY 2018, due to the addition of new advertisers.

- Ground transportation fees
  - Ground transportation fees increased $2.6 million, from FY 2017 to FY 2018. The majority of this change was due to an increase in fees derived from TNCs, which increased $4.9 million from FY 2017 to FY 2018. This increase in revenue from TNCs was offset by a decrease in revenues from limousine and shuttle bus operations of $1.8 million as well as a decrease in revenues from taxicab services of $0.6 million.
- Gaming fees
  - Gaming fees were $36.1 million in FY 2018, an increase of $1.6 million from $34.4 million in FY 2017. This increase can mainly be attributed to an increase in passenger traffic.
- Ground rents and use fees
  - Ground rents and use fees increased from $22.8 million in FY 2017 to $25.0 million in FY 2018. The majority of this increase is due to a $2.2 million distribution of net revenues to the Department, related to the assignment of an existing lease agreement.
- General aviation fuel sales (net of cost)
  - Profits from general aviation fuel sales decreased from $4.7 million in FY 2018 to $4.3 million in FY 2017, due to a decrease in average fuel prices and a decrease in the number of gallons sold.
- Other operating income
  - Other operating income for FY 2018 increased by $8.2 million over FY 2017. The majority of this increase can be attributed to the auctions of surplus property, which generated $7.6 million in revenue.

Operating Expenses

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

				Change			
	2019	2018	2017	2019 vs 2018		2018 vs 2017	
Salaries and benefits	$ 141,060	$ 139,783	$ 134,420	$ 1,277	0.9%	$ 5,363	4.0%
Professional services	65,115	59,937	56,667	5,178	8.6%	3,270	5.8%
Utilities and communications	24,970	24,128	22,779	842	3.5%	1,349	5.9%
Repairs and maintenance	23,946	24,106	21,447	(160)	(0.7%)	2,659	12.4%
Materials and supplies	19,470	15,895	14,688	3,575	22.5%	1,207	8.2%
General administrative							
Administrative	3,076	6,017	3,102	(2,941)	(48.9%)	2,915	94.0%
Insurance	2,364	2,007	2,283	357	17.8%	(276)	(12.1%)
	$ 280,001	$ 271,873	$ 255,386	$ 8,128	3.0%	$ 16,487	6.5%

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. This 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. This increase in salaries and wages is primarily due to a 1.2% increase in employee count, wage increases pursuant to the collective bargaining agreement with the employee union, and increases in employee retirement costs. The decrease in OPEB expense is primarily due to decreases in the net OPEB liability and changes in the deferred outflows and deferred inflows balances related to OPEB, resulting from the most recent OPEB actuarial valuation.
- Professional services
  - Professional services costs during FY 2019 increased by $5.2 million from FY 2018. The majority of this increase is related to project expenses, as well as technical and software support services related to various software upgrades. Further, additional professional services costs were incurred related to enhanced security.
- Materials and supplies
  - Materials and supplies expense increased $3.6 million from FY 2018 to FY 2019. The majority of this increase related to various maintenance repairs within Level 1 and Level 2 of Terminal 1, the conversion of certain lighting to more efficient lighting throughout the Airport System and MRACC, and electrical repairs within the D Gates at Terminal 1.
- Administrative
  - Administrative expense decreased $2.9 million in from FY 2018 to FY 2019, largely due to decreases in advertising expenses of $3.4, 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.

Discussion of FY 2018 Operating Expenses

For FY 2018, the Department's total operating expenses were $271.9 million, an increase of $16.5 million from $255.4 million in FY 2017. This can be primarily attributed to the following significant changes:

- Salaries and benefits
  - Salaries and benefits increased by $5.4 million from FY 2017 to FY 2018. This change 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. Additionally, OPEB expense of $9.0 million was recognized in accordance with the implementation of GASB 75, which was an increase of $0.8 million in OPEB related expenses from FY 2017.
- Professional services
  - Professional services costs during FY 2018 increased by $3.3 million from FY 2017. The majority of this increase related to in-house project expenses, technical and software support services, and shuttle services. Increased professional services were incurred related to in-house projects for runway incursion mitigation and the analysis of roadways and traffic. Increases in technical and software support services largely resulted from various software upgrades that occurred during the year. Increased fees related to shuttle services resulted from increased passenger volume, as well as additional route times that were added, due to road construction between the Airport and the rental car facility.
- Utilities and communications
  - Utilities and communications expenses increased by $1.3 million from FY 2017 to FY 2018. The majority of the increase was due to an increase in electricity costs of $0.8 million, resulting from an increase electricity rates, which was partially offset by decreases in electricity usage.
- Repairs and maintenance
  - Repairs and maintenance expenses for FY 2018 increased by $2.7 million from FY 2017. The majority of the increase was related to increased expenditures in the areas of facilities and equipment, largely due to aging assets and costs for in-house repairs and maintenance projects.
- Materials and supplies
  - Materials and supplies expense for increased $1.2 million from FY 2017 to FY 2018. The majority of this increase related to purchases of computer software and small equipment.
- Administrative
  - Administrative expense increased $2.9 million in from FY 2017 to FY 2018, primarily due to increased advertising expense incurred to sell three land parcels.

- Insurance
  - Insurance expense decreased from $2.3 million in FY 2017 to $2.0 million in FY 2018, due to an overall decrease in insurance premiums.

Non-Operating Revenues and Expenses

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

	2019	2018	2017	Change 2019 vs 2018		Change 2018 vs 2017	
Passenger Facility Charge revenue	$ 96,783	$ 94,597	$ 90,793	$ 2,186	2.3%	$ 3,804	4.2%
Jet A Fuel Tax revenue	11,979	11,795	12,050	184	1.6%	(255)	(2.1%)
Interest and investment income (loss)							
Unrestricted interest income	23,444	4,601	(2,032)	18,843	409.5%	6,633	(326.4%)
Restricted interest income	12,813	2,007	1,810	10,806	538.4%	197	10.9%
PFC interest income	6,938	1,316	591	5,622	427.2%	725	122.7%
Unrealized gain (loss) on investments - derivative instruments	(43,007)	4,883	28,986	(47,890)	(980.7%)	(24,103)	(83.2%)
Interest expense	(160,194)	(164,486)	(199,267)	4,292	(2.6%)	34,781	(17.5%)
Net gain (loss) from disposition of capital assets	232	825	(41)	(593)	(71.9%)	866	(2,112.2%)
Other non-operating revenue	16,948	16,986	16,822	(38)	(0.2%)	164	1.0%
	$ (34,064)	$ (27,476)	$ (50,288)	$ (6,588)	24.0%	$ 22,812	(45.4%)

<u>Discussion of FY 2019 Non-Operating Revenues/Expenses</u>

For FY 2019, non-operating revenue and expenses, in total, decreased $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, restricted interest income, and PFC interest income
  - Unrestricted interest income increased $18.8 million, restricted interest income increased $10.8 million, and PFC interest income increased $5.6 million in FY 2019 compared to FY 2018. These changes can be attributed mainly to an increased rate of return on investments.
- Unrealized gain (loss) on investments – derivate 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 deceased 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.

Discussion of FY 2018 Non-Operating Revenues/Expenses

For FY 2018, non-operating revenue and expenses, in total, increased $22.8 million, from $(50.3) million in FY 2017 to $(27.5) million in FY 2018. This can primarily be attributed to the following significant changes:

- Unrestricted interest income
  - Unrestricted interest income increased $6.7 million, from a loss of $(2.0) million in FY 2017 to income of $4.7 million in FY 2018. This can be attributed to an increase in amounts held in the County's cash pool and amounts held by Bank of New York Melon (Trustee), as well as an increased rate of return on investments.
- Unrealized gain on investments – derivate instruments
  - The Department's unrealized gain on investments – derivative instruments decreased from $29.0 million in FY 2017 to $4.9 million in FY 2018. The decrease was due to the fair value changes in investment derivative instruments, which caused an increase in the balance of investment derivative instruments from $11.8 million in FY 2017 to $16.7 million in FY 2018.
- Interest expense
  - Interest expense on the Department's outstanding bonds and interest rate swaps declined by $34.8 million to $(164.5) million in FY 2018 from $(199.3) million in FY 2017. This decrease mainly relates to changes in the step-down fixed rates of swaps #7A, #7B, #12A, and #18 as of July 1, 2017. The net decrease in interest on these swaps was $31.1 million from FY 2017 from FY 2018. Also contributing to this decrease was the decrease in interest payments due, in accordance with scheduled principal and interest payments on bonds, partially offset by an increase in short-term interest rates.

Capital Assets

Discussion of FY 2019 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 the continued modernization of the Terminal 1 ticketing areas, remodeling and upgrades of certain areas in the D Gates, and the reconfiguration of the checked baggage and passenger screening systems. Refer to Note 7, “Changes in Capital Assets,” for further detail.

Discussion of FY 2018 Capital Assets

For FY 2018, capital assets, net of accumulated depreciation, were $4,428.8 million, a decrease of $149.9 million, from $4,578.7 million in FY 2017. This decrease was primarily due to depreciation of $191.8 million, offset by capital expenditures of $42.3 million. Significant capital expenditures included which the continued modernization of the Terminal 1 ticketing area, remodeling of the restrooms in the D Gates, and reconfiguration of the checked baggage and passenger screening systems in Terminal 1. Refer to Note 7, “Changes in Capital Assets,” for further detail.

Capital Contributions

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

				Change			
	2019	2018	2017	2019 vs 2018		2018 vs 2017	
Capital Contributions	$ 22,281	$ 7,517	$ 49,276	14,764	196.4%	(41,759)	(84.7%)

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 Federal Aviation Administration (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 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

2019, for which the Department received reimbursement, included a project to extend/construct parallel Taxiway C, the rehabilitation of certain runways, and certain studies related to airfield geometry and airport layout.

Additionally, in FY 2019, the Department recognized $2.9 million from the Transportation Security Administration (TSA) related to the security camera system 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).

Discussion of FY 2018 Capital Contributions

Capital contributions during FY 2018 decreased by $41.8 million from FY 2017, largely due to the completion of the checked baggage system in Terminal 1 project in FY 2018; this project was completed using funding from the TSA.

The Department recognized $6.3 million in capital contributions, from the TSA, related to the reconfiguration of the checked baggage system in Terminal 1, and $0.4 million from the TSA related to the security camera system upgrade project. This was a decrease of $38.0 million in TSA reimbursements from FY 2017.

In FY 2018, the Department requested grant reimbursements of $1.2 million from the Federal Aviation Administration (FAA) for approved capital projects. The major FAA grant-funded project for FY 2018 was the airport parking apron rehabilitation project.

Outstanding Debt

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

				Change			
	2019	2018	2017	2019 vs 2018		2018 vs 2017	
Senior lien bonds	$ 901,980	$ 914,380	$ 926,435	$ (12,400)	(1.4%)	$ (12,055)	(1.3%)
Subordinate lien bonds	1,705,640	1,783,915	1,828,090	(78,275)	(4.4%)	(44,175)	(2.4%)
PFC bonds	755,245	795,025	829,665	(39,780)	(5.0%)	(34,640)	(4.2%)
Junior subordinate lien and Jet A bonds	312,805	312,805	320,625	—	—	(7,820)	(2.4%)
General obligation bonds	76,020	76,020	76,020	—	—	—	—
Total bonded debt principal outstanding	3,751,690	3,882,145	3,980,835	(130,455)	(3.4%)	(98,690)	(2.5%)
Unamortized premiums	74,686	92,527	103,757	(17,841)	(19.3%)	(11,230)	(10.8%)
Unamortized discounts	(15,362)	(16,631)	(17,905)	1,269	(7.6%)	1,274	(7.1%)
Imputed debt from termination of hedges	5,885	7,846	9,808	(1,961)	(25.0%)	(1,962)	(20.0%)
Current portion of long term debt	(182,504)	(130,455)	(90,870)	(52,049)	39.9%	(39,585)	43.6%
Total outstanding long-term debt obligations	$ 3,634,395	$ 3,835,432	$ 3,985,625	$ (201,037)	(5.2%)	$ (150,193)	(3.8%)

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. The decrease was primarily related scheduled bond 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, “Derivative Instruments - Interest Rate Swaps” for further detail regarding the Department’s swap portfolio. The Departments credit ratings remained unchanged from FY 2018 to FY 2019. Refer to Note 8, “Long-Term Debt” for further detail regarding long-term debt obligations.

Discussion of FY 2018 Debt

Total outstanding bonded debt for FY 2018 was $3,882.1 million, a decrease of $98.7 million, from $3,980.8 million in FY 2017. This decrease was primarily related to scheduled principal payments and the redemption of Series 2008E Senior Lien Revenue Bonds, and the issuance of the Series 2018A Junior Subordinate Lien Revenue Notes, along with related changes in discounts, premiums, and deferred charges on refundings. A portion of the outstanding debt during FY 2018 was at a naturally or synthetically fixed interest rate debt, due to interest rate swap agreements. Refer to Note 9, “Derivative Instruments – Interest Rate Swaps” for further detail regarding the Department’s swap portfolio. The Departments credit ratings remained unchanged from FY 2017 to FY 2018. Refer to Note 8, “Long-Term Debt” for further detail regarding long-term debt obligations.

Current Highlights and Looking Forward

In FY 2019, enplanements increased 2.6% over FY 2018, partially due to the expansion in international enplanement traffic, highlighted by services to several new international destinations that began during FY 2019. The Department welcomed Canadian airline Swoop during August 2018, which brought new international services to destinations including Hamilton, Ontario, as well as Abbotsford and Kelowna, British Columbia. During June 2019, the Department welcomed KLM Royal Dutch Airlines, which brought new, non-stop international services to Amsterdam, Netherlands. Throughout FY 2019, new services to Mexico were added by Frontier Airlines and Sun Country Airlines, in addition to other new, international services added by certain other airlines.

During FY 2020, the Department will add service from London, Ontario provided by Swoop. The Department will also welcome new service from Paris Orly Airport by LEVEL.

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, totals $553.9 million. The Signatory Airlines serving the Department have approved all major projects in the capital improvement plan. The capital improvement account consists of the Department’s gaming revenue, the net cash flow from the McCarran Rent-A-Car Center, and net operating cash flows. Based on the current five-year projection, it is anticipated that future gaming revenues and future cash flows from the rental car facility, along with existing funds, federal grant awards, and federal reimbursements, will adequately fund the capital improvement account requirements.

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, 2019 and 2018

Assets and Deferred Outflows of Resources	2019 (000)	2018 (000)
Assets		
Current assets:		
Cash and cash equivalents	$ 504,235	$ 531,998
Cash and cash equivalents, restricted	90,908	69,223
Investments, restricted	178,778	146,056
Accounts receivable, net of allowance for doubtful accounts of $736 and	41,698	31,132
Accounts receivable, restricted	12,653	11,388
Interest receivable	3,052	3,828
Interest receivable, restricted	5,642	3,544
Grants receivable	6,554	6,882
Other receivables	1,856	894
Other receivables, restricted	11,491	2,050
Inventories	12,044	9,668
Prepaid expenses	768	810
Total current assets	869,679	817,473
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Construction in progress	64,372	43,301
Land	589,632	582,718
Land, restricted	13,018	13,018
Perpetual avigation easement	332,562	332,562
Capital assets being depreciated		
Land improvements	1,757,497	1,748,988
Buildings and improvements	3,668,926	3,634,284
Furniture and fixtures	45,868	45,908
Machinery and equipment	566,964	561,978
	7,038,839	6,962,757
Accumulated depreciation	(2,719,426)	(2,533,975)
Capital assets, net	4,319,413	4,428,782
Other non-current assets:		
Cash and cash equivalents, restricted	478,086	480,928
Investments, restricted	23,978	46,867
Derivative instruments - interest rate swaps	12,250	66,131
Prepaid expenses	1,334	1,435
Total other non-current assets	515,648	595,361
Total non-current assets	4,835,061	5,024,143
Total assets	5,704,740	5,841,616
Deferred outflows of resources:		
Pension	29,081	26,511
Other post employment benefits	17,414	1,957
Hedging derivative instruments	5,875	26,925
Losses on bond refundings and on imputed debt	26,161	31,232
Total deferred outflows of resources	78,531	86,625
Total assets and deferred outflows of resources	$ 5,783,271	$ 5,928,241

See accompanying notes to financial statements.

Statements of Net Position
June 30, 2019 and 2018

Liabilities, Deferred Inflows of Resources, and Net Position	2019 (000)	2018 (000)
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	$ 31,771	$ 40,865
Other accrued expenses	19,930	20,098
Rents received in advance	3,930	5,572
Total payable from unrestricted assets	55,631	66,535
Payable from restricted assets:		
Accounts payable and other current liabilities	14,626	61,876
Accrued interest	86,861	84,834
Current portion of long-term debt	182,504	130,455
Total payable from restricted assets	283,991	277,165
Total current liabilities	339,622	343,700
Noncurrent liabilities:		
Payable from unrestricted assets:		
Net pension liability	176,581	170,398
Net other post employment benefits liability	51,006	85,554
Derivative instruments - interest rate swaps	44,473	68,533
Compensated absences	2,748	1,103
Deposits	1,378	1,223
Other non-current liabilities	—	41
Total payable from unrestricted assets	276,186	326,852
Payable from restricted assets:		
Long-term debt, net of current portion	3,634,395	3,835,432
Total payable from restricted assets	3,634,395	3,835,432
Total noncurrent liabilities	3,910,581	4,162,284
Total liabilities	4,250,203	4,505,984
Deferred inflows of resources:		
Pension	12,105	14,905
Other post employment benefits	56,736	12,302
Hedging derivative instruments	11,118	23,400
Unamortized gain on bond refundings	6,571	8,327
Total deferred inflows of resources	86,530	58,934
Net position:		
Net investment in capital assets	701,267	688,209
Restricted for:		
Capital projects	124,317	84,356
Debt service	316,042	264,923
Other	89,152	84,077
Total restricted	529,511	433,356
Unrestricted	215,760	261,758
Total net position	1,446,538	1,363,323
Total liabilities, deferred inflows of resources, and net position	$ 5,783,271	$ 5,928,241

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

	2019 (000)	2018 (000)
Operating revenues:		
Terminal building and use fees	$ 190,550	$ 184,660
Landing fees and other aircraft fees	51,895	51,021
Gate use fees	29,175	29,203
Terminal concession fees	75,843	75,478
Rental car facility and concession fees	73,836	74,460
Parking and ground transportation fees	71,941	66,444
Gaming fees	37,395	36,051
Ground rents and use fees	25,303	25,019
Other	9,935	16,983
	565,873	559,319
Operating expenses:		
Salaries and benefits	141,060	139,783
Professional services	65,115	59,937
Repairs and maintenance	24,970	24,128
Utilities and communication	23,946	24,106
Materials and supplies	19,470	15,895
General administrative	5,440	8,024
	280,001	271,873
Operating income before depreciation and amortization	285,872	287,446
Depreciation and amortization	190,874	191,840
Operating income	94,998	95,606
Non-operating revenues (expenses):		
Passenger Facility Charge	96,783	94,597
Jet A Fuel Tax	11,979	11,795
Interest and investment income	188	12,807
Interest expense	(160,194)	(164,486)
Net gain (loss) from disposition of capital assets	232	825
Other non-operating revenue	16,948	16,986
	(34,064)	(27,476)
Income before capital contributions	60,934	68,130
Capital contributions	22,281	7,517
	83,215	75,647
Net position, beginning of year	1,363,323	1,287,676
Net position, end of year	$ 1,446,538	$ 1,363,323

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, 2019 and 2018

	2019 (000)	2018 (000)
Cash flows from operating activities:		
Cash received from customers	$ 554,422	$ 574,407
Cash paid to employees	(144,341)	(128,670)
Cash paid to outside vendors	(161,527)	(121,556)
Net cash provided by operating activities	248,554	324,181
Cash flows from capital and related financing activities:		
Collateralized agreements with swap counterparties	(47,480)	8,269
Passenger Facility Charges received	95,837	91,638
Jet A Fuel Tax received	11,012	11,831
Acquisition and construction of capital assets	(71,759)	(47,554)
Federal grants and reimbursements received	22,609	16,984
Proceeds from capital asset disposal	676	937
Swap termination	(4,417)	—
Build America Bonds subsidy	8,474	16,876
Debt service payments:		
Principal	(130,455)	(90,870)
Interest (net of capitalized costs)	(174,029)	(185,745)
Net cash used in capital and related financing activities	(289,532)	(177,068)
Cash flows from investing activities:		
Interest and investment income received	41,892	2,649
Proceeds from maturities of investments	328,306	392,589
Purchase of investments	(338,139)	(389,318)
Net cash provided by investing activities	32,059	5,920
Increase in cash and cash equivalents	(8,919)	153,033
Cash and cash equivalents, beginning of year	1,082,149	929,116
Cash and cash equivalents, end of year	$ 1,073,230	$ 1,082,149
Cash and cash equivalent balances:		
Unrestricted cash and cash equivalents	504,235	531,998
Restricted cash and cash equivalents	568,995	550,151
Cash and cash equivalents, end of year	$ 1,073,230	$ 1,082,149

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, 2019 and 2018

Reconciliation of operating income to net cash provided by operating activities:	2019 (000)	2018 (000)
Operating income	$ 94,998	$ 95,606
Adjustments to reconcile income from operations to net cash from operating activities:		
Depreciation and amortization	190,874	191,840
Changes in operating assets and liabilities:		
Accounts receivable	(10,886)	14,640
Other receivables	(962)	(122)
Inventory	(2,377)	(452)
Prepaid expenses	42	60
Deferred outflows - pension	(2,570)	3,692
Deferred outflows - other post employment benefits	(15,457)	133
Accrued payroll and benefits	1,478	714
Accounts payable and other accrued expenses	(18,368)	10,469
Unearned revenue	(1,642)	724
Deposits	155	22
Net pension liability	6,183	(3,631)
Net other post employment benefits liability	(34,548)	(4,654)
Deferred inflows - pension	(2,800)	2,838
Deferred inflows - other post employment benefits	44,434	12,302
Net cash provided by operating activities	$ 248,554	$ 324,181
Non-cash capital and related financing and investing activities:		
Capital asset additions with outstanding accounts payable	$ 10,674	$ 5,097
Gain/(loss) on investment income	$ (45,811)	$ (7,458)
Refunding bond proceeds deposited in escrow	$ —	$ 195,830

See accompanying notes to financial statements.

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

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

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

(b) Basis of Accounting

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

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

(c) Cash and Cash Equivalents

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

(d) Investments

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

(e) Accounts Receivable

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

(f) Inventories

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

(g) Capital Assets

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

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

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

(h) Derivative Instruments

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

(i) Deferred Outflows and Inflows of Resources

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

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

(j) Federal Grants and Other Transaction Agreements

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

(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 $96.8 million and $94.6 million in PFC fees for the years ended June 30, 2019 and 2018, respectively.

(l) Airline Rates and Charges

Effective July 1, 2010, the Department entered into a new Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market; the Agreement has 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 (Amendment) which extended the terms of the Agreement through June 30, 2020. As of June 30, 2019 and 2018, a total of 16 signatory airlines have executed the Agreement and the Amendment extending the terms. The Agreement establishes a residual rate-making methodology for the Airport System through both direct and indirect cost centers. The net cash flows from the Airport System's gaming fees and the McCarran Rent-A-Car Center are set aside in a capital improvement account, the balance of which may be used to pay the costs of future capital projects or pay down outstanding Department debt.

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

At the close of each fiscal year, audited financial data, in conjunction with the balance in the rate stabilization account, will be used to determine if any additional amount is due to or from the Signatory Airlines in accordance with the Agreement. 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, 2019 and 2018, there were no amounts due to or from the Signatory Airlines.

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, 2019 and 2018:

	June 30, 2019	June 30, 2018
Airline rental and fee revenue *	$ 250,090	$ 243,268
Enplaned passengers *	25,224	24,596
Cost per enplaned passenger	$ 9.91	$ 9.89

* Figures are reported in thousands.

(m) Restricted Assets and Liabilities

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

(n) Budgetary Control

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

(o) Use of Estimates

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

(p) Net Position

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

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

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

(q) Reclassifications

Certain minor reclassifications have been made in the fiscal year 2018 financial statements to conform to the fiscal year 2019 presentation. There was no impact on net position or changes in net position.

(r) Accounting Changes and Restatements

For the fiscal year ended June 30, 2019, the Department implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The implementation of this standard requires additional disclosures related to the Department's debt, including direct placement borrowings; see Note 8, "Long Term Debt" for further detail.

For the fiscal year ended June 30, 2019, the Department early implemented GASB Statement No. 89*, Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The implementation of this standard requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period was not included in the historical cost of capital assets during the fiscal year ended June 30, 2019. This standard was required to be implemented prospectively. During the fiscal year 2018, the Department capitalized interest costs on Airport System construction projects. The amount capitalized was adjusted based on the costs associated with the Airport System's construction in progress and interest expense. For the fiscal year ended June 30, 2018, capitalized interest was $0.7 million.

2.) CASH AND INVESTMENTS

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

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

The majority of all cash and investments of the Department are included in the investment pool of the Clark County Treasurer (Treasurer) and the Department's Trustee, the Bank of New York Mellon. As of June 30, 2019 and 2018, these amounts were distributed as follows (in thousands):

	June 30, 2019	June 30, 2018
Clark County Investment Pool	$ 824,830	$ 770,222
Cash and Investments with Trustee	437,608	436,479
Custodian Account	12,060	59,540
Cash On Hand or In Transit	1,488	8,831
Total	$ 1,275,986	$ 1,275,072

(a) Clark County Investment Pool

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

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

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. Once per year, the County records the investments in the Treasurer Investment Pool at fair market and then apportions the corresponding adjustment to the various participants for the year. The Department's apportioned share of the fair value adjustment made at June 30, 2019 and 2018, was $6.2 million and $(10.7) million, respectively; the Department's share of the investments held in the investment pool at June 30, 2019 and 2018 was $824.8 million and $770.2 million, respectively. The respective allocation percentages of the investments held in the investment pool at June 30, 2019 are as follows:

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

The respective allocation percentages of the investments held in the investment pool at June 30, 2018 are as follows:

		Percentage Share of Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5	5 to 10
U.S. Treasury Obligations	31.0%	18.4%	59.3%	22.3%	—%
U.S. Agency Obligations	26.6%	20.6%	43.1%	36.3%	—%
Corporate Obligations	15.7%	40.6%	32.0%	27.4%	—%
Money Market Funds	1.3%	100.0%	—%	—%	—%
Commercial Paper	16.0%	100.0%	—%	—%	—%
Negotiable Certificates of Deposit	5.4%	100.0%	—%	—%	—%
Collateralized Mortgage Obligations	0.2%	4.7%	27.2%	15.6%	52.5%
Asset Backed Securities	3.1%	—%	18.6%	68.2%	13.2%
NV Local Government Investment Pool	0.7%	100.0%	—%	—%	—%
	100.0%	41.0%	35.5%	23.0%	0.5%

(b) Interest Rate Risk

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

(c) Interest Rate Sensitivity

As of June 30, 2019 and 2018, the County invested in the following types of securities that have a higher sensitivity to interest rates:

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

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

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

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

(d) Credit Risk

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

	Moody's	S&P
U.S. Agency Callables	Aaa	AA+
U.S. Agency Non Callables	Aaa	AA+
U.S. Agency Discounts	P-1	A-1+
Corporate Notes	A1	A-
Corporate Floaters	Aa2	A+
Money Market Funds	Aaa	AAA
Commercial Paper Discount	P-1	A-1
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, 2019, the following investments exceeded 5% of the total Department investments:

Federal Farm Credit Bank Non-Callables	12.12%
Federal Home Loan Bank Discounts	7.38%
Federal Home Loan Bank Non-Callables	8.11%

As of June 30, 2018, the following investments exceeded 5% of total Department investments:

Federal Farm Credit Banks (FFCB)	11.29%
Federal Home Loan Banks (FHLB)	13.85%
Federal Home Loan Mortgage Corporation (FHLMC)	8.72%

(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, 2019 and 2018, the Trustee held $437.6 million and $436.5 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, 2019, of the $437.6 million held by the Trustee, $234.8 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $202.8 million was invested in short- and long-term investments with entities as follows (in thousands):

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

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

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

As of June 30, 2018, of the $436.5 million held by the Trustee, $243.6 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $192.9 million was invested in short- and long-term investments with entities as follows (in thousands):

		Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1	1 to 3	3 to 5
US Treasury Bills	$ 15,846	$ 15,846	$ —	$ —
US Treasury Notes	106,837	104,907	1,930	—
Federal Agricultural Mortgage Corp Non-Callables	1,958	—	1,958	—
Federal Farm Credit Bank Non-Callables	21,780	1,996	19,784	—
Federal Home Loan Bank Callables	7,469	—	5,915	1,554
Federal Home Loan Bank Discounts	1,998	1,998	—	—
Federal Home Loan Bank Non-Callables	17,253	12,341	4,912	—
Federal Home Loan Mortgage Corporation Non-Callables	12,860	8,968	1,958	1,934
Federal Home Loan Mortgage Corporation Step Ups	3,966	—	—	3,966
Federal National Mortgage Association Callables	2,956	—	2,956	—
	$ 192,923	$ 146,056	$ 39,413	$ 7,454

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	Aaa	AA+
Federal Home Loan Bank Non-Callables	P-1	A-1+
Federal Home Loan Mortgage Corporation Non-Callables	Aaa	AA+
Federal Home Loan Mortgage Corporation Step Ups	Aaa	AA+
Federal National Mortgage Association Callables	Aaa	AA+

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

(g) Fair Value of Combined Investments and Derivative Instruments

The fair value of the Department's investments and derivative instruments as of June 30, 2019 and 2018, is as follows (in thousands):

As of June 30, 2019

Investment Type	Fair Value	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements: Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool			
U.S. Treasuries	$ 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

As of June 30, 2018

Investment Type	Fair Value	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements: Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool			
U.S. Treasuries	$ 238,878	$ 238,878	$ —
U.S. Agencies	204,252	15,068	189,184
Corporate Obligations	120,966	—	120,966
Money Market Funds	10,331	10,331	—
Commercial Paper	122,837	—	122,837
Negotiable CD	41,815	—	41,815
Collateralized Mortgage Obligations	1,697	—	1,697
Asset Backed Securities	23,984	—	23,984
Subtotal	764,760	264,277	500,483
Debt Securities held by Trustee			
U.S. Treasury Bills	27,814	27,814	—
U.S. Treasury Notes	106,836	106,836	—
Federal Agricultural Mortgage Corp Non-Callables	1,958	—	1,958
Federal Farm Credit Bank Non-Callables	21,780	—	21,780
Federal Home Loan Bank Callables	7,469	—	7,469
Federal Home Loan Bank Discounts	1,998	1,998	—
Federal Home Loan Bank Non-Callables	17,253	—	17,253
Federal Home Loan Mortgage Corporation Non-Callables	12,860	—	12,860
Federal Home Loan Mortgage Corporation Step Ups	3,966	—	3,966
Federal National Mortgage Association Callables	2,956	—	2,956
Money Market Funds	230,764	230,764	—
Subtotal	435,654	367,412	68,242
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	66,131	—	66,131
Derivative Instruments - Liability	(68,533)	—	(68,533)
Subtotal	(2,402)	—	(2,402)
Total	$ 1,198,012	$ 631,689	$ 566,323

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

3.) GRANTS RECEIVABLE

Grants receivable as of June 30, 2019 and 2018, consists of TSA OTAs in the amounts of $2.4 million and $6.4 million, respectively, and FAA grants in the amounts $4.2 million and $0.5 million, respectively.

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, 2019 and 2018 (in thousands):

	June 30, 2019	June 30, 2018
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	$ 76,815	$ 69,937
Cash and investments - PFC	101,957	68,742
Accounts receivable - PFC	12,653	11,388
Grant reimbursements receivable	4,291	385
Interest receivable	5,417	3,840
Subtotal restricted for capital projects	201,133	154,292
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	60,792	58,871
Cash and investments - other bonds	254,612	215,553
Other receivable	8,474	—
Interest receivable	21	—
Subtotal restricted for bond funds	323,899	274,424
Debt service reserves:		
Cash and investments - PFC bonds	50,939	61,973
Cash and investments - other bonds	103,342	98,807
Subtotal restricted for debt service reserves	154,281	160,780
Subordinate and other debt coverage reserves:		
Cash and investments	35,101	38,593
Interest receivable	204	120
Other receivable - Jet A Fuel Tax	3,017	2,050
Subtotal restricted for subordinate and other debt coverage reserves	38,322	40,763
Subtotal restricted for debt service	516,502	475,967
Other restricted assets:		
Cash and investments - Working capital and contingency	23,333	19,762
Cash and investments - Capital fund	52,800	51,296
Custodian account	12,060	59,540
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	101,211	143,616
Total restricted assets	$ 818,846	$ 773,875
Restricted assets by class:		
Total current assets	$ 303,764	$ 233,062
Total capital assets	13,018	13,018
Total other non-current assets	502,064	527,795
Total restricted assets:	$ 818,846	$ 773,875

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, 2019 and 2018, the Department had a net pension liability of $176.6 million and $170.4 million, respectively, which represents the Department's percentages, 15.5% and 15.3%, respectively, of the County's net pension liability. These percentages were determined based on the contributions to PERS by the Department during fiscal years 2019 and 2018, relative to the total contributions to PERS by the County during those fiscal years.

Benefits Provided

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

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

Vesting

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

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

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

Contributions

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

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

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

The actuarial funding method used is the Entry Age Normal Cost method. It is intended to meet the funding objective and to result in a relatively level long-term contributions requirement as a percentage of salary. For the fiscal years ended June 30, 2018 and 2017, 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, 2019, 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, 2018, the Department's contributions were $12.0 million. A total of $12.6 million was contributed during the fiscal year ended June 30, 2019; 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.

Contributions for employer pay dates that fall within the PERS fiscal years ending June 30, 2018 and 2017, 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, 2018 and 2017:

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%

* As of the plan fiscal years ended June 30, 2018 and 2017, the PERS long-term inflation assumption was 2.75%. Allocations and expected real rates of return were the same for plan fiscal years ended June 30, 2018 and 2017.

Net Pension Liability

The net pension liabilities as of June 30, 2019 and 2018, were measured as of June 30, 2018 and 2017, 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, 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 Department's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current discount rate (in thousands):

Plan Fiscal Year	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
2018	$ 269,279	$ 176,581	$ 99,554

The following table presents the Department's share of the County's net pension liability as of June 30, 2018, based on the System's net pension liability for the System's fiscal years ended June 30, 2017, 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 (6.5%) or one percentage point higher (8.5%) than the current discount rate (in thousands):

Plan Fiscal Year	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
2017	$ 257,594	$ 170,398	$ 97,980

Actuarial Assumptions

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

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the June 30, 2017 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, 2017 funding actuarial valuation

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2018. Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018 and 2017. 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, 2018 and 2017, 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, 2018 and 2017.

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

For the years ended June 30, 2019 and 2018, the Department recognized pension expense of $26.1 million and $27.0 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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Differences between expected and actual experience *	$ 5,532	$ —	$ 8,196	$ 11,181
Changes in assumptions *	9,305	11,305	—	—
Net difference between projected and actual earnings on investments	—	1,106	841	—
Changes in proportion and differences between actual contributions and proportionate share of contributions *	1,611	2,053	3,068	3,724
Contributions to PERS after measurement date	12,633	12,047	—	—
	$ 29,081	$ 26,511	$ 12,105	$ 14,905

* FY 2019 Average expected remaining service lives: 6.22 years;
FY 2018 Average expected remaining service lives: 6.39 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $12.6 million will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $12.0 million were recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to the year ended June 30, 2019, will be recognized in pension expense as follows (in thousands):

Fiscal Year	Pension Expense / (Revenue)
2020	$ 3,768
2021	803
2022	(3,003)
2023	1,078
2024	1,464
Thereafter	233

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

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, 2018, the Department's contributions were $1.2 million. A total of $11.2 million was contributed during the fiscal year ended June 30, 2019; these contributions after the measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

OPEB Plans Not Administered as Trusts

Plan Descriptions

CC RHPP

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

PEBP

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

Benefits Provided

CC RHPP

CC RHPP provides medical, dental, vision, prescription drug, and life insurance benefits to eligible retirees and beneficiaries. Retirees are eligible to continue coverage in the HMO Plan as a participant with active employees at a blended premium rate, resulting in an implicit subsidy. Benefit provisions are established and amended through negotiations between the respective unions and the County. Benefit payments were $0.2 million and $0.9 million during the fiscal years ended June 30, 2018 and 2017, respectively. A total of $0.2 million in benefit payments were made during the fiscal year ended June 30, 2019; 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 $0.1 million during the fiscal years ended June 30, 2018 and 2017, respectively. A total of $0.2 million in benefit payments were made during the fiscal year ended June 30, 2019; 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, 2019, $51.0 million, was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. 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, 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 experience	(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 total net OPEB liability as of June 30, 2018 was $85.6 million was measured as of June 30, 2017, 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, 2018 (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 cost	2,745	413	118	3,276
Differences between expected and actual	510	356	13	879
Changes in assumptions or other inputs	(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

The Department's fiduciary net position for CCSF as of June 30, 2018 and 2017 was $18.6 million and $17.2 million, respectively. The following table presents the changes in the Department's fiduciary net position during June 30, 2018 and 2017 (in thousands):

	2018	2017
	CCSF	CCSF
Beginning CCSF fiduciary net position	$ 17,170	$ 15,312
Changes in CCSF fiduciary net position recognized for the fiscal year		
Employer contributions	441	1,323
Employee contributions	—	—
Net investment income	1,423	1,859
Benefit payments	(441)	(1,323)
Administrative expense	—	(1)
Net change in CCSF fiduciary net position	1,423	1,858
Ending CCSF fiduciary net position	$ 18,593	$ 17,170

Employees Covered by Benefit Terms

At June 30, 2018, the measurement date for the June 30, 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.

At June 30, 2017, the measurement date for the June 30, 2018 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	128	66	45	239
Active employees	730	594	—	1,324
Covered spouses	2	2	—	4
Total	860	662	45	1,567

* 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, 2019 (using the measurement date of June 30, 2018), was determined using the following actuarial assumptions and other inputs:

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

* The discount rate was based on 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, 2018 (using the a measurement date of June 30, 2017), was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry age level percent of pay as of June 30, 2017
Inflation	2.75%
Discount Rate - CCSF *	3.60%
Discount Rate - CC RHPP and PEBP*	3.58%
Salary increases	Ranges from 4.25% to 13.90% based on years of service, including inflation
Health care cost trend rates	4.50%, ultimate
Municipal Bond rate	3.58% as of June 30, 2017
Retirees' share of benefit related costs	0% to 100% of premium amounts, based on years of service
Investment return on CCSF assets **	4.00%
Post-retirement mortality rates	Healthy: RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year for females (no age set forward for males). Disabled: RP-2000 Disabled Retiree Mortality Table, projected to 2013 with Scale AA, set forward three years.

* 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. For the actuarial valuation dated June 30, 2017, demographic assumptions for the OPEB plans are based on the Nevada PERS Actuarial Experience Study for the period from July 1, 2006 through June 30, 2012. Salary scale and inflation assumptions are based on the Nevada PERS Actuarial Experience Study for the period from July 1, 2012 through June 30, 2016.

Changes in Assumptions

The following are changes in assumptions from the June 30, 2017 plan measurement date to the June 30, 2018 measurement date:

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, 2018, based on the municipal bond rate.

All Post Employment Benefit Plans

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

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

The following are changes in assumptions from the June 30, 2016 plan measurement date to the June 30, 2017 measurement date:

CCSF

The discount rate was updated from 2.88% as of June 30, 2016 to 3.60% as of June 30, 2017. Additionally, the actuarial cost method was changed from entry age level of percent of pay to entry age level dollar.

CC RHPP and PEBP

The discount rate was updated from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The actuarial cost method was changed from entry age level dollar to entry age level of percent of pay.

Discount Rate Information and Discount Rate Sensitivity

CCSF

The discount rates used to measure the Department’s net OPEB liability was 4.57% as of June 30, 2019 and 3.60% as of June 30, 2018. 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, 2041. 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 2041 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, 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

The following presents the CCSF net OPEB liability, as of June 30, 2018, 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 (2.60%)	Discount Rate (3.60%)	1% Increase in Discount Rate (4.60%)
CCSF	$ 85,698	$ 68,126	$ 54,270

CC RHPP and PEBP

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

The following presents CC RHPP and PEBP OPEB liabilities of the department, as of June 30, 2018, 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 (2.58%)	Discount Rate (3.58%)	1% Increase in Discount Rate (4.58%)
CC RHPP	$ 15,152	$ 13,675	$ 12,407
PEBP	$ 4,302	$ 3,753	$ 3,304

Healthcare Cost Trend Rate Sensitivity

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

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

The following presents the total net OPEB liability of the Department as of June 30, 2018, 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%	Trend Rates Ultimate 4.5%	1% Increase Ultimate 5.5%
CCSF	$ 45,224	$ 68,126	$ 99,948
RHPP	11,289	13,675	19,023
PEBP	3,292	3,753	4,305
Total	$ 59,805	$ 85,554	$ 123,276

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

OPEB Expense, for the years ended June 30, 2019 and 2018 is as follows (in thousands):

	CCSF	CC RHPP	PEBP	Total
2019	$ 3,480	$ 1,701	$ 36	$ 5,217
2018	$ 7,906	$ 1,321	$ (254)	$ 8,973

At June 30, 2019 and 2018, 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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
CCSF				
Differences between expected and actual experience	$ 390	$ 450	$ 23,360	$ —
Changes of assumptions or other inputs	—	—	29,231	10,290
Net excess of actual over projected earnings on OPEB plan investments	—	—	970	1,132
Contributions made after the measurement date	10,802	714	—	—
CCSF Total	11,192	1,164	53,561	11,422
CC RHPP				
Differences between expected and actual experience	5,857	314	—	—
Changes of assumptions or other inputs	—	—	3,175	880
Benefit payments made after the measurement date	206	330	—	—
RHPP Total	6,063	644	3,175	880
PEBP				
Differences between expected and actual experience	—	—	—	—
Changes of assumptions or other inputs	—	—	—	—
Benefit payments made after the measurement date	159	149	—	—
PEBP Total	159	149	—	—
Combined amounts, all plans				
Differences between expected and actual experience	6,247	764	23,360	—
Changes of assumptions or other inputs	—	—	32,406	11,170
Net excess of actual over projected earnings on OPEB plan investments	—	—	970	1,132
Contributions and benefit payments made after the measurement date	11,167	1,193	—	—
Total, all plans	$ 17,414	$ 1,957	$ 56,736	$ 12,302

The amount of $11.2 million, reported as deferred outflows of resources related to OPEB from the Department's contributions and benefit payments subsequent to the measurement date at June 30, 2019, will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. The amount of $1.2 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to OPEB, will be recognized in OPEB expense as follows (in thousands):

For the fiscal year ending June 30,	CCSF	CC RHPP	PEBP	Total
2020	$ (5,234)	$ 189	$ —	$ (5,045)
2021	(5,234)	189	—	(5,045)
2022	(5,234)	189	—	(5,045)
2023	(4,952)	189	—	(4,763)
2024	(4,921)	189	—	(4,732)
Thereafter	(27,594)	1,735	—	(25,859)
				$ (50,489)

7.) CHANGES IN CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2019 and 2018 was as follows (in thousands):

	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	(135,666)	(682)	3,320,835
Total capital assets, net	$ 4,428,782	$ (57,807)	$ (51,562)	$ 4,319,413

	July 1, 2017	Additions	Deletions	June 30, 2018
Capital assets, not being depreciated:				
Land	$ 596,059	$ —	$ (323)	$ 595,736
Avigation easement	332,562	—	—	332,562
Construction in progress	49,169	39,758	(45,626)	43,301
Total capital assets, not being depreciated	977,790	39,758	(45,949)	971,599
Capital assets, being depreciated:				
Land Improvements	1,745,339	3,649	—	1,748,988
Buildings and improvements	3,604,750	29,534	—	3,634,284
Machinery and equipment	551,069	14,947	(4,038)	561,978
Furniture and fixtures	48,773	—	(2,865)	45,908
Total capital assets being depreciated	5,949,931	48,130	(6,903)	5,991,158
Less accumulated depreciation:				
Land improvements	(926,770)	(60,285)	—	(987,055)
Buildings and improvements	(1,056,892)	(99,124)	—	(1,156,016)
Machinery and equipment	(335,941)	(29,807)	4,020	(361,728)
Furniture and fixtures	(29,415)	(2,626)	2,865	(29,176)
Total accumulated depreciation	(2,349,018)	(191,842)	6,885	(2,533,975)
Total capital assets being depreciated, net	3,600,913	(143,712)	(18)	3,457,183
Total capital assets, net	$ 4,578,703	$ (103,954)	$ (45,967)	$ 4,428,782

8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations for the years ended June 30, 2019 and 2018 are summarized as follows (in thousands):

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

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

	July 1, 2017	Additions	Refunding	Pay downs	June 30, 2018	
SENIOR LIEN BONDS:						
2008 Series E	$ 375	$ —	$ —	$ 375	$ —	†
2009 Series B Build America Bonds	300,000	—	—	—	300,000	†
2010 Series C Build America Bonds	454,280	—	—	—	454,280	†
2010 Series D	111,865	—	—	11,680	100,185	†
2015 Series A	59,915	—	—	—	59,915	†
Sub-Total Senior Lien Bonds	926,435	—	—	12,055	914,380	
SUBORDINATE LIEN BONDS:						
2008 Series A-2	48,385	—	—	2,185	46,200	*
2008 Series B-2	48,400	—	—	2,165	46,235	*
2008 Series C-1	122,900	—	—	—	122,900	*
2008 Series C-2	68,600	—	—	2,785	65,815	*
2008 Series C-3	68,600	—	—	2,790	65,810	*
2008 Series D-1	57,015	—	—	1,975	55,040	*
2008 Series D-2A	100,000	—	—	—	100,000	*
2008 Series D-2B	99,605	—	—	—	99,605	*
2008 Series D-3	121,925	—	—	490	121,435	*
2009 Series C	168,495	—	—	—	168,495	†
2010 Series B	350,000	—	—	—	350,000	†
2011 Series B-1	96,765	—	—	4,365	92,400	*
2011 Series B-2	96,800	—	92,465	4,335	—	*
2014 Series A-1	45,425	—	—	23,085	22,340	†
2014 Series A-2	221,870	—	—	—	221,870	†
2017 Series A-1	65,505	—	—	—	65,505	†
2017 Series A-2	47,800	—	—	—	47,800	†
SUBORDINATE LIEN BONDS FROM DIRECT PLACEMENTS:						
2017 Series D	—	92,465	—	—	92,465	*
Sub-Total Subordinate Lien Bonds	1,828,090	92,465	92,465	44,175	1,783,915	
PFC BONDS:						
2008 Series A	34,260	—	—	16,695	17,565	†
2010 Series A	447,930	—	—	570	447,360	†
2010 Series F-1	14,845	—	—	14,845	—	†
2010 Series F-2	100,000	—	—	2,530	97,470	*
2012 Series B	64,360	—	—	—	64,360	†
2015 Series C	98,965	—	—	—	98,965	†
2017 Series B	69,305	—	—	—	69,305	†
Sub-Total PFC Bonds	829,665	—	—	34,640	795,025	
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:						
2013 Jet A Fuel Tax Series A	70,965	—	—	—	70,965	†
2014 Notes Series B	103,365	—	103,365	—	—	‡
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	320,625	95,545	103,365	—	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	3,980,835	188,010	195,830	90,870	3,882,145	
Premiums, discounts, and imputed debt from termination of hedges:			Amortization			
Unamortized premiums	103,757		(11,230)		92,527	
Unamortized discounts	(17,905)		1,274		(16,631)	
Imputed debt from termination of hedges	9,808		(1,962)		7,846	
	95,660		(11,918)		83,742	
Current portion of long-term debt	(90,870)				(130,455)	
Total long-term debt outstanding	$ 3,985,625				$ 3,835,432	

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

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

Senior Lien Bonds

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

Senior lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient: 1) to provide for the payment of all Airport System operating and maintenance expenses in the fiscal year and 2) to provide an amount not less than 125% of the aggregate debt service requirement (Senior Lien Coverage) for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for fiscal year 2019 and fiscal year 2018 were 4.70 and 4.57, respectively. As of June 30, 2019 and 2018, the Department had $902.0 million and $914.4 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 $17.0 million and $16.9 million during the fiscal years ended June 30, 2019 and 2018, respectively. The subsidy is recorded as a non-capital grant, a component of other non-operating revenue.

Subordinate Lien Bonds

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

Subordinate lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient 1. To provide for the payment of all Airport System operating and maintenance expenses in such fiscal year and 2. To provide an amount not less than 110% of the aggregate debt service requirement (Subordinate Lien Coverage) for all the senior lien and subordinate lien bonds then outstanding for the fiscal year. The coverages on the combined senior and subordinate lien debt for fiscal year 2019 and fiscal year 2018 were 1.61 and 1.58, respectively. As of June 30, 2019 and 2018, the Department had $1,705.6 million and $1,783.9 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 has 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, 2019 and 2018, the Department had $73.3 million and $92.5 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, 2019 and 2018, the Department had $755.2 million and $795.0 million in outstanding PFC pledged bonds, respectively.

In fiscal years 2019 and 2018, the Department earned $96.8 million and $94.6 million, respectively, in PFC revenues and earned $6.9 million and $1.3 million, respectively, in PFC interest income. In fiscal years 2019 and 2018, the Department pledged $77.8 million and $77.0 million, respectively, toward debt service payments associated with outstanding PFC bonds and pledged no monies toward debt service payments 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, 2019 and 2018, the Department had $71.0 million in outstanding Jet A bonds and $241.8 million in outstanding bond anticipation notes, for a total of $312.8 million in total outstanding third lien debt.

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of a three-cent-per-gallon tax collected by the County on jet aviation fuel sold, distributed, or used in the County. Shortages in debt service from fuel tax collections are funded with Airport System revenues. As of June 30, 2019 and 2018, there was no shortage of Jet A Fuel Tax revenues to cover the Jet A Bonds debt service.

General Obligation Bonds

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

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

The general obligation bonds are secured by and payable from a claim on the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, PFC lien debt service, and junior subordinate lien and Jet A bonds lien debt service. Pursuant to the Indenture, the County has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System sufficient to pay debt service on the senior lien bonds, the subordinate lien bonds, the general obligation (limited tax) airport bonds, the PFC bonds, and the junior subordinate lien debt and Jet A bonds. As of June 30, 2019 and 2018, 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 11 associated letters of credit and one line of credit. Under the letters of credit, the banks who issued the facilities are unconditionally obligated to pay principal and interest on the bonds secured by letters of credit when due, and to pay the purchase price of tendered bonds when tendered. The Department is obligated to immediately reimburse the banks who issued these facilities for principal and interest draws. According to the terms of the lines of credit, the bank who issued the facility is obligated (absent a default by the County) to pay the purchase price of tendered bonds when tendered. In both cases, it is expected that tendered bonds will be remarketed and remarketing proceeds will be used to reimburse the issuing banks for the purchase price of tendered bonds. Each line or letter of credit has a three-year term out agreement. If a term-out agreement were to take effect, it would require all outstanding amounts to such series of bonds to be repaid within three years on an accelerated basis. The Department's line and letters of credit terminate on dates occurring between March 2020 and February 2024.

Below summarizes the credit facilities securing the variable rate bonds at June 30, 2019 (in thousands):

Bond Series	Credit Provider	Facility Fee Rate	Remarketing Agent	Remarketing Fee Rate
2008A-2	State Street Bank and Trust	0.38%	J.P. Morgan Securities	0.10%
2011B-1	Citi Bank N.A.	0.50%	Citi Bank N.A.	0.09%
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.	0.45%	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%
10F2 PFC	MUFG Union Bank	0.55%	Citi Bank N.A.	0.09%
2008A GO	State Street Bank and Trust	0.35%	Citi Bank N.A.	0.09%

Credit Type	Original Commitment Amount	Term Out	Termination Date
Letter of credit	$ 53,321	3 years	July 1, 2022
Letter of credit	106,641	3 years	March 17, 2020
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	March 27, 2020
Letter of credit	106,122	3 years	December 4, 2020
Letter of credit	130,903	3 years	June 2, 2023
Letter of credit	106,542	3 years	August 7, 2020
Line of credit *	45,713	3 years	February 14, 2024

* The full commitment amount on the Department's line of credit is unused as of June 30, 2019.

(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, 2019 and 2018, was $0.02 million and $0, respectively. The increase in arbitrage liability in from FY 2018 to FY 2019 is attributable to excess yield in Series 2017C and Series 2018A.

The Department made a scheduled payment to the Internal Revenue Service prior to the deadline and is current on all other required arbitrage payments.

(d) Description of Bond Series Issuances, Calls, and Refundings During the Fiscal Years Ended June 30, 2019 and 2018

Subordinate Lien Bonds

Series 2011B:

In August 2011, the County issued $200.0 million in AMT weekly variable rate debt obligations. The Series 2011 B-1 Bonds and the Series 2011 B-2 Bonds each were issued for $100.0 million in principal to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Bonds, Series 2008 A-1 Bonds and 2008 B-1 Bonds, each of which had been issued for $100.0 million in principal. The bonds had staggered scheduled maturities through July 1, 2022. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1 of each year.

On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Subordinate Refunding Revenue Bonds. The Series 2017D Bonds were then sold to Bank of America Preferred Funding Corporation, pursuant to a floating rate Direct Purchase Agreement through the final maturity of the bonds on July 1, 2022. See "Subordinate Lien Bonds from Direct Placements" section for additional detail regarding Series 2017D.

Jet A Bonds and Junior Subordinate Lien Notes

Series 2018A Notes:

On June 29, 2018, the County issued the Series 2018A Junior Subordinate Lien Revenue Notes (Series 2018A Note) for $95.5 million. The net proceeds of $103.4 million, along with a $2.5 million contribution from the Series 2014B Notes sinking fund, were used to refund the outstanding principal and interest on the Series 2014B Notes. The Series 2018A Notes have a fixed interest rate of 5.00% and a yield of 1.98%. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July1 of each year until the scheduled maturity on July 1, 2021. The present value over the three-year life of the aggregate debt service payments for the Series 2018A Notes is $103.9 million. There is no aggregate debt to service on the refunding transaction between the refunding notes and the refunded notes due to the fact that the Series 2014B Notes matured on July 1, 2018.

(e) Long-term Debt Obligations

The following tables summarize of long-term debt obligations at June 30, 2019 and 2018 (in thousands):

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June 30, 2019

Series		Purpose	Pledged Revenue
Senior Lien Bonds	2009B	Issued to fund height restriction litigation settlements and the	Airport System Revenue
	2010C	Issued to fund the construction of Terminal 3	Airport System Revenue
	2010D	Issued to fund the construction of Terminal 3	Airport System Revenue
	2015A	Refunded Series 2005A	Airport System Revenue
Subordinate Lien Bonds	2008A2	Refunded Series 2006 B1	Airport System Revenue
	2008B2	Refunded Series 2006 B1	Airport System Revenue
	2008C1*		Airport System Revenue
	2008C2*	*Refunded Series 2005 C1A, Series 2005 C1B, Series 2005	Airport System Revenue
	2008C3*	C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series	Airport System Revenue
	2008D1*	2005 E1, Series 2005 E2, Series 2005 E3	Airport System Revenue
	2008D2*		Airport System Revenue
	2008D3	Refunded Series 2001C	Airport System Revenue
	2009C	Issued to fund the construction of Terminal 3	Airport System Revenue
	2010B	Issued to fund Terminal 3 project costs	Airport System Revenue
	2011B1	Refunded Series 2008A1and Series 2008B1	Airport System Revenue
	2014A1	Refunded Series 2004 A1and Series 2004 A2	Airport System Revenue
	2014A2	Refunded Series 2004 A1and Series 2004 A2	Airport System Revenue
	2017A1	Refunded Series 2007 A1	Airport System Revenue
	2017A2	Refunded Series 2007 A1	Airport System Revenue
Subordinate Lien Bonds from Direct Placements	*2017D*	Refunded Series 2011 B-2	Airport System Revenue
PFC Bonds	2010A PFC	Issued to fund Terminal 3 project costs	Passenger Facility Charge
	2010F2 PFC	Refunded Series 2005A	Passenger Facility Charge
	2012B PFC	Refunded Series 1998A	Passenger Facility Charge
	2015C PFC	Refunded Series 2007	Passenger Facility Charge
	2017B PFC	Refunded Series 2007 A1Bonds and funded	Passenger Facility Charge
Junior Subordinate Lien and Jet A Bonds	2013A	Refunded Series 2003C	Jet Aviation Fuel Tax Revenue
	2017C	Refunded Series 2015 B	Airport System Revenue
	2018A	Refunded Series 2014B	Airport System Revenue
General Obligation Bonds	2008A	Refunded Series 2003A	Airport System Revenue
	2013B	Refunded Series 2003B	Airport System Revenue

Issue Date	Maturity Date	Interest Rate	Original Issue	June 30, 2019
9/24/2009	7/1/2042	6.88%	$ 300,000	$ 300,000
2/23/2010	7/1/2045	6.82%	454,280	454,280
2/23/2010	7/1/2024	3.00%- 5.00%	132,485	87,785
4/30/2015	7/1/2040	5.00%	59,915	59,915
	Subtotal			901,980
	Unamortized premiums			8,814
	Current portion			(11,665)
	Total Senior Lien Bonds			899,129
6/26/2008	7/1/2022	weekly variable rate **	50,000	36,600
6/26/2008	7/1/2022	weekly variable rate **	50,000	36,635
3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
3/19/2008	7/1/2029	weekly variable rate **	71,550	62,915
3/19/2008	7/1/2029	weekly variable rate **	71,550	62,910
3/19/2008	7/1/2036	weekly variable rate **	58,920	52,995
3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
3/19/2008	7/1/2029	weekly variable rate **	122,865	120,925
9/24/2009	7/1/2026	5.00%	168,495	168,495
2/3/2010	7/1/2042	5.00%- 5.75%	350,000	350,000
8/3/2011	7/1/2022	weekly variable rate **	100,000	73,200
4/8/2014	7/1/2024	4.00%- 5.00%	95,950	21,490
4/8/2014	7/1/2036	4.00%- 5.00%	221,870	221,870
4/25/2017	7/1/2022	4.00%- 5.00%	65,505	54,035
4/25/2017	7/1/2040	5.00%	47,800	47,800
12/6/2017	7/1/2022	monthly variable rate †	92,465	73,265
	Subtotal			1,705,640
	Unamortized premiums			23,851
	Unamortized discounts			(11,071)
	Current portion			(124,344)
	Total Subordinate Lien Bonds			1,594,076
2/3/2010	7/1/2042	3.00%- 5.25%	450,000	446,765
11/4/2010	7/1/2022	weekly variable rate **	100,000	79,230
7/2/2012	7/1/2033	5.00%	64,360	64,360
7/22/2015	7/1/2027	5.00%	98,965	98,965
4/25/2017	7/1/2025	3.25%- 5.00%	69,305	65,925
	Subtotal			755,245
	Unamortized premiums			19,221
	Unamortized discounts			(4,291)
	Current portion			(41,475)
	Total PFC Bonds			728,700
4/2/2013	7/1/2029	5.00%	70,965	70,965
6/29/2017	7/1/2021	5.00%	146,295	146,295
6/29/2018	7/1/2021	5.00%	95,545	95,545
	Subtotal			312,805
	Unamortized premiums			19,825
	Current portion			(5,020)
	Total Junior Subordinate Lien and Jet A Bonds			327,610
2/26/2008	7/1/2027	weekly variable rate **	43,105	43,105
4/2/2013	7/1/2033	5.00%	32,915	32,915
	Subtotal			76,020
	Unamortized premiums			2,975
	Total General Obligation Bonds			78,995
	Imputed debt from termination of hedges			5,885
Total long-term debt				$ 3,634,395

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

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

June 30, 2018

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

Issue Date	Maturity Date	Interest Rate	Original Issue	June 30, 2018
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	100,185
4/30/2015	7/1/2040	5.00%	59,915	59,915
	Subtotal			914,380
	Unamortized premiums			9,818
	Current portion			(12,400)
	Total Senior Lien Bonds			911,798
6/26/2008	7/1/2022	weekly variable rate **	50,000	46,200
6/26/2008	7/1/2022	weekly variable rate **	50,000	46,235
3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
3/19/2008	7/1/2029	weekly variable rate **	71,550	65,815
3/19/2008	7/1/2029	weekly variable rate **	71,550	65,810
3/19/2008	7/1/2036	weekly variable rate **	58,920	55,040
3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
3/19/2008	7/1/2029	weekly variable rate **	122,865	121,435
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	92,400
4/8/2014	7/1/2024	4.00%- 5.00%	95,950	22,340
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	65,505
4/25/2017	7/1/2040	5.00%	47,800	47,800
12/6/2017	7/1/2022	monthly variable rate †	92,465	92,465
	Subtotal			1,783,915
	Unamortized premiums			27,745
	Unamortized discounts			(12,085)
	Current portion			(78,275)
	Total Subordinate Lien Bonds			1,721,300
6/26/2008	7/1/2018	5.00%- 5.25%	115,845	17,565
2/3/2010	7/1/2042	3.00%- 5.25%	450,000	447,360
11/4/2010	7/1/2022	weekly variable rate **	100,000	97,470
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	69,305
	Subtotal			795,025
	Unamortized premiums			23,415
	Unamortized discounts			(4,546)
	Current portion			(39,780)
	Total PFC Bonds			774,114
4/2/2013	7/1/2029	5.00%	70,965	70,965
7/1/2014	7/1/2018	5.00%	103,365	95,545
6/29/2017	7/1/2021	5.00%	146,295	146,295
	Subtotal			312,805
	Unamortized premiums			28,334
	Total Junior Subordinate Lien and Jet A			341,139
2/26/2008	7/1/2027	weekly variable rate **	43,105	43,105
4/2/2013	7/1/2033	5.00%	32,915	32,915
	Subtotal			76,020
	Unamortized premiums			3,215
	Total General Obligation Bonds			79,235
	Imputed debt from termination of hedges			7,846
Total long-term debt				$ 3,835,432

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

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

(f) Schedule of Debt Principal and Interest

Principal and interest payments on debt at June 30, 2019, are as follows (in thousands):

Fiscal Year Ended June 30,	Total		Senior Lien Bonds		Subordinate Lien Bonds **	
	Principal	Interest	Principal	Interest *	Principal	Interest
2020	$ 182,504	$ 169,687	$ 11,665	$ 58,682	$ 104,644	$ 56,681
2021	145,050	164,189	12,180	58,105	64,905	53,973
2022	390,445	153,458	12,920	57,484	65,790	52,196
2023	152,760	142,486	16,175	56,763	70,405	50,228
2024	108,705	137,822	17,025	55,936	67,770	47,773
2025-2029	502,261	627,086	17,820	273,548	297,246	204,344
2030-2034	556,290	527,429	44,820	265,546	319,820	157,843
2035-2039	684,820	395,070	186,330	236,690	347,685	97,977
2040-2044	820,420	187,560	374,610	140,556	294,110	30,568
2045-2049	208,435	14,369	208,435	14,369	—	—
Total	$ 3,751,690	$ 2,519,156	$ 901,980	$ 1,217,679	$ 1,632,375	$ 751,583

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

Subordinate Lien Bonds from Direct Placements		PFC		Jet A Fuel Tax Bonds Bond Anticipation Notes		General Obligation Bonds	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
$ 19,700	$ 1,178	$ 41,475	$ 35,145	$ 5,020	$ 15,515	$ —	$ 2,486
19,750	744	42,945	33,624	5,270	15,258	—	2,486
19,800	308	44,560	32,042	247,375	8,941	—	2,486
14,015	—	46,355	30,397	5,810	2,612	—	2,486
—	—	17,810	29,312	6,100	2,314	—	2,486
—	—	108,685	131,889	35,405	6,555	43,105	10,750
—	—	150,910	99,171	7,825	196	32,915	4,672
—	—	150,805	60,403	—	—	—	—
—	—	151,700	16,437	—	—	—	—
—	—	—	—	—	—	—	—
$ 73,265	$ 2,230	$ 755,245	$ 468,420	$ 312,805	$ 51,391	$ 76,020	$ 27,852

(g) 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, 2019 and 2018 (in thousands):

	June 30, 2019	June 30, 2018
2008 Series A-2	$ 1	$ 2
2008 Series A	555	624
2008 Series B-2	1	2
2008 Series C	1,291	1,711
2008 Series D-2	9,884	10,567
2008 Series D-3	657	734
2010 Series F-2	669	1,103
2011 Series B-1	11	20
2012 Series B	1,341	1,864
2013 Series B	74	89
2014 Series A-2	2,799	3,021
2015 Series C	2,993	3,649
Total unamortized losses on refunded bonds	20,276	23,386
Deferred losses on imputed debt	5,885	7,846
Total other deferred costs	$ 26,161	$ 31,232

(h) <u>Deferred Inflows of Resources Related to Debt</u>

The following schedule details the unamortized gains on bond refundings, presented as deferred inflows, at June 30 2019 and 2018 (in thousands):

	June 30, 2019	June 30, 2018
2008 Series D-1	$ 39	$ 48
2013 Jet A Fuel Tax Series A	971	1,350
2014 Series A-1	503	679
2015 Series A	898	945
2017 Series A-1	1,157	1,853
2017 Series A-2	1,811	1,902
2017 Series B PFC	1,192	1,550
Total unamortized gains on refunded bonds	$ 6,571	$ 8,327

9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) <u>Interest Rate Swaps</u>

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

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

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

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

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

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

The initial notional amounts and outstanding notional amounts of all active swaps, as well as the breakout of floating-to-fixed swaps, basis swaps, and fixed-to-fixed swaps as of June 30, 2019 and 2018, are summarized as follows (in thousands):

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Swap #		Interest Rate Swap Description	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives
02		Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%
03	*	Floating-to-Fixed	N/A	5.4900% to 7/2010, 3.0000% to maturity	69.0% of USD LIBOR + 0.350%
04		Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%
05	*	Floating-to-Fixed	N/A	4.9700% to 7/2010, 3.0000% to maturity	62.6% of USD LIBOR + 0.330%
07A	‡	Floating-to-Fixed	2008 A-2, 2011 B-1	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%
07B	‡	Floating-to-Fixed	2008 B-2, 2017D	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%
14A	**	Floating-to-Fixed	2008 D-2, 2008 D-3	3.8860%	64.4% of USD LIBOR + 0.280%
14B	**	Floating-to-Fixed	2008 C, 2008 D-2A, 2008 D-2B, 2008A GO, 2010 F-2 PFC	3.8810%	64.4% of USD LIBOR + 0.280%
Remaining portions of swaps after April 6, 2010 terminations					
15		Floating-to-Fixed	Swap #03 (amended and restated)	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010
16		Floating-to-Fixed	Swap #05 (amended and restated)	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010
17		Floating-to-Fixed	Swap #13 (amended and restated)	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03 and #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 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 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. 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 instuments. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and 14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Outstanding Notional June 30, 2019	June 30, 2018
8/23/2001	7/1/2036	$ 185,855	Citigroup Financial Products Inc.	A3	BBB+	A	$ 64,930	$ 70,799
4/4/2005	7/1/2022	259,900	Citigroup Financial Products Inc.	A3	BBB+	A	—	—
7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc.	A3	BBB+	A	94,600	95,660
3/19/2008	7/1/2025	60,175	Citigroup Financial Products Inc.	A3	BBB+	A	—	—
7/1/2008	7/1/2022	150,000	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	109,800	138,600
7/1/2008	7/1/2022	150,000	UBS AG	Aa3	A+	AA-	109,900	138,700
3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc.	A3	BBB+	A	139,725	143,700
3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	29,525	30,375
3/19/2008	7/1/2040	31,975	UBS AG	Aa3	A+	AA-	29,525	30,375
3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	A3	BBB+	A	37,175	38,610
3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	7,910	8,215
3/19/2008	7/1/2036	8,795	UBS AG	Aa3	A+	AA-	7,910	8,215
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	29,935
7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc.	A3	BBB+	A	200,000	200,000
7/1/2011	7/1/2030	73,025	UBS AG	Aa3	A+	AA-	—	73,025
7/1/2011	7/1/2037	145,150	Citibank, N.A., New York	A1	A+	A+	—	145,150
4/6/2010	7/1/2022	N/A	Citigroup Financial Products Inc.	A3	BBB+	A	—	29,844
4/6/2010	7/1/2025	N/A	Citigroup Financial Products Inc.	A3	BBB+	A	—	50,075
4/6/2010	7/1/2040	N/A	Citigroup Financial Products Inc.	A3	BBB+	A	—	150,000
	Total	$ 1,758,045					$ 890,870	$ 1,411,213

(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, 2019 and 2018 (in thousands):

		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 activities			5,243	$ (12,282)	$ (21,050)	8,768
Investment derivative instruments				Gain (loss) on Investment	Deferral Included in Gain (loss)	
2	Basis Rate Swap	Non-current liability	(423)	499	$ —	499
4	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 December 19, 2018 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 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 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. 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. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

		Fair Value and Classifications as of June 30, 2018		Changes in Fair Value for the Twelve Months Ended June 30, 2018		
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	$ 1,742	$ 1,464	$ —	$ 1,464
07B ‡	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,744	1,464	—	1,464
10B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(764)	—	(1,286)	1,286
10C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(764)	—	(1,287)	1,287
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	19,914	2,511	—	2,511
14A *	Floating-to-Fixed Interest Rate Swap	Non-current liability	(11,592)	—	(4,049)	4,049
14B *	Floating-to-Fixed Interest Rate Swap	Non-current liability	(29,391)	—	(8,100)	8,100
Total hedging derivative activities			(19,111)	$ 5,439	$ (14,722)	$ 20,161
Investment derivative instruments				Gain (loss) on Investment	Deferral Included in Gain (loss)	
02	Basis Rate Swap	Non-current liability	(923)	$ 540	$ —	540
04	Basis Rate Swap	Non-current asset	1,129	76	—	76
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(17,638)	5,135	—	5,135
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(3,730)	1,085	—	1,085
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(3,730)	1,085	—	1,085
09A	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,183	763	—	763
09B	Floating-to-Fixed Interest Rate Swap	Non-current asset	252	162	—	162
09C	Floating-to-Fixed Interest Rate Swap	Non-current asset	252	162	—	162
Remaining portions of swaps after April 6, 2010 terminations						
15 **	Fixed-to-Fixed Swap (formerly Swap #03)	Non-current asset	856	(424)	—	(424)
16 **	Fixed-to-Fixed Swap (formerly Swap #05)	Non-current asset	1,748	(315)	—	(315)
18 **	Fixed-to-Fixed Swap (formerly Swap #13)	Non-current asset	37,310	(3,386)	—	(3,386)
Total investment derivative activities			16,709	$ 4,883	$ —	4,883
Total			$ (2,402)			$ 25,044

* On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap #14A, $73.025 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap #14B, $201.975 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 the Notes are deemed to mature in perpetuity, the 2008A General Obligation Bonds mature 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 July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative.

‡ On 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 April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. 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, #10A, 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.

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

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

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

(c) Hedging Derivative Instruments

As of June 30, 2019, 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, 2018. 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 increase in variable rates, three of the Department's hedging derivative instruments had a positive fair value as of June 30, 2019 and 2018.

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, 2019 and 2018 (in thousands):

Swap #	Interest Rate Swap Description	Associated Variable Rate Bonds	Counterparty Swap Interest (Pay)	Counterparty Swap Interest Receive	Counterparty Swap Interest Net	Interest to Bondholders (Pay)	Net Interest Payments 2019	Net Interest Payments 2018
07A	Floating-to-Fixed	2008 A-2, 2011 B-1	$ (2,509)	$ 4,142	$ 1,633	$ (1,808)	$ (175)	$ (3,132)
07B*	Floating-to-Fixed	2008 B-2, 2017D	—	1,637	1,637	(2,162)	(526)	(3,147)
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(479)	257	(222)	(979)	(1,201)	(695)
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(221)	—	(221)	(979)	(1,200)	(694)
12A **	Floating-to-Fixed	2008A GO,2008C, 2008 D-3	(4,093)	6,762	2,669	(2,978)	(309)	(5,622)
14A **	Floating-to-Fixed	2008 D-2, 2008 D-3	(13,288)	—	(13,288)	(521)	(13,809)	(2,777)
14B **	Floating-to-Fixed	2008 C, 2008 D-2A, 2008 D-2B, 2008A GO, 2010 F-2 PFC	(36,321)	—	(36,321)	(1,083)	(37,404)	(5,554)
			$ (56,911)	$ 12,798	$ (44,113)	$ (10,510)	$ (54,624)	$ (21,621)

* 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 three hedging derivative instruments that had positive fair values totaling $11.1 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, 2019, along with the counterparty credit ratings for these swaps (in thousands):

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

The 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, 2018. However, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The following are the hedging swaps and their amounts at risk as of June 30, 2018, along with the counterparty credit ratings for these swaps (in thousands):

Swap #	Interest Rate Swap Description	Counterparty	Counterparty Ratings			Credit Risk Exposure
			Moody's	S&P	Fitch	
07A	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	AA-	$ 1,742
07B	Floating-to-Fixed	UBS AG	A1	A	A	1,743
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	19,914
						$ 23,399

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, 2019 and 2018, the cash collateral posted with the custodian for Swap #12A was $12.1 million and $21.0 million, respectively.

<u>Basis and Interest Rate Risk – Hedging Derivative Instruments</u>

All hedging derivative swaps 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.

<u>Tax Policy Risk – Hedging Derivative Instruments</u>

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.

<u>Termination Risk – Hedging Derivative Instruments</u>

The Department is exposed to termination risk if either the credit rating of the bonds associated with the swap or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, i.e. if an ATE occurs. If at the time of the ATE the swap has a negative fair value, the Department would be liable to the counterparty for a payment equal to the swap’s fair value. For all swap agreements, except for swaps #08A and

#09A, the Department is required to designate a day between 5 and 30 days to provide written notice following the ATE date. For swaps #08A and #09A, the designated date is 30 days after the ATE date.

Market Access Risk - Hedging Derivative Instruments

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

Foreign Currency Risk - Hedging Derivative Instruments

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

Rollover Risk and Other Risks – Hedging Derivative Instruments

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

d) Investment Derivative Instruments

Credit Risk - Investment Derivative Instruments

The Department was exposed to credit risk on the seven investment derivative instruments that had positive fair values totaling $1.1 million as of June 30, 2019, and $42.7 million as of June 30, 2018. 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, 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
						$ 1,132

The investment swaps and their amounts at risk as of June 30, 2018, along with the counterparty credit ratings for these swaps, are as follows (in thousands):

Swap #	Interest Rate Swap Description	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Credit Risk Exposure
04	Basis Swap	Citigroup Financial Products Inc.	Baa1	BBB+	A	$ 1,129
09A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	1,183
09B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	AA-	252
09C	Floating-to-Fixed	UBS AG	A1	A	A	252
Remaining portions of swaps after April 6, 2010 terminations						
15	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	856
16	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	1,748
18	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa1	BBB+	A	37,310
						$ 42,730

As of June 30, 2016, the counterparty's credit rating declined to the respective rating thresholds as defined in the ISA CSA agreement for Swap #18 and the counterparty is required to post collateral. On August 10, 2016, the County executed the Agreement for Swap #18, and the counterparty posted the initial cash collateral of $39.9 million. On December 19, 2018, the Department terminated Swap #18 and the custodian returned cash collateral of $39.1 million to the counterparty.

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.

The investment components of swaps #15, #16, and #18 are not subject to interest rate risk, since there is no variable rate component.

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

Using the rates in effect on June 30, 2019, 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 Principal	Variable Rate Bonds Interest	Direct Placement Bonds Principal	Direct Placement Bonds Interest	Net Swap Payments	Total
2020	$ 48,055	$ 14,641	$ 19,700	$ 1,178	$ (5,625)	$ 77,949
2021	48,560	13,702	19,750	744	(3,026)	79,730
2022	48,915	12,756	19,800	308	(1,908)	79,871
2023	37,705	12,027	14,015	—	(1,670)	62,077
2024	10,055	11,833	—	—	(1,125)	20,763
2025-2029	227,730	47,317	—	—	361	275,408
2030-2034	151,295	28,360	—	—	1,496	181,151
2035-2039	168,745	13,145	—	—	782	182,672
2040-2044	70,730	684	—		77	71,491
Total	$ 811,790	$ 154,465	$ 73,265	$ 2,230	$ (10,638)	$ 1,031,112

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 $36.5 million and $32.0 million for the fiscal years ended June 30, 2019 and 2018, respectively.

11.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

As of June 30, 2019, the Department's management estimates that construction in progress will require an additional outlay of approximately $35.2 million to bring related projects to completion.

(b) Litigation and Claims

General Litigation

The Department, through the County, is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The opinion of County management, based on the advice of the County Attorney, is that the outcome of such claims will not have a material adverse effect on the Department's Fund's financial position, results of operations or liquidity at June 30, 2019.

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:

United States of America ex rel. Barnes v. Clark County, Nevada

During March 2017, the County was served with a complaint in *United States of America ex .rel. Cheryl Barnes vs Clark Count*y. Outside counsel is handling this litigation on behalf of the County. This case was filed by a litigant from previous inverse condemnation cases against the County. The complaint alleges claims under the federal False Claims Act in connection with grant and other applications the County submitted to the FAA. The complaint seeks treble damages and penalties in an aggregate amount of approximately $2.8 billion. On March 28, 2017, the County filed a motion to dismiss, based upon the statute of limitations and substantive deficiencies, including what the County believes are incurable pleading failures on the False Claims Act's requirements of scienter, falsity, materiality and causation.

As of January 9, 2018, the County prevailed on its motion to dismiss, and the case was dismissed without leave to amend. The Court indicated that the airport did not knowingly make false statements. On August 23, 2018, the Court granted the County's motion for attorneys' fees and ordered the Plaintiff to pay such fees.

On April 1, 2019, the District Court issued an Order denying Plaintiff's motion for reconsideration. However, on June 10, 2019 the Plaintiff appealed and filed an Opening Brief with the 9th Circuit. The County has submitted their Answering Brief, along with a response, and continues to defend the claim.

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

The County was served with a lawsuit filed by the U.S. Department of Justice regarding a modification to a 1999 lease that the County entered into involving land subject to the Southern Nevada Public Lands Management Act. The complaint alleged 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 requested the present value of future rent, in the event of an adverse ruling, the County would likely only be subject to back rent of approximately $12.0 million. Alternatively, the complaint sought rescission of the amendment, which would relieve the County of the back rent obligation. The County has no objection to rescission but is defending the claim for back rent. At this time, the County is unable to predict the outcome of the dispute. The current tenant, Nevada Links, is also a defendant in this litigation and may share responsibility for back payments.

On September 3, 2019, a hearing was held, and the Court ordered a redacted copy of the consulting expert appraisal to the Defendants, and an unredacted copy to the Court for in-camera review, to determine whether the redactions are appropriate. Further, the parties must submit simultaneous, supplemental briefings on the issue of whether all work product protection is waived in dual hat expert cases to assist in determining whether redactions are proper. Settlement negotiations are ongoing.

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 $225.8 million and $216.3 million in the years ended June 30, 2019 and 2018, respectively, for contingent rental payments in excess of the stated annual minimum guarantees.

The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2019, for the upcoming fiscal years (in thousands):

	Minimum Future Rents
2020	$ 303,039
2021	112,297
2022	100,461
2023	71,333
2024	69,187
Thereafter	467,573

13.) RISK MANAGEMENT

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

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

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

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

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

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

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

14.) AIRPORT LAND TRANSFERS

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

1. Valid existing rights;

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

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

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

Due to the uncertainty of any future benefit to the Department, a value has not been assigned to, nor was income reported relating to, land not yet sold or leased under the Southern Nevada Public Land Management Act of 1998. Gross proceeds from the sale and lease of CMA land for the years ended June 30, 2019 and 2018, were $6.2 million and $92.6 million, respectively, and from inception were $266.2 million. The Department's share of these proceeds were $0.6 million and $9.3 million for the years ended June 30, 2019 and 2018, respectively, and from inception were $26.6 million.

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, 2019, the following significant events occurred:

1. On July 1, 2019, the Department issued the 2019 A Subordinate Lien Revenue Bonds for $107.5 million. The proceeds from this issuance were primarily used to refund all outstanding Series 2009 C Subordinate Lien Revenue Bonds.

2. On July 1, 2019 the Department issued the Series 2019 B (Non-AMT) Senior Lien Revenue Bonds for $240.8 million. The proceeds from this issuance were primarily used to refund all outstanding Series 2009 B Senior Lien Revenue Bonds (Taxable Direct Payment Build America Bonds).

3. On October 15, 2019, the Board approved an ordinance authorizing the issuance of the Revenue Bonds, Senior Series 2019 C, Subordinate Lien Refunding Revenue Bonds, Series 2019 D, and PFC Refunding Revenue Bonds, Series 2019 E, as well as the redemption and early payment of all or a portion of the PFC Refunding Revenue Bonds, 2010 Series F-2, and Subordinate Lien Revenue Bonds, Series 2011 B-1. On October 22, 2019, the County published a Conditional Notice of Prior Redemption to the holders of the 2010 Series F-2 and Series 2011 B-1 . The outstanding aggregate principal balance of $60.3 million for 2010 Series F-2, plus accrued interest of $0.3 million, was called for full redemption on November 8, 2019. The outstanding aggregate principal balance of $60.3 million for Series 2011 B-1, plus accrued interest of $0.3 million, was called for full redemption on November 8, 2019.

   The issuances of Series 2019 C, Series 2019 D, and Series 2019 E Bonds are expected to finalize on November 27, 2019. The proceeds from the issuances of these bonds will primarily be used to refund the Series 2010 D Senior Lien Revenue Bonds, 2010 B Subordinate Lien Revenue Bonds, and Series 2010 A PFC Revenue Bonds, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Proportion of the Plan's net pension liability	$ 176,581	$ 170,398	$ 174,029	$ 142,762	$ 130,301
Proportionate share of the net pension liability	1.29%	1.28%	1.29%	1.25%	1.25%
Covered payroll	$ 85,678	$ 82,499	$ 78,305	$ 76,440	$ 73,355
Proportionate share of the net pension liability as a percentage of the covered payroll	206.10%	198.88%	222.25%	186.76%	177.63%
Plan's fiduciary net position	$ 41,431,687	$ 38,686,253	$ 35,002,029	$ 34,610,720	$ 33,575,081
Plan fiduciary net position as a percentage of the total pension	75.24%	74.40%	72.20%	75.10%	76.30%

* 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.

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%

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

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

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

	CCSF	CC RHPP	PEBP	Total
Net OPEB liability at June 30, 2017	$ 72,515	$ 13,535	$ 4,159	$ 90,209
Changes recognized for the fiscal year:				
Service cost	7,199	979	—	8,178
Interest	2,745	413	118	3,276
Differences between expected and actual experience	510	356	13	879
Changes in assumptions***	(11,662)	(993)	(384)	(13,039)
Benefit payments	(1,323)	(615)	(153)	(2,091)
Net change in total OPEB liability **	(2,531)	140	(406)	(2,797)
Net change in plan's fiduciary net position	(1,858)	N/A	N/A	(1,858)
Net OPEB liability at June 30, 2018	$ 68,126	$ 13,675	$ 3,753	$ 85,554
Covered-employee payroll	$ 47,578	$ 32,721	N/A	80,299
Net OPEB liability as a percentage of covered-employee payroll	143.0%	42.0%	N/A	107.0%
CCSF fiduciary net position	$ 17,170	**	**	N/A
CCSF total OPEB liability	$ 85,295	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
Net OPEB liability as a percentage of covered-employee payroll	60.4%	53.2%	N/A	61.8%
CCSF fiduciary net position	$ 18,593	**	**	N/A
CCSF total OPEB liability	$ 47,559	N/A	N/A	N/A
Proportion of CCSF fiduciary net position as a percentage of CCSF total liability	39.1%	N/A	N/A	N/A

(continued on next page)

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

	2018	2017
	CCSF	CCSF
Beginning CCSF fiduciary net position	$ 17,170	$ 15,312
Changes in CCSF fiduciary net position recognized for the fiscal year		
Employer contributions	441	1,323
Employee contributions	—	—
Net investment income	1,423	1,859
Benefit payments	(441)	(1,323)
Administrative expense	—	(1)
Net change in CCSF fiduciary net position	1,423	1,858
Ending CCSF fiduciary net position	$ 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.

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

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

	Fiscal Year Ending June 30, 2019 CCSF	Fiscal Year Ending June 30, 2018 CCSF
Required contribution (actuarially determined)	$ 9,129	$ 8,313
Contributions in relation to the actuarially determined contributions	10,802	714
Contribution deficiency (excess)	$ (1,673)	$ 7,599
Covered-employee payroll	47,954	48,453
Contributions as a percentage of covered-employee payroll	-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

Schedule of Airport Revenue Bond Debt Service Coverage
For the Fiscal Years Ended June 30, 2019 and 2018
(in thousands)

	Reference	FY 2019	FY 2018
Operating revenue		$ 565,873	$ 559,319
Build America Bond subsidy payments		16,948	16,876
Interest income		20,200	5,777
Total revenue	(a)	603,021	581,972
Other available funds:			
Senior lien coverage		17,656	17,986
Subordinate lien coverage	(b)	14,518	14,471
Total other available funds		32,174	32,457
Total revenue and other available funds		635,195	614,429
Operating expenses	(c)	(280,001)	(271,873)
Net revenues available for debt service	(d)	355,194	342,556
PFC revenue		96,783	94,597
PFC fund interest income		6,937	1,315
Total PFC revenue	(e)	103,720	95,912
Senior lien debt service	(f)	70,622	71,945
Subordinate lien debt service	(g)	145,180	144,707
Senior and subordinate lien debt service	(h)	215,802	216,652
Subordinate PFC debt service	(i)	77,810	77,231
Total subordinate PFC debt service		$ 77,810	$ 77,231
Coverage ratios			
Net revenue (informational only)	(a-c)/f	4.57	4.32
Senior lien including other available funds (1.25 required)	(d-b)/f	4.82	4.57
Senior and subordinate lien including other available funds (1.10 required)	d/h	1.65	1.58
Subordinate lien after payment of senior lien	(d-f)/g	1.96	1.87
Subordinate PFC bonds (informational only)	e/i	1.33	1.24

Statistical Section

Overview of Information Provided in the Statistical Section

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

Financial trends:

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

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

Revenue Capacity:

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

- Summary of Operating Revenues
- Summary of Restricted Revenues

Debt Capacity:

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

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

Overview of Information Provided in the Statistical Section

Demographic and Economic Information:

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

- Visitor, Convention and Room Statistics
- Demographic and Economic Statistics
- Principal Employers

Operating information:

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

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

Schedule of Revenues, Expenses, and Changes in Net Position
Budget vs. Actual for the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018) (in thousands)

	FY 2019			FY 2018
	Budget	Actual	Variance	Actual
Operating Revenues				
Landing fees	$ 44,680	$ 43,557	$ (1,123)	$ 43,683
Other aircraft fees	7,340	8,338	998	7,338
Terminal concessions	76,583	75,843	(740)	75,478
Building rental	260,755	257,823	(2,932)	252,938
Parking	38,524	40,759	2,235	39,002
Slot concessions	36,862	37,395	533	36,051
Rental car fees	35,639	35,738	99	35,385
Land rental	22,798	25,303	2,505	25,019
Transportation concessions	27,264	31,182	3,918	27,442
Other	9,454	9,935	481	16,983
Total Operating Revenue	559,899	565,873	5,974	559,319
Operating Expenses				
Salaries and wages	99,081	93,784	5,297	88,500
Employee benefits	55,014	47,276	7,738	51,283
Contracted and professional services	75,393	65,115	10,278	59,937
Repairs and maintenance	22,005	24,970	(2,965)	24,128
Utilities and communications	24,392	23,946	446	24,106
Materials and supplies	15,782	19,470	(3,688)	15,895
Administrative expenses	8,033	5,440	2,593	8,024
Total Operating Expenses	299,700	280,001	19,699	271,873
Operating income before depreciation	260,199	285,872	(25,673)	287,446
Depreciation/Amortization	195,000	190,874	4,126	191,840
Operating income or (loss)	65,199	94,998	(29,799)	95,606
Non-operating Revenues (Expenses)				
Passenger Facility Charge revenue	94,709	96,783	2,074	94,597
Jet A Fuel Tax	12,371	11,979	(392)	11,795
Interest and investment income	7,623	17,136	9,513	12,916
Interest expense	(205,637)	(160,194)	45,443	(147,609)
Capital contributions	24,365	22,281	(2,084)	7,517
Net gain (loss) from disposition of capital assets	(1,773)	232	2,005	825
Other non-operating revenue				
Total non-operating revenues (expenses)	(68,342)	(11,783)	56,559	(19,959)
Change in net position	(3,143)	83,215	86,358	75,647
Net position, beginning of year	1,363,323	1,363,323	—	1,287,676
Net position, end of year	$ 1,360,180	$ 1,446,538	$ 86,358	$ 1,363,323

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

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

Fiscal Year	Operating Revenue	Percentage Increase/ (Decrease)	Operating Expenses	Percentage Increase/ (Decrease)	Income Before Depreciation	Percentage Increase/ Decrease	Depreciation and Amortization	Percentage Increase/ (Decrease)
2010	362,451	(4.4%)	227,694	(6.8%)	134,757	0.0%	134,369	9.5%
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%)

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

Operating Income	Percentage Increase/ (Decrease)	Non-Operating Income (Expense)	Percentage Increase/ (Decrease)	Income before Capital Contributions	Percentage Increase/ (Decrease)	Capital Contributions	Percentage Increase/ (Decrease)	Change in Net Position	Percentage Increase/ (Decrease)
$ 388	(96.8%)	$ (40,236)	(0.3%)	$ (39,848)	41.1%	$ 22,914	(44.4%)	(16,934)	(230.3%)
39,097	9,976.5%	(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)	(1,336.9%)	36,752	119.3%	(130,227)	(530.3%)
60,533	(1,375.2%)	(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	2,085.9%	49,276	156.4%	99,179	0.0%
95,606	(4.6%)	(27,476)	(45.4%)	68,130	36.5%	7,517	(84.7%)	75,647	361.2%
94,998	(0.6%)	(34,064)	24.0%	60,934	(10.6%)	22,281	196.4%	83,215	10.0%

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
2010	$ 1,060,641	$ 32,509	$ 220,753	$ 20,101	$ 180,302	$ 1,514,306
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

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

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

Fiscal Year	Total	Salaries and Benefits	Professional Services	Utilities	Repairs, Supplies, and Maintenance	Insurance	Administrative
2010	$ 227,694	$ 109,214	$ 56,464	$ 21,072	$ 35,694	$ 2,812	$ 2,438
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

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

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

Fiscal Year	Passenger Facility Charges	Jet A Fuel Tax Revenue	Interest and Investment Income	Interest Expense	Other Non-Operating Income	Gain/(Loss) from Disposition of Assets	Total Non-operating Income/ (Expense)
2010	$ 77,309	$ 7,799	$ 45,777	$ (173,914)	$ 9,415	$ (6,622)	$ (40,236)
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	17,136	(160,194)	16,948	232	$ (34,064)

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

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

	Total	Rentals and Fees				Concessions				Other
Fiscal Year	Operating Revenue	Landing Fees	Aircraft Fees	Building Rentals	Land Rentals	Ground Transportation	Gaming	Terminal Concessions	Parking Fees	Misc.
2010	$ 362,451	$ 51,723	$ 5,220	$ 138,262	$ 18,828	$ 37,859	$ 25,659	$ 51,925	$ 26,618	$ 6,357
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

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

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

Fiscal Year	Jet A Fuel Tax Revenue	Jet A Fuel Tax Per Enplaned Passenger	Passenger Facility Charges	PFC Per Enplaned Passenger
2010	$ 7,799	$ 0.39	$ 77,309	$ 3.87
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	0.50	90,793	3.78
2018	11,795	0.48	94,597	3.84
2019	11,979	0.47	96,783	3.84

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

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

Fiscal Year	(a) Total Revenue Available for Senior Debt Service	(b) Total Revenue Available for Subordinate Debt Service	(c) Less: Operating and Maintenance Expenses	(d) (a) minus (c) Net Revenue Available for Senior Debt Service	(e) (b) minus (c) Net Revenue Available for Subordinate Debt Service	(f) Senior Debt Service	(d)/(f) Senior Lien Coverage (1.25 Required*)	(g) Subordinate Lien Debt Service	(e)/(f+g) Senior and Subordinate Lien Coverage (1.10 Required*)
2010	$ 385,465	$ 390,260	$ 227,694	$ 157,771	$ 162,566	$ 60,674	2.60	$ 47,950	1.50
2011	413,762	419,503	217,353	196,409	202,150	63,194	3.16	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	4.17	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	70,662	4.82	145,180	1.65

* 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)
2010	$ 81,805	$ 81,804	1.00
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

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

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

Fiscal Year	Senior Lien Debt Service	Subordinate Lien Debt Service	Total Debt Service	Operating Revenues	Ratio of Debt Service to Revenues	Operating Expenses	Ratio of Debt Service to Expenses
2010	$ 60,674	$ 47,950	$ 108,624	$ 362,451	3.34	$ 227,694	2.10
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	565,874	2.62	280,001	1.30

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

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

Fiscal Year	Senior Lien Bonds	Subordinate Lien Bonds	Passenger Facility Charge Bonds	Junior Subordinate Lien Debt and Jet A Bonds	General Obligation Bonds	Total Outstanding Debt
2010	$ 1,129,066	$ 2,079,879	$ 1,096,793	$ 416,231	$ 78,718	$ 4,800,687
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	3,811,014

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

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

Calendar Year	Total Visitor Volume	Convention Attendance	Total Available Hotel-Motel Rooms	Occupancy Rates
2010	37,335,436	4,473,134	148,935	80.4%
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	not available	not available	not available	not available

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

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

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

Calendar Year	(1) Clark County Population	(2) Personal Income	Per Capita Personal Income	(3) School Enrollment	(4) Labor Force	(4) Unemployment Rate
2009	2,006,347	69,457,349,000	34,619	311,221	967,672	11.5%
2010	2,036,358	69,328,897,000	34,046	309,442	984,004	13.8%
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	105,087,856,00	47,090	324,030	1,098,114	4.8%
2019	not available	not available	not available	not available	not available	not available

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

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

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

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

	2019		2010	
Industry	Employees	% of Total Employment	Employees	% of Total Employment
Leisure and Hospitality	301,900	29.52%	256,900	31.81%
Trade, Transportation and Utilities	175,700	17.18%	146,500	18.14%
Professional and Business Services	147,400	14.41%	100,400	12.43%
Education and Health Services	105,000	10.27%	69,700	8.63%
Government	98,200	9.60%	95,300	11.80%
Construction	66,700	6.52%	46,400	5.74%
Financial Activities	56,200	5.50%	40,100	4.96%
Other Services	33,900	3.31%	23,400	2.90%
Manufacturing	25,600	2.50%	19,600	2.43%
Information	11,600	1.13%	9,100	1.13%
Mining and Logging	500	0.05%	300	0.04%
Total Clark County, Nevada employment	1,022,700		807,700	

Source: United States Bureau of Labor Statistics

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

Passenger and Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Aircraft Operations (Departures)	Landed Weight(000 lbs.)	Total Enplaned Passengers	Cargo Tons
2010	218,706	24,306,053	19,952,800	90,248
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

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

Market Share of Air Carriers
Last Three Fiscal Years

	FY 2019			FY 2018			FY 2017		
	Enplaned Passengers			Enplaned Passengers			Enplaned Passengers		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
Southwest	8,971,760	35.6%	(1.1)%	9,069,000	36.9%	(0.3)%	9,092,538	37.9%	(0.4)%
Delta	2,512,623	10.0%	5.5 %	2,381,513	9.7%	8.8 %	2,188,716	9.1%	5.2 %
Spirit	2,361,517	9.4%	25.6 %	1,880,051	7.6%	14.8 %	1,637,506	6.8%	9.6 %
American	2,244,777	8.9%	(2.1)%	2,292,713	9.3%	(1.4)%	2,325,318	9.7%	13.4 %
United	2,094,660	8.3%	7.1 %	1,955,411	8.0%	3.6 %	1,886,805	7.9%	2.8 %
International Carriers	1,883,962	7.5%	3.5 %	1,820,003	7.4%	2.1 %	1,782,202	7.4%	(14.2)%
Frontier	1,236,031	4.9%	1.7 %	1,215,538	4.9%	17.2 %	1,036,914	4.3%	24.9 %
Allegiant	1,182,786	4.7%	(0.5)%	1,189,097	4.8%	(1.9)%	1,211,484	5.1%	5.4 %
Alaska	1,098,729	4.4%	(5.9)%	1,167,678	4.8%	(6.0)%	1,241,508	5.2%	5.0 %
JetBlue	582,487	2.3%	(16.7)%	699,266	2.8%	1.2 %	691,028	2.9%	6.6 %
General Aviation & Other	535,678	2.1%	11.4 %	480,924	2.0%	3.4 %	464,961	1.9%	4.7 %
Hawaiian Air	253,940	1.0%	(0.8)%	256,069	1.0%	(0.9)%	258,428	1.1%	2.5 %
Sun Country	214,140	0.9%	57.5 %	135,926	0.6%	21.6 %	111,816	0.5%	16.6 %
Charter Airlines	43,557	0.2%	0.3 %	43,443	0.2%	(1.4)%	44,079	0.2%	1.7 %
Contour	6,878	—%	— %	—	—%	— %	—	—%	— %
California Pacific	190	—%	— %	—	—%	— %	—	—%	— %
Elite	—	—%	(100.0)%	9,711	—%	— %	—	—%	— %
Total Enplanements	25,223,715	100.2%	2.6 %	24,596,343	100.0%	2.8 %	23,973,303	100.0%	6.7 %

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

Per Passenger Calculations
Last Ten Fiscal Years

Fiscal Year	Concessions				Concession Revenue per Enplaned Passenger	Operating Expenses per Enplaned Passenger	Outstanding Debt per Enplaned Passenger	Airport Revenue Bond Debt Service per Enplaned Passenger	Airline Cost per Enplaned Passenger
	Ground Trsp	Gaming	Terminal	Parking					
2010	$ 3.26	$ 1.29	$ 2.60	$ 1.33	$ 8.48	$ 11.41	$ 240.60	$ 5.44	$ 7.54
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	9.47	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	4.16	1.48	3.01	1.62	10.27	11.10	151.09	8.59	9.91
Average	$ 3.87	$ 1.30	$ 2.90	$ 1.53	$ 9.60	$ 10.88	$ 197.40	$ 8.01	$ 10.11

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

* In June 2012, Terminal 3 became fully operational.

Full Time Equivalent Employees
Last Ten Fiscal Years

Fiscal Year	Total
2010	1,365
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
Average Annual	
Increase (Decrease)	0.7%

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

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

	For the Fiscal Years Ended:			
	2019	2018	2017	2016
Indicators of the Level of Demand for Services				
Airlines:	36	29	29	31
Destinations served:	156	137	150	152
Daily flight operations:	1,492	1,480	1,501	1,463
Daily commercial operations:	992	965	953	938
Annual passengers:	50,488,456	49,226,068	47,946,907	46,629,208
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: 14,512' X 150'	26R*/8L: 14,510' X 150'	25R*/7L: 14,510' X 150'
	26L*/8R: 10,525' X 150'	26L*/8R: 10,525' X 150'	26L*/8R: 10,526' X 150'	25L*/7R: 10,526' X 150'
	19R/1L*: 8,988' X 150'	19R/1L*: 8,988' X 150'	19R/1000L*: 8,985' X 150'	19R/1000L*: 8,985' X 150'
	19L/1R: 9,771' X 150'	19L/1R: 9,771' X 150'	19L/1000R: 9,775' 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	2,340,694	2,340,694	2,340,694
Public Space	1,617,519	1,540,266	1,540,266	1,540,266
Total Usable Space	3,935,929	3,880,960	3,880,960	3,880,960
Administration	520,077	510,482	510,482	510,482
Mechanical/Utilities	640,098	497,036	497,036	497,036
Total Space	5,096,104	4,888,478	4,888,478	4,888,478
Parking:				
Short-term	1,381	1,381	1,381	1,381
Valet	917	769	769	857
Long-Term	7,363	7,363	7,471	7,363
Surface Lot(s)	1,235	624	624	624
Terminal 2 Public	N/A	N/A	N/A	N/A
Economy	5,724	5,100	5,100	5,100
Remote	526	1,954	1,954	1,954
Total Public Parking Spaces	17,146	17,191	17,299	17,279
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	50

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

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

For the Fiscal Years Ended:

2015	2014	2013	2012	2011	2010
32	35	44	39	36	35
149	144 nonstop	150 nonstop	158 nonstop	150 nonstop	141 nonstop
1,429	1,432	1,429	1,465	1,423	1,383
907	931	929	959	942	943
43685099	42,323,363	41,681,296	41,874,993	40,495,125	39,858,750
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
110	110	110	110	104	104
2,340,694	2,340,694	2,340,694	2,340,694	1,017,254	1,017,254
1,540,266	1,540,266	1,540,266	1,540,266	767,805	767,805
3,880,960	3,880,960	3,880,960	3,880,960	1,785,059	1,785,059
510,482	510,482	510,482	510,482	381,530	381,530
497,036	497,036	497,036	497,036	182,613	182,613
4,888,478	4,888,478	4,888,478	4,888,478	2,349,202	2,349,202
1,381	1,381	1,381	1,381	791	764
1,530	1,530	1,530	1,530	932	922
7,363	7,363	7,363	7,363	3,432	3,432
624	624	624	624	N/A	N/A
N/A	N/A	N/A	N/A	272	272
5,100	5,100	5,100	5,100	5,100	5,100
1,954	1,954	1,954	1,954	1,984	1,954
17,952	17,952	17,952	17,952	12,511	12,444
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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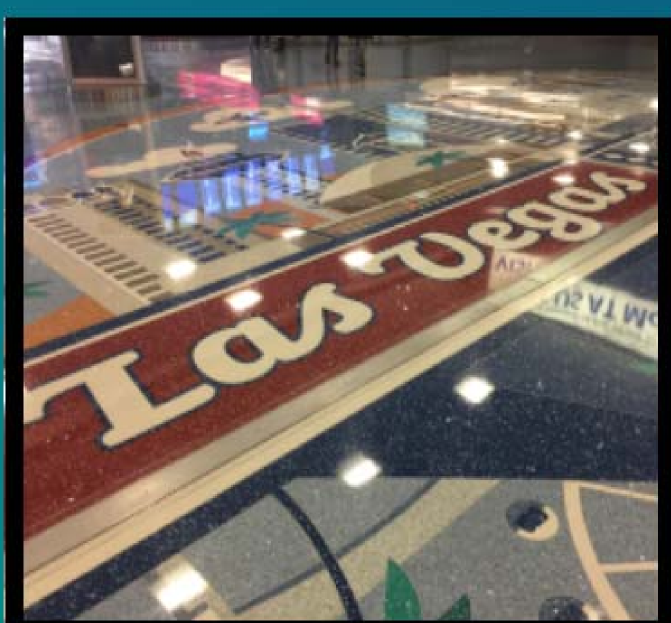
McCarran
INTERNATIONAL AIRPORT
Clark County Welcomes You


Las Vegas