

Interim Quarterly Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Six Months Ended December 31, 2024



Prepared by the Department of Aviation

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

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CLARK COUNTY, NEVADA
Interim Quarterly Financial Report (Unaudited)
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Financial Section

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis (Unaudited)
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Introduction

The following is Management's Discussion and Analysis (MD&A) of the financial performance and activity of the Clark County Department of Aviation (Department). The MD&A provides an introduction to and understanding of the financial statements of the Department for the first six months of fiscal year 2025 (FY 2025) which is the period from July 1, 2024, through December 31, 2024. Certain information is presented in comparison to the fiscal year ended June 30, 2024 (FY 2024), and certain information is presented in comparison to the first six months of FY 2024, which is the period from July 1, 2023, through December 31, 2023. This section should be read in conjunction with the financial statements and notes to gain a better understanding of the information presented in MD&A.

The Clark County Department of Aviation is a department of Clark County (County), a political subdivision of the State of Nevada. The Department, under the supervision of the Board of County Commissioners (Board) and the County Manager, is established to operate Harry Reid International Airport (Airport or LAS) and the four other general aviation facilities owned by the County (Airport System). The Airport System comprises the Airport, the eighth-busiest airport in North America by passenger volume in calendar year 2023; North Las Vegas Airport, which services general aviation activity and is the second-busiest airport in the State of Nevada by aircraft operations; Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal and private hangar facilities designed to meet the needs of the business aviation community; and Jean Sport Aviation Center and Overton-Perkins Field, which primarily are used for aviation-related recreational purposes.

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

Overview of Financial Statements

The MD&A, Financial Statements (including the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows) and Notes to the Financial Statements, presented for the six months ended December 31, 2024, are unaudited and will not contain certain information included in the Annual Comprehensive Financial Report (ACFR) issued by the Department. This Interim Quarterly Financial Report should be read in conjunction with the Department's ACFR for FY 2024.

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Activity Highlights

Passenger enplanements for the six months ended December 31, 2024, totaled 14,757,146 compared to 14,698,638 for the six months ended December 31, 2023, an increase of 0.4%. Aircraft landed weights for the six months ended December 31, 2024, totaled 16,532,224 thousand pounds compared to 16,264,749 thousand pounds for the six months ended December 31, 2023, an increase of 1.6%. The number of departures for domestic and international flights for the six months ended December 31, 2024, totaled 132,589, compared to 133,715 for the six months ended December 31, 2023, a decrease of 0.8%.

Financial Highlights

Net Position Summary

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

	December 31, 2024	June 30, 2024	Change	
Assets and deferred outflows of resources:				
Current assets	\$ 842,096	\$ 880,500	\$ (38,404)	(4.4%)
Capital assets, net	4,250,983	4,236,039	14,944	0.4%
Other non-current assets	425,879	488,620	(62,741)	(12.8%)
Total assets	<u>5,518,958</u>	<u>5,605,159</u>	<u>(86,201)</u>	(1.5%)
Deferred outflows of resources	<u>108,381</u>	<u>99,835</u>	<u>8,546</u>	8.6%
Total assets and deferred outflows of resources	<u>\$ 5,627,339</u>	<u>\$ 5,704,994</u>	<u>\$ (77,655)</u>	(1.4%)
Liabilities, deferred inflows of resources, and net position:				
Current liabilities	\$ 441,655	\$ 478,506	\$ (36,851)	(7.7%)
Non-current liabilities	2,402,580	2,574,054	(171,474)	(6.7%)
Total liabilities	<u>2,844,235</u>	<u>3,052,560</u>	<u>(208,325)</u>	(6.8%)
Deferred inflows of resources	<u>141,601</u>	<u>139,703</u>	<u>1,898</u>	1.4%
Net position:				
Net investment in capital assets	1,798,461	1,615,589	182,872	11.3%
Restricted	514,221	659,920	(145,699)	(22.1%)
Unrestricted	328,821	237,222	91,599	38.6%
Total net position	<u>2,641,503</u>	<u>2,512,731</u>	<u>128,772</u>	5.1%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,627,339</u>	<u>\$ 5,704,994</u>	<u>\$ (77,655)</u>	(1.4%)

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Discussion of Net Position

Total net position for the Department as of December 31, 2024, was \$2,641.5 million, an increase of \$128.8 million from June 30, 2024. This can be primarily attributed to the following significant changes:

- Current assets
 - At December 31, 2024, current assets were \$842.1 million, a decrease of \$38.4 million from June 30, 2024. This change was primarily driven by decreases in cash and cash equivalents, interest receivable, grants receivable and other receivables, restricted offset by increases in investments, restricted, accounts receivable, net of allowance and prepaid expenses and other. Cash and cash equivalents decreased by \$18.0 million, primarily driven by \$35.1 million due to airlines paid in December 2024 and partially offset by land sales in Q1 FY 2025. Interest receivable decreased by \$13.8 million, primarily driven by interest received in July 2024 and the decrease in the swap market value and overall interest rates during the period. Grants receivable decreased by \$43.6 million, primarily driven by the timing of grant payments received from the Federal Aviation Administration (FAA). Other receivables, restricted decreased by \$4.1 million due to the timing of the subsidy payments received related to the Department's Build America Bonds (BABs). Investments, restricted increased by \$22.2 million. The fluctuation of the investment balances are driven by the timing of the obligations which they are correlated with as well as the return rates they are tied to. Accounts receivable increased by \$14.7 million due to the timing of payments received from tenants and customers. Prepaid expenses and other increased by \$3.5 million, driven by the increase in prepaid insurance and expenses.
- Capital assets
 - At December 31, 2024, capital assets, net of accumulated depreciation were \$4,251.0 million, an increase of \$14.9 million from June 30, 2024. This change was primarily driven by depreciation and amortization of \$98.8 million and land sales of \$16.6 million, offset by capital expenditures of \$130.4 million. Significant capital expenditures were primarily for power feed improvements at Harry Reid International Airport, runway drainage improvements, D Gates upgrades, a new warehouse, holding Pad 7 expansion and reconstruction, baggage handling system modernization at Terminal 1, fire alarm upgrades, preconditioned air unit replacement for jet bridges, tram replacement for C and D Gates and replacement of diesel buses. Refer to Note 7, "Changes in Capital Assets," for further detail.
- Other non-current assets
 - At December 31, 2024, other non-current assets were \$425.9 million, a decrease of \$62.7 million from June 30, 2024. This change was primarily driven by decreases in cash and cash equivalents classified as non-current assets, investments classified as non-current assets, lease receivable, derivative instruments

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- interest rate swaps and partially offset by net other post employment benefits asset, restricted. Cash and cash equivalents classified as non-current assets decreased by \$36.5 million, primarily driven by the Department's treasury requirements for restricted cash associated with non-current obligations. Investments classified as non-current assets decreased by \$25.2 million, primarily driven by the Department's treasury needs and timing of non-current obligation; these investments represent investments which are restricted and available to be used for non-current obligations. Lease receivable classified as non-current decreased by \$1.8 million driven by natural amortization. Derivative instruments - interest rate swaps decreased by \$0.6 million, primarily driven by changes in the fair value of the interest rate swap portfolio. Net other post retirement benefits asset, restricted increased by \$1.4 million, driven by actuarial analysis and actual FY 2024 other post retirement benefits activities.

– Current liabilities

- At December 31, 2024, current liabilities were \$441.7 million, a decrease of \$36.9 million from June 30, 2024. This change was primarily driven by decreases in the current portion of accounts payable and offset by rents received in advance, accrued interest and the current portion of long term debt. The current portion of accounts payable decreased by \$70.9 million, primarily due to the timing of payments to vendors, including those related to construction and project activity. Amounts due to airlines also decreased by \$35.1 million, which was paid in December 2024. Rents received in advance increased by \$16.4 million due to an increase in customer prepayments for rent. Accrued interest increased by \$2.3 million, primarily due to the increase in the total semi-annual interest payment resulting from the new issuance of the 2024A Subordinate Lien Bonds and 2024B Junior Subordinate Lien Notes, partially offset by the scheduled pay down of debt. The current portion of long term debt increased by \$14.3 million, primarily driven by an increase in the total annual payment amount as a result of the issuance of the 2024A Subordinate Lien Bonds, partially offset by the maturity of the 2014A-1 Subordinate Lien Bonds on July 1, 2024. Refer to Note 8, "Long-Term Debt," for additional information related to long-term debt activity.

– Non-current liabilities

- At December 31, 2024, non-current liabilities were \$2,402.6 million, a decrease of \$171.5 million from June 30, 2024. This change is primarily driven by a decrease in the non-current portion of long-term debt, derivative instruments - interest rate swaps and long term lease liabilities. The non-current portion of long-term debt decreased by \$166.0 million in accordance with the scheduled debt payments and amortization of bond premiums and discounts. The non-current portion of derivative instruments - interest rate swaps decreased by \$2.7 million primarily driven by changes in the fair value of the interest rate swap portfolio. The long term lease liabilities decreased by \$0.9 million driven by the amortization of the lease payment throughout the lease term.

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Operating Revenue

Refer to the Department's FY 2024 ACFR for a general discussion regarding the sources that comprise the operating revenue categories, for both aviation and non-aviation related revenues.

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

	December 31,	
	2024	2023
Landing fee (per 1000 lbs.)	\$ 1.20	\$ 0.94
Terminal rental rate (per square foot)	127.34	116.25
Gate use fee-narrow body (per turn)	292.00	276.00
Gate use fee-wide body (per turn)	437.00	414.00
Gate use lease fee (per annum)	230,362.00	196,408.00
International facility use fee (per deplaned international passenger)	8.50	8.50
Common use ticketing fee (per enplaned passenger)	1.18	1.09

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 six months ended December 31, 2024, and 2023 (in thousands):

	Six months ended December 31,		Change	
	2024	2023		
Landing and other aircraft fees	\$ 19,432	\$ 14,948	\$ 4,484	30.0 %
Terminal building rentals	65,088	59,253	5,835	9.8 %
Gate use fees	15,153	12,464	2,689	21.6 %
Passenger fee - ticketing & customs and border patrol	9,671	8,613	1,058	12.3 %
Total	<u>\$ 109,344</u>	<u>\$ 95,278</u>	<u>\$ 14,066</u>	14.8 %
Enplaned passengers	14,757	14,699	58	0.4 %
Cost per enplaned passenger*	\$ 7.41	\$ 6.48	\$ 0.93	14.4 %

*This figure is not presented in thousands.

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

	December 31,		Change	
	2024	2023		
Terminal building and use fees	\$ 83,476	\$ 74,154	\$ 9,322	12.6%
Landing fees and other aircraft fees	25,199	20,896	4,303	20.6%
Gate use fees	16,732	13,735	2,997	21.8%
Terminal concession fees	56,341	53,707	2,634	4.9%
Rental car facility and concession fees				
Rental car facility fees	23,334	20,526	2,808	13.7%
Rental car concession fees	24,783	23,217	1,566	6.7%
Parking and ground transportation fees				
Public and employee parking fees	33,882	32,737	1,145	3.5%
Ground transportation fees	20,940	20,192	748	3.7%
Gaming fees	31,078	32,572	(1,494)	(4.6%)
Ground rents and use fees	13,750	13,721	29	0.2%
Other				
General aviation fuel sales (net of cost)	4,845	5,166	(321)	(6.2%)
Other operating income	2,248	4,290	(2,042)	(47.6%)
	<u>\$ 336,608</u>	<u>\$ 314,913</u>	<u>\$ 21,695</u>	6.9%

Discussion of Changes in Operating Revenues

Total operating revenues for the Department for the six months ended December 31, 2024, were \$336.6 million, an increase of \$21.7 million from six months ended December 31, 2023. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
 - The increase of \$9.3 million was driven by an \$8.0 million increase in terminal complex rental revenue resulting from a 9.5% increase in the terminal complex rental rate and by a \$1.3 million increase in the international passenger processing facility use fees and and per-passenger use fee primarily due to a 0.4% increase in passenger enplanements and 8.3% increase in the common use ticketing fee rate.
- Landing fees and other aircraft fees
 - The increase of \$4.3 million was driven by 27.7% increase in landing fees rates and 1.6% increase in total landed weights.
- Gate use fees
 - The increase of \$3.0 million was driven by 17.3% increase in the gate use fee and 5.7% increase in average fee charged per turn.

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- Terminal concession fees
 - The increase of \$2.6 million in total revenue was driven by the 0.4% increase in passenger enplanements, which consequently increased revenues from terminal food, beverage, and retail sales and passenger services in the terminal.
- Rental car facility fees
 - The increase of \$2.8 million in total revenue was primarily driven by a 2.3% increase in car rental transaction days and the reclassification of non-GASB 87 assets in Q2 FY 2024.
- Other operating income
 - The decrease of \$2.0 million in total revenue was primarily driven by the discontinuation of the Transportation Security Administration Law Enforcement Office program and a decrease in special event fees at North Las Vegas Airport and Henderson Executive Airport during the Formula 1 Las Vegas Grand Prix in November 2024.

Operating Expenses

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

	December 31,			
	2024	2023	Change	
Salaries and benefits	\$ 76,802	\$ 63,927	\$ 12,875	20.1%
Professional services	50,042	44,659	5,383	12.1%
Repairs and maintenance	10,289	10,446	(157)	(1.5%)
Utilities and communications	15,286	18,104	(2,818)	(15.6%)
Materials and supplies	11,077	12,271	(1,194)	(9.7%)
General administrative				
Insurance	1,918	1,794	124	6.9%
Administrative	2,569	2,755	(186)	(6.8%)
	<u>\$ 167,983</u>	<u>\$ 153,956</u>	<u>\$ 14,027</u>	9.1%

Discussion of Changes in Operating Expenses

Total operating expenses for the Department for the six months ended December 31, 2024, were \$168.0 million, an increase of \$14.0 million from six months ended December 31, 2023. This can be primarily attributed to the following significant changes:

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- Salaries and benefits
 - The increase of \$12.9 million was primarily driven by increases in salaries and wages and pension expense. Salaries and wages increased by \$3.0 million, primarily driven by an increase in salary rate and a 2.1% increase in employee headcount. Pension expense increased by \$10.3 million and is recorded based upon actuarial analysis.
- Professional services
 - The increase of \$5.4 million was primarily driven by an increases in metropolitan police and fire department services of \$2.4 million, staffing services for security of \$0.6 million, and other professional services of \$3.7 million primarily due to costs associated with the Airport's name change and roofing replacement at Terminal 1. These increases were offset by a decrease in shuttle service expense by \$1.1 million resulting from a decrease in the fuel surcharge rate and number of trips for shuttling employees from the parking location.
- Utilities and communication
 - The decrease of \$2.8 million was primarily driven by a decrease in electricity costs of \$2.8 million due to a rate decrease and a decrease in natural gas costs of \$0.7 million. These decreases were partially offset by a \$0.2 million increase in water costs, a \$0.3 million increase in disposal costs and a \$0.2 million increase in telephone costs.

Non-Operating Revenues and Expenses

The following table summarizes non-operating revenues and expenses for the six months ended December 31, 2024, and 2023 (in thousands):

	December 31,		Change	
	2024	2023		
Passenger Facility Charge (PFC) revenue	\$ 51,186	\$ 52,451	\$ (1,265)	(2.4%)
Jet A Fuel Tax revenue	8,493	8,804	(311)	(3.5%)
Interest and investment income				
Unrestricted	8,725	8,185	540	6.6%
Restricted	7,071	7,055	16	0.2%
PFC	3,537	2,419	1,118	46.2%
Unrealized gain on				
investments - derivative instruments	1,498	1,717	(219)	(12.8%)
Interest expense	(41,390)	(42,590)	1,200	(2.8%)
Net gain from disposition of capital assets	15,414	5	15,409	100.0%
Other non-operating revenue	4,113	5,114	(1,001)	(19.6%)
ARPA Airport Grant	—	750	(750)	(100.0%)
	<u>\$ 58,647</u>	<u>\$ 43,910</u>	<u>\$ 14,737</u>	33.6%

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Discussion of Non-Operating Revenues/Expenses

Non-operating revenues and expenses, net for the Department for the six months ended December 31, 2024, were \$58.6 million, an increase of \$14.7 million from the six months ended December 31, 2023. This can be primarily attributed to the following significant changes:

- Interest and investment income
 - The total increase of \$1.5 million in interest and investment income was primarily driven by higher investment returns offset by a decrease in unrealized gain on investments due to changes in the fair value of investment derivative instruments.
- Net gain from disposition of capital assets
 - The \$15.4 million net gain from the disposition of capital assets was primarily driven by land sales in Q1 FY 2025. In contrast, there were no similar transactions during the six months ended Q2 FY 2024.

Capital Contributions

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

	December 31,		Change	
	2024	2023		
Capital Contributions	\$ 319	\$ 22,278	\$ (21,959)	(98.6%)

Discussion of Capital Contributions

Capital contributions during the six months ended December 31, 2024, were \$0.3 million, a decrease of \$22.0 million from the six months ended December 31, 2023. This decrease was primarily driven by a decrease in capital contributions related to amounts reimbursable from the Federal Aviation Administration (FAA).

Outstanding Debt

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

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	December 31, 2024	June 30, 2024	Change	
Senior lien bonds	\$ 754,995	\$ 754,995	\$ —	—%
Subordinate lien bonds	964,105	1,019,955	(55,850)	(5.5%)
PFC bonds	301,865	352,340	(50,475)	(14.3%)
Junior subordinate lien and Jet A bonds	251,850	280,800	(28,950)	(10.3)%
Total bonded debt principal outstanding	2,272,815	2,408,090	(135,275)	(5.6%)
Unamortized premiums	160,682	177,251	(16,569)	(9.3%)
Unamortized discounts	(3,283)	(3,429)	146	(4.3%)
Current portion of long term debt	(272,430)	(258,175)	(14,255)	5.5%
Total outstanding long-term debt obligations	\$ 2,157,784	\$ 2,323,737	\$ (165,953)	(7.1%)

Total outstanding bonded debt as of December 31, 2024, was \$2,272.8 million, a decrease of \$135.3 million from June 30, 2024. This decrease was primarily related to scheduled principal payments made during the period.

Looking Forward

Each fiscal year, the Department updates its five-year capital improvement plan. The Department's current, comprehensive five-year capital improvement plan, includes projects funded by bonds, notes, and federal awards. The Signatory Airlines serving the Department have input into all major projects in the capital improvement plan. The capital improvement account consists of the Department's gaming revenue, the net cash flows from the Airport Rent-A-Car Center, and net operating cash flows. Based on the current five-year projection, it is anticipated that future gaming revenues and future cash flows from the rental car facility, along with existing funds, federal grant awards, and federal reimbursements, will adequately fund the capital improvement account requirements.

The Department has acquired 6,500 acres of land approximately 32 miles south of Las Vegas, near the intersection of Interstate 15 and the Nevada-California border, for the construction of a supplemental commercial airport facility once capacity is reached at the Airport. Such facility would be in addition to the Airport and would provide facilities to accommodate approximately 30 million enplanements at ultimate buildout. In September 2018, the Board voted to resume the environmental impact study (the "EIS") and updates to and reevaluation of supporting studies (the "Supplemental Airport Studies") for the new facility. The Bureau of Land Management and Federal Aviation Administration is overseeing the EIS process. The Supplemental Airport Studies have been completed and the Bureau of Land Management and Federal Aviation Administration have authorized the commencement of the EIS process. The Department has selected an EIS consultant and estimates that the EIS process could take approximately two years to complete once initiated. If the EIS results in a favorable Record of Decision, then the Department can elect to proceed with construction and the federal government would be obligated to give the Department an additional 17,000 acres of surrounding land for industrial and commercial development that is compatible with the supplemental airport and subject to certain legal restrictions.

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In 2023, State Senate Bill 19 was enacted into law ("SB 19") which, among other things, allows the County to form an unincorporated town over territory conveyed, or authorized to be conveyed, to the County pursuant to certain federal law for the purpose of developing an airport and any related infrastructure. SB 19 provides the County with greater control over the development of infrastructure and provision of services in and around the area proposed for the supplemental airport.

If constructed, the supplemental airport would have an impact on the Airport's revenues and expenses, which impact will be dependent on a variety of factors and decisions with respect to the supplemental airport, both operational and financial. The Department cannot estimate such impact on revenues and expenses at this time.

The Department plans to maximize of potential of Harry Reid International Airport to enhance guest experience and airport operations. The modernization plan includes expanding Terminal 1 on the old Terminal 2 site and demolishing the existing Terminal 1 cluster building concourses with a new pier-design. This initiative will provide more gates, large hold rooms with high ceilings, and improved access to the concourses. The Department is still in the pre-planning stages of this endeavor.

Additional Information

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

CLARK COUNTY DEPARTMENT OF AVIATION
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Statements of Net Position (Unaudited)
As of December 31, 2024, and June 30, 2024

	December 31, 2024	June 30, 2024
	(000)	(000)
Assets and Deferred Outflows of Resources		
Assets		
Current assets		
Cash and cash equivalents	\$ 541,467	\$ 512,048
Cash and cash equivalents, restricted	65,754	113,161
Investments, restricted	128,759	106,546
Accounts receivable, net of allowance of \$380 and \$297	62,071	46,903
Accounts receivable, restricted	13,680	14,151
Interest receivable	153	3,034
Interest receivable, restricted	1,689	12,565
Grants receivable, restricted	3,843	47,409
Lease receivable	4,077	3,921
Other receivables, restricted	2,883	6,984
Inventories	10,996	10,575
Prepaid expenses and other	6,724	3,203
Total current assets	<u>842,096</u>	<u>880,500</u>
Non-current assets		
Capital assets		
Capital assets not being depreciated		
Construction in progress	191,460	250,300
Land	1,007,837	1,024,437
Land, restricted	13,018	13,018
Perpetual aviation easement	332,562	332,562
Capital assets being depreciated/amortized		
Land improvements	1,923,719	1,813,956
Buildings and improvements	3,758,985	3,728,957
Furniture and fixtures	36,375	36,375
Machinery and equipment	687,411	640,148
Right of use - leased building	19,085	19,085
Right of use - SBITA	7,625	7,971
Total capital assets	<u>7,978,077</u>	<u>7,866,809</u>
Accumulated depreciation/amortization	<u>(3,727,094)</u>	<u>(3,630,770)</u>
Capital assets, net	<u>4,250,983</u>	<u>4,236,039</u>
Other non-current assets		
Cash and cash equivalents, restricted	384,175	420,653
Investments, restricted	—	25,210
Net other post employment benefits asset, restricted	8,802	7,385
Derivative instruments - interest rate swaps	7,755	8,384
Lease receivable	25,079	26,912
Prepaid expenses	68	76
Total other non-current assets	<u>425,879</u>	<u>488,620</u>
Total non-current assets	<u>4,676,862</u>	<u>4,724,659</u>
Total assets	<u>5,518,958</u>	<u>5,605,159</u>
Deferred outflows of resources		
Pension	83,319	73,896
Other post employment benefits	14,034	13,812
Losses on bond refundings and on imputed debt	11,028	12,127
Total deferred outflows of resources	<u>108,381</u>	<u>99,835</u>
Total assets and deferred outflows of resources	<u>\$ 5,627,339</u>	<u>\$ 5,704,994</u>

See accompanying notes to financial statements.

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

Liabilities, Deferred Inflows of Resources, and Net Position	December 31, 2024 (000)	June 30, 2024 (000)
Liabilities		
Current liabilities		
Payable from unrestricted assets		
Accounts payable and other current liabilities	\$ 56,493	\$ 127,354
Other accrued expenses	16,130	15,213
Rents received in advance	29,209	12,787
Total payable from unrestricted assets	101,832	155,354
Payable from restricted assets		
Accounts payable and other current liabilities	8,708	8,625
Accrued interest	58,685	56,352
Current portion of long-term debt	272,430	258,175
Total payable from restricted assets	339,823	323,152
Total current liabilities	441,655	478,506
Noncurrent liabilities		
Payable from unrestricted assets		
Net pension liability	218,179	217,611
Net other post employment benefits liability	2,177	2,759
Derivative instruments - interest rate swaps	1,417	4,157
Long term lease liabilities	10,760	11,652
Other non-current liabilities	12,263	14,138
Total payable from unrestricted assets	244,796	250,317
Payable from restricted assets		
Long-term debt, net of current portion	2,157,784	2,323,737
Total payable from restricted assets	2,157,784	2,323,737
Total noncurrent liabilities	2,402,580	2,574,054
Total liabilities	2,844,235	3,052,560
Deferred inflows of resources		
Pension	20,667	11,796
Other post employment benefits	80,773	85,202
Hedging derivative instruments	4,522	3,909
Leases	28,439	30,268
Unamortized gain on bond refundings	7,200	8,528
Total deferred inflows of resources	141,601	139,703
Net position		
Net investment in capital assets	1,798,461	1,615,589
Restricted for		
Capital projects	167,870	251,458
Debt service	267,888	331,621
Other	78,463	76,841
Total restricted	514,221	659,920
Unrestricted	328,821	237,222
Total net position	2,641,503	2,512,731
Total liabilities, deferred inflows of resources, and net position	\$ 5,627,339	\$ 5,704,994

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Six Months Ended December 31, 2024 and 2023

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
	(000)	(000)	(000)	(000)
Operating revenues				
Terminal building and use fees	\$ 42,089	\$ 36,996	\$ 83,476	\$ 74,154
Landing fees and other aircraft fees	13,068	10,816	25,199	20,896
Gate use fees	8,743	7,105	16,732	13,735
Terminal concession fees	29,723	28,613	56,341	53,707
Rental car facility and concession fees	24,296	21,020	48,117	43,743
Parking and ground transportation fees	27,027	26,560	54,822	52,929
Gaming fees	15,853	16,744	31,078	32,572
Ground rents and use fees	6,985	6,704	13,750	13,721
Other	4,433	6,033	7,093	9,456
	<u>172,217</u>	<u>160,591</u>	<u>336,608</u>	<u>314,913</u>
Operating expenses				
Salaries and benefits	38,290	32,637	76,802	63,927
Professional services	25,575	23,732	50,042	44,659
Repairs and maintenance	5,715	6,643	10,289	10,446
Utilities and communication	6,253	7,895	15,286	18,104
Materials and supplies	4,949	5,817	11,077	12,271
General administrative	2,339	2,503	4,487	4,549
	<u>83,121</u>	<u>79,227</u>	<u>167,983</u>	<u>153,956</u>
Operating income before depreciation and amortization	89,096	81,364	168,625	160,957
Depreciation and amortization	51,783	47,751	98,819	95,758
Operating income	<u>37,313</u>	<u>33,613</u>	<u>69,806</u>	<u>65,199</u>
Non-operating revenues (expenses)				
Passenger Facility Charge	23,630	25,296	51,186	52,451
Jet A Fuel Tax	4,164	4,436	8,493	8,804
Interest and investment income	16,102	1,059	20,831	19,376
Interest expense	(20,612)	(20,734)	(41,390)	(42,590)
Net gain from disposition of capital assets	—	5	15,414	5
Other non-operating revenue	2,561	2,558	4,113	5,114
ARPA Airport Grant	—	—	—	750
	<u>25,845</u>	<u>12,620</u>	<u>58,647</u>	<u>43,910</u>
Income before capital contributions	63,158	46,233	128,453	109,109
Capital contributions	72	22,223	319	22,278
Change in net position	63,230	68,456	128,772	131,387
Net position, beginning of year	2,578,273	2,303,316	2,512,731	2,240,385
Net position, end of year	<u>\$ 2,641,503</u>	<u>\$ 2,371,772</u>	<u>\$ 2,641,503</u>	<u>\$ 2,371,772</u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows (Unaudited)
For the Six Months Ended December 31, 2024 and 2023

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
	(000)	(000)	(000)	(000)
Cash flows from operating activities:				
Cash received from customers	\$ 139,508	\$ 134,898	\$ 305,030	\$ 293,127
Cash paid to employees	(40,368)	(38,030)	(85,399)	(78,151)
Cash paid to outside vendors	(46,571)	(48,169)	(101,077)	(96,924)
Net cash provided by operating activities	<u>52,569</u>	<u>48,699</u>	<u>118,554</u>	<u>118,052</u>
Cash flows from non-capital financing activities:				
Federal grants and reimbursements received	<u>—</u>	<u>—</u>	<u>—</u>	<u>750</u>
Cash flows from capital and related financing activities:				
Collateralized agreements with swap counterparties	35	110	(1,955)	(2,440)
Passenger Facility Charges received	24,340	27,533	50,715	55,445
Jet A Fuel Tax received	4,272	4,113	8,567	8,490
Acquisition and construction of capital assets	(61,548)	(39,156)	(155,077)	(222,260)
Federal grants and reimbursements received	12,932	21,272	43,884	25,241
Proceeds from CMA Land sales	—	—	29,035	—
Payment for CMA Land sales	(26,365)	—	(29,418)	(4,219)
Proceeds from capital asset disposal	5	5	28,023	5
Donations received for airport name change	—	1,000	—	1,010
Build America Bonds subsidy	5,112	—	9,237	10,226
Debt service payments:				
Principal	—	—	(135,275)	(162,355)
Interest	614	955	(55,474)	(60,201)
Lease interest received	224	101	447	533
Lease interest payments	(96)	(110)	(196)	(221)
SBITA interest payments	(43)	—	(62)	(30)
Net cash (used in) provided by capital and related financing activities	<u>(40,518)</u>	<u>15,823</u>	<u>(207,549)</u>	<u>(350,776)</u>
Cash flows from investing activities:				
Interest and investment income received	7,941	7,349	31,531	20,951
Proceeds from maturities of investments	29,217	117,349	35,191	150,739
Purchase of investments	(919)	(42,270)	(32,193)	(106,837)
Net cash provided by investing activities	<u>36,239</u>	<u>82,428</u>	<u>34,529</u>	<u>64,853</u>
Increase (decrease) in cash and cash equivalents	<u>48,290</u>	<u>146,950</u>	<u>(54,466)</u>	<u>(167,121)</u>
Cash and cash equivalents, beginning of year	<u>943,106</u>	<u>827,509</u>	<u>1,045,862</u>	<u>1,141,580</u>
Cash and cash equivalents, end of year	<u>\$991,396</u>	<u>\$974,459</u>	<u>\$991,396</u>	<u>\$974,459</u>
Cash and cash equivalent balances:				
Unrestricted cash and cash equivalents	541,467	499,046	541,467	499,046
Restricted cash and cash equivalents	<u>449,929</u>	<u>475,413</u>	<u>449,929</u>	<u>475,413</u>
Cash and cash equivalents, end of year	<u>\$991,396</u>	<u>\$974,459</u>	<u>\$991,396</u>	<u>\$974,459</u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows (Unaudited)
For the Six Months Ended December 31, 2024 and 2023

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
	(000)	(000)	(000)	(000)
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 37,313	\$ 33,613	\$ 69,806	\$ 65,199
Adjustments to reconcile income from operations to net cash from operating activities:				
Depreciation and amortization	51,783	47,751	98,819	95,758
Changes in operating assets and liabilities:				
Accounts receivable	(9,739)	(5,670)	(14,226)	(2,034)
Other receivables	3	4	—	6
Inventory	(104)	(1,116)	(422)	(1,916)
Prepaid expenses	(134)	(790)	(3,521)	(3,280)
Lease receivables	695	952	1,677	4,755
Net other post employment benefits asset	(708)	(1,847)	(1,416)	(3,693)
Deferred outflows - pension	(4,836)	(22,513)	(9,423)	(44,515)
Deferred outflows - other post employment benefits	(137)	761	(223)	1,522
Accrued payroll and benefits	2,155	2,050	(134)	151
Accounts payable and other accrued expenses	(36,744)	(19,797)	(41,209)	(21,778)
Unearned revenue	12,170	(59)	16,422	(291)
Deposits	(595)	272	(195)	576
Net pension liability	284	12,594	567	25,188
Net other post employment benefits liability	(290)	(1,428)	(581)	(2,855)
Deferred inflows - pension	4,436	5,149	8,871	10,298
Deferred inflows - other post employment benefits	(2,214)	(160)	(4,429)	(320)
Deferred inflows - leases	(769)	(1,067)	(1,829)	(4,719)
Net cash provided by operating activities	<u>\$ 52,569</u>	<u>\$ 48,699</u>	<u>\$ 118,554</u>	<u>\$ 118,052</u>
Non-cash capital and related financing and investing activities:				
Capital asset additions with outstanding accounts payable	<u>\$ 16,414</u>	<u>\$ 5,358</u>	<u>\$ 33,012</u>	<u>\$ 34,774</u>
(Loss) gain on investments - derivative instruments	<u>\$ (7,374)</u>	<u>\$ (7,933)</u>	<u>\$ (1,498)</u>	<u>\$ 1,717</u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

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 Harry Reid 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 Annual Comprehensive Financial Report (ACFR). Therefore, these financial statements do not purport to represent the financial position or changes in financial position of the County as a whole.

Refer to the Department's FY 2024 ACFR for information and related disclosures pertaining to Federal grants and other transaction agreements, Passenger Facility Charges (PFC), airline rates and charges, and leases.

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a private business enterprise, where the costs of providing services to the public are recovered through user fees. The Department is not subsidized by any tax revenues of the County. Unless otherwise noted, all accounting and reporting policies remain unchanged as presented in the FY 2024 ACFR.

(c) 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 those estimates and assumptions.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

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 December 31, 2024, and June 30, 2024, these amounts were distributed as follows (in thousands):

	December 31, 2024	June 30, 2024
Clark County Investment Pool	\$ 817,538	\$ 806,786
Cash and Investments with Trustee	296,146	359,510
Custodian Account	2,724	4,680
Cash On Hand or In Transit	3,747	6,642
Total	<u>\$ 1,120,155</u>	<u>\$ 1,177,618</u>

(a) Interest Rate Risk

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

2.) CASH AND INVESTMENTS (continued)

(b) Interest Rate Sensitivity

As of December 31, 2024, and June 30, 2024, the County invested in the following types of securities that have a higher sensitivity to interest rates:

- *Callable securities* are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem, or call, a security 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.
- *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.

(c) Credit Risk

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

	<u>Moody's</u>	<u>S&P</u>
US Treasury Bills	P-1	A-1+
US Treasury Notes	Aaa	AA+
US Agency Callables	Aaa	AA+
US Agency Non-Callables	Aaa	AA+
US Agency Discounts	P-1	A-1+
Corporate Callable	A2	A-
Corporate Notes	A3	A-
Money Market Funds	Aaa	AAA
Commercial Paper Discount	P-1	A-1
Asset Backed Securities	Aaa	AAA

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

2.) CASH AND INVESTMENTS (continued)

(d) Concentration of Credit Risk

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

At December 31, 2024, the following investments exceeded 5% of the total Department investments:

Federal Home Loan Banks (FHLB)	73.53 %
Federal National Mortgage Association (FNMA)	6.60 %

At June 30, 2024, the following investments exceeded 5% of total Department investments:

Federal Home Loan Banks (FHLB)	69.99 %
Federal National Mortgage Association (FNMA)	6.33 %

(e) Custodial Credit Risk

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

(f) Trustee Cash

In accordance with the Master Indenture of Trust dated May 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 December 31, 2024, and June 30, 2024, the Trustee held \$296.1 million and \$359.5 million, respectively, of the Department's cash and investments restricted for debt service reserves, bond proceeds, and annual debt service payments.

As of December 31, 2024, of the \$296.1 million held by the Trustee, \$167.3 million in cash and cash equivalents was invested in United States Government Money Market Funds, and \$128.8 million was invested in short- and long-term investments with entities as follows (in thousands):

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

2.) CASH AND INVESTMENTS (continued)

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 to 3	3 to 5
US Treasury Notes	\$ 25,584	\$ 25,584	\$ —	\$ —
Federal Home Loan Bank Discounts	94,679	94,679	—	—
Federal National Mortgage Association Non-Callables	8,497	8,497	—	—
	<u>\$ 128,760</u>	<u>\$ 128,760</u>	<u>\$ —</u>	<u>\$ —</u>

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

As of June 30, 2024, of the \$359.5 million held by the Trustee, \$227.7 million in cash and cash equivalents was invested in United States Government Money Market Funds, and \$131.8 million was invested in short- and long-term investments with entities as follows (in thousands):

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 to 3	3 to 5
US Treasury Notes	\$ 25,210	\$ —	\$ 25,210	\$ —
Federal Farm Credit Bank Non-Callables	5,985	5,985	—	—
Federal Home Loan Bank Discounts	92,220	92,220	—	—
Federal National Mortgage Association Non-Callables	8,341	8,341	—	—
	<u>\$ 131,756</u>	<u>\$ 106,546</u>	<u>\$ 25,210</u>	<u>\$ —</u>

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

2.) CASH AND INVESTMENTS (continued)

(g) Fair Value of Combined Investments and Derivative Instruments

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

As of December 31, 2024:

Investment Type	Fair Value	Fair Value Measurements	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool	\$ 806,448	\$ 412,645	\$ 393,803
Debt Securities held by Trustee			
US Treasury Notes	25,584	25,584	—
Federal Home Loan Bank Discounts	94,679	94,679	—
Federal National Mortgage Association Non-Callables	8,497	—	8,497
Money Market Funds	167,386	167,386	—
Subtotal	296,146	287,649	8,497
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	7,755	—	7,755
Derivative Instruments - Liability	(1,417)	—	(1,417)
Subtotal	6,338	—	6,338
Total	<u>\$ 1,108,932</u>	<u>\$ 700,294</u>	<u>\$ 408,638</u>
Debt Securities with Clark County Investment Pool	\$ 806,448		
NV Local Government Investment Pool	11,090		
Total Clark County Investment Pool	<u>\$ 817,538</u>		

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

2.) CASH AND INVESTMENTS (continued)

As of June 30, 2024:

Investment Type	Fair Value	Fair Value Measurements	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool	\$ 785,586	\$ 354,573	\$ 431,013
Debt Securities held by Trustee			
US Treasury Notes	25,210	25,210	—
Federal Farm Credit Bank Non-Callables	5,985	—	5,985
Federal Home Loan Bank Discounts	92,220	92,220	—
Federal National Mortgage Association Non-Callables	8,341	—	8,341
Money Market Funds	227,754	227,754	—
Subtotal	359,510	345,184	14,326
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	8,384	—	8,384
Derivative Instruments - Liability	(4,157)	—	(4,157)
Subtotal	4,227	—	4,227
Total	<u>\$ 1,149,323</u>	<u>\$ 699,757</u>	<u>\$ 449,566</u>
Debt Securities with Clark County Investment Pool	\$ 785,586		
NV Local Government Investment Pool	21,200		
Total Clark County Investment Pool	<u>\$ 806,786</u>		

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 December 31, 2024, and June 30, 2024, consists of the following (in thousands):

	December 31, 2024	June 30, 2024
BIL Grants	\$ 616	\$ 40,418
FAA Grants	3,227	6,991
Total	<u>\$ 3,843</u>	<u>\$ 47,409</u>

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements (Unaudited)
For the Six Months Ended December 31, 2024

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 as of December 31, 2024, and June 30, 2024 (in thousands):

	December 31, 2024	June 30, 2024
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	\$ 26,331	\$ 33,379
Cash and investments - PFC	124,016	104,702
Cash and investments - FAA grant reimbursements	—	50,917
Accounts receivable - PFC	13,680	14,151
Grant reimbursements receivable	3,843	47,409
Interest receivable	—	900
Subtotal restricted for capital projects	<u>167,870</u>	<u>251,458</u>
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	34,082	59,318
Cash and investments - other bonds	133,292	156,006
Other receivable	—	4,027
Interest receivable	1,689	10,655
Subtotal restricted for bond funds	<u>169,063</u>	<u>230,006</u>
Debt service reserves:		
Cash and investments - PFC bonds	39,027	37,954
Cash and investments - other bonds	115,500	117,656
Other receivable	2,883	2,957
Interest receivable	—	400
Subtotal restricted for debt service reserves	<u>157,410</u>	<u>158,967</u>
Subordinate and other debt coverage reserves:		
Cash and investments	25,253	24,508
Interest receivable	—	219
Subtotal restricted for subordinate and other debt coverage reserves	<u>25,253</u>	<u>24,727</u>
Subtotal restricted for debt service	<u>351,726</u>	<u>413,700</u>
Other restricted assets:		
Cash and investments - Working capital and contingency	28,732	28,153
Cash and investments - Capital fund and rate stabilization	49,271	48,297
Cash and investments - Deposit for land purchase	460	—
Custodian account	2,724	4,680
Interest receivable	—	391
Net other post employment benefits asset	8,802	7,385
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	<u>103,007</u>	<u>101,924</u>
Total restricted assets	<u>\$ 622,603</u>	<u>\$ 767,082</u>
Restricted assets by class:		
Total current assets	\$ 216,608	\$ 300,816
Total capital assets	13,018	13,018
Total other non-current assets	392,977	453,248
Total restricted assets:	<u>\$ 622,603</u>	<u>\$ 767,082</u>

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5.) RETIREMENT SYSTEM

(a) 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 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.

(b) Public Employees' Retirement System of Nevada

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

As of December 31, 2024, the Department estimated a net pension liability of \$218.2 million. As of June 30, 2024, the Department had a net pension liability of \$217.6 million, which represents the Department's percentage, 15.6%, of the County's net pension liability. This percentage was determined based on the contributions to PERS by the Department during the measurement period, relative to the total contributions to PERS by the County during the measurement period.

For the six months ended December 31, 2024 and 2023, the Department reported pension expense of \$17.9 million and \$7.6 million, respectively. The actuarial valuation related to the pension plan is prepared annually. Management records estimates during the fiscal year for pension expense, deferred outflows, and deferred inflows and such amounts are adjusted to actual at year-end when the actuarial valuations are received.

Refer to the Department's FY 2024 ACFR for comprehensive information and related disclosures pertaining to the Department's pension plan as of June 30, 2024. There are no updates to the disclosed information as of the issuance of these financial statements.

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6.) OTHER POST EMPLOYMENT BENEFITS (OPEB)

(a) Plan Descriptions

OPEB Plans Administered Through Trusts

Clark County Self-Funded (CCSF) Trust

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 Plan. The CCSF OPEB Trust is a single-employer, defined benefit OPEB plan administered by Clark County, Nevada. The CCSF OPEB Trust issues a publicly available financial report. The report may be obtained at https://www.clarkcountynv.gov/government/departments/finance/boards_and_committees.php.

OPEB Plans Not Administered Through Trusts

Public Employees' Benefits Plan (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. 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. NRS §287.041 assigns the authority to establish and amend benefit provisions to the PEBP eleven-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 PEBP issues a publicly available financial report. The report may be obtained at <https://pebp.state.nv.us/resources/fiscal-utilization-reports/>.

(b) Net OPEB Asset, Net OPEB Liability, and Changes in the Net OPEB Liability

The Department estimates a net OPEB asset of \$8.8 million and a total OPEB liability of \$2.2 million as of December 31, 2024. The Department's net OPEB asset was \$7.4 million and total OPEB liability was \$2.8 million as of June 30, 2024, and both were measured by an actuarial valuation dated June 30, 2023. The CCSF fiduciary net position exceeded the total CCSF OPEB liability as of measurement date June 30, 2024; therefore, the Department recognized a net OPEB asset of \$8.8 million for the CCSF OPEB plan. The total OPEB liability of \$2.2 million reflects the total

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

liability for the PEBP plan. The Department's portion of the CCSF liability 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.

Refer to the Department's FY 2024 ACFR for comprehensive information and related disclosures pertaining to the Department's OPEB plans as of June 30, 2024. There are no updates to the disclosed information as of the issuance of these financial statements.

7.) CHANGES IN CAPITAL ASSETS

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

	June 30, 2024	Additions	Deletions	December 31, 2024
Capital assets, not being depreciated:				
Land	\$ 1,037,455	\$ —	\$ (16,600)	\$ 1,020,855
Avigation easement	332,562	—	—	332,562
Construction in progress	250,300	126,704	(185,544)	191,460
Total capital assets, not being depreciated	1,620,317	126,704	(202,144)	1,544,877
Capital assets, being depreciated/amortized:				
Land Improvements	1,813,956	109,763	—	1,923,719
Buildings and improvements	3,728,957	30,028	—	3,758,985
Furniture and fixtures	36,375	—	—	36,375
Machinery and equipment	640,148	48,389	(1,126)	687,411
Right of use - building	19,085	—	—	19,085
Right of use - SBITA	7,971	1,933	(2,279)	7,625
Total capital assets being depreciated/amortized	6,246,492	190,113	(3,405)	6,433,200
Less accumulated depreciation/amortization:				
Land improvements	(1,341,189)	(30,523)	—	(1,371,712)
Buildings and improvements	(1,748,876)	(48,485)	—	(1,797,361)
Furniture and fixtures	(30,143)	(395)	—	(30,538)
Machinery and equipment	(499,386)	(17,619)	1,117	(515,888)
Right of use - building	(7,271)	(909)	—	(8,180)
Right of use- SBITA	(3,905)	(888)	1,378	(3,415)
Total accumulated depreciation/amortization	(3,630,770)	(98,819)	2,495	(3,727,094)
Total capital assets being depreciated/amortized, net	2,615,722	91,294	(910)	2,706,106
Total capital assets, net	\$ 4,236,039	\$ 217,998	\$ (203,054)	\$ 4,250,983

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8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations for the six months ended December 31, 2024, are summarized as follows (in thousands):

	June 30, 2024	Additions	Refunding	Pay downs	December 31, 2024
SENIOR LIEN BONDS:					
2010 Series C Build America Bonds	\$ 454,280	\$ —	\$ —	\$ —	\$ 454,280 †
2015 Series A	59,915	—	—	—	59,915 †
2019 Series B	240,800	—	—	—	240,800 †
Sub-Total Senior Lien Bonds	754,995	—	—	—	754,995
SUBORDINATE LIEN BONDS:					
2008 Series C-1	122,900	—	—	—	122,900 *
2008 Series D-2A	100,000	—	—	—	100,000 *
2008 Series D-2B	99,605	—	—	—	99,605 *
2014 Series A-1	8,820	—	—	(8,820)	— †
2017 Series A-2	47,800	—	—	—	47,800 †
2019 Series A	59,565	—	—	(14,695)	44,870 †
2019 Series D	190,620	—	—	(32,335)	158,285 †
2021 Series A	71,270	—	—	—	71,270 †
2024 Series A	319,375	—	—	—	319,375 †
Sub-Total Subordinate Lien Bonds	1,019,955	—	—	(55,850)	964,105
PFC BONDS:					
2015 Series C	54,445	—	—	(10,155)	44,290 †
2017 Series B	19,420	—	—	(7,775)	11,645 †
2019 Series E	235,075	—	—	(23,755)	211,320 †
2022 Series B	43,400	—	—	(8,790)	34,610 †
Sub-Total PFC Bonds	352,340	—	—	(50,475)	301,865
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:					
2021 Notes Series B	97,475	—	—	(18,670)	78,805 †
2022 Jet A Fuel Tax Series A	32,405	—	—	(10,280)	22,125 †
2024 Notes Series B	150,920	—	—	—	150,920 †
Sub-Total Junior Subordinate Lien Debt and Jet A Bonds	280,800	—	—	(28,950)	251,850
Total principal outstanding	2,408,090	\$ —	\$ —	\$ (135,275)	2,272,815
Premiums, discounts, and imputed debt from termination of hedges:					
Unamortized premiums	177,251	\$ —	\$ (16,569)	\$ —	160,682
Unamortized discount	(3,429)	—	146	—	(3,283)
	173,822	\$ —	\$ (16,423)	\$ —	157,399
Current portion of long-term debt	(258,175)				(272,430)
Net long-term debt outstanding	<u>\$ 2,323,737</u>				<u>\$ 2,157,784</u>

* Variable Rate Debt Obligations

† Fixed Rate Bonds

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CLARK COUNTY, NEVADA
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8.) LONG-TERM DEBT (continued)

(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 to: 1) provide for the payment of all Airport System operating and maintenance expenses in the fiscal year, and 2) provide an amount not less than 125% of the aggregate debt service requirement (Senior Lien Coverage) for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for FY 2024 was 6.55. As of December 31, 2024, the Department had \$755.0 million in principal of senior lien bonds outstanding.

Subordinate Lien Bonds

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

Subordinate lien bonds are secured by and are payable from 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 to: 1) provide for the payment of all Airport System operating and maintenance expenses in such fiscal year, and 2) 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

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8.) LONG-TERM DEBT (continued)

combined senior and subordinate lien debt for FY 2024 was 2.16. As of December 31, 2024, the Department had \$964.1 million in principal of subordinate lien bonds outstanding.

PFC Bonds

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

The PFC bonds are secured by a pledge of and lien upon pledged PFC revenues derived from a 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 December 31, 2024, the Department had \$301.9 million in principal of PFC pledged bonds outstanding.

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

Junior Subordinate Lien Debt and Jet A Bonds

The junior subordinate lien debt and Jet A bonds comprise Jet A Fuel Tax bonds and 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 December 31, 2024, the Department had outstanding Jet A bonds of \$22.1 million and outstanding notes of \$229.7 million.

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8.) LONG-TERM DEBT (continued)

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of a four-cent-per-gallon tax collected by the County on jet aviation fuel sold, distributed, or used in the County (three-cents-per-gallon out of the four cents collected are specifically pledged to the Jet A Bonds). Shortages in debt service from fuel tax collections are funded with Airport System revenues. As of December 31, 2024, there was no shortage of Jet A Fuel Tax revenues to cover the Jet A Bonds debt service.

Other Information Related to Debt Issuances

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

The Department's variable rate demand bonds have three associated letters of credit. Under the letters of credit, the banks who issued the facilities are unconditionally obligated to pay principal and interest on the bonds secured by letters of credit when due, and to pay the purchase price of tendered bonds when tendered. The Department is obligated to immediately reimburse the banks who issued these facilities for principal and interest draws. Each letter of credit has a three-year or four-year term out agreement. If a term-out agreement were to take effect, it would require all outstanding amounts to such series of bonds to be repaid within three or four years on an accelerated basis. The Department's letters of credit terminate on dates occurring between June 2025 and July 2027.

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8.) LONG-TERM DEBT (continued)

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

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

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8.) LONG-TERM DEBT (continued)

(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 is \$2.4 million at December, 31, 2024. The Department is current on all required arbitrage payments.

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8.) LONG-TERM DEBT (continued)

(d) Long-term Debt Obligations

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

	Series	Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	December 31, 2024
<i>Senior Lien Bonds</i>	2010C	Issued to fund the construction of Terminal 3	Airport System Revenue	2/23/2010	7/1/2045	6.82%	\$ 454,280	\$ 454,280
	2015A	Refunded Series 2005A	Airport System Revenue	4/30/2015	7/1/2040	5.00%	59,915	59,915
	2019B	Refunded Series 2009B	Airport System Revenue	7/1/2019	7/1/2042	5.00%	240,800	240,800
					Subtotal			754,995
					Unamortized premiums			43,789
					Total Senior Lien Bonds			798,784
<i>Subordinate Lien Bonds</i>	2008C-1*	*Refunded Series 2005C-1A and Series 2005C-1B, Series 2005C-2, Series 2005C-3, Series 2005D-1, Series 2005D-2, Series 2005E-1, Series 2005E-2, Series 2005E-3	Airport System Revenue	3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
	2008D-2*		Airport System Revenue	3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
	2017A-2	Refunded Series 2007A-1	Airport System Revenue	4/25/2017	7/1/2040	5.00%	47,800	47,800
	2019A	Refunded Series 2009C	Airport System Revenue	7/1/2019	7/1/2026	5.00%	107,530	44,870
	2019D	Refunded Series 2010B	Airport System Revenue	11/27/2019	7/1/2032	5.00%	296,155	158,285
	2021A	Refunded Series 2018A	Airport System Revenue	6/30/2021	7/1/2036	5.00%	71,270	71,270
	2024A	Refunded Series 2014A-2 and Series 2008D-3	Airport System Revenue	4/2/2024	7/1/2032	5.00%	319,375	319,375
					Subtotal			964,105
					Unamortized premiums			68,686
					Unamortized discounts			(3,283)
					Current portion			(189,170)
					Total Subordinate Lien Bonds			840,338
<i>PFC Bonds</i>	2015C	Refunded Series 2007	Passenger Facility Charge Revenue	7/22/2015	7/1/2027	5.00%	98,965	44,290
	2017B	Refunded Series 2007A-1 Bonds and funded a new debt service reserve fund for the Series 2017B Bonds	Passenger Facility Charge Revenue	4/25/2017	7/1/2025	3.25%-5.00%	69,305	11,645
	2019E	Refunded Series 2010A PFC	Passenger Facility Charge Revenue	11/27/2019	7/1/2033	5.00%	369,045	211,320
	2022B	Refunded Series 2012B PFC	Passenger Facility Charge Revenue	11/23/2022	7/1/2027	5.00%	43,400	34,610
					Subtotal			301,865
					Unamortized premiums			28,007
					Current portion			(53,000)
					Total PFC Bonds			\$ 276,872

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8.) LONG-TERM DEBT (continued)

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

Series		Purpose	Pledged Revenue	Issue Date	Maturity Date	Interest Rate	Original Issue	December 31, 2024
<i>Junior Subordinate Lien and Jet A Bonds</i>	2021B	Refunded Series 2017C	Airport System Revenue	6/30/2021	7/1/2027	5.00%	125,310	\$ 78,805
	2022A	Refunded Series 2013A Jet A	Jet Aviation Fuel Tax Revenue	11/23/2022	7/1/2026	5.00%	40,230	22,125
	2024B	Acquisition of real property	Airport System Revenue	4/2/2024	7/1/2029	5.00%	150,920	150,920
Subtotal								251,850
Unamortized premiums								20,200
Current portion								(30,260)
Total Junior Subordinate Lien and Jet A Bonds								241,790
Total long-term debt								<u>\$ 2,157,784</u>

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

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8.) LONG-TERM DEBT (continued)

(e) Schedule of Debt Principal and Interest

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

Fiscal Year Ended June 30,	Total		Senior Lien Bonds		Subordinate Lien Bonds		PFC		Jet A Fuel Tax Bonds	
	Principal	Interest	Principal	Interest *	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 122,900	\$ 58,159	\$ —	\$ 23,009	\$ 122,900	\$ 21,334	\$ —	\$ 7,520	\$ —	\$ 6,296
2026	149,530	109,235	—	46,018	66,270	37,639	53,000	13,742	30,260	11,836
2027	178,835	101,052	—	46,018	91,690	33,690	55,600	11,053	31,545	10,291
2028	160,090	92,578	14,415	45,657	48,170	30,193	58,380	8,204	39,125	8,524
2029	111,570	85,787	15,135	44,918	76,605	27,074	19,830	6,249	—	7,546
2030-2034	662,690	315,127	87,815	212,152	308,900	84,260	115,055	14,942	150,920	3,773
2035-2039	328,750	214,655	154,360	182,339	174,390	32,316	—	—	—	—
2040-2044	350,015	125,642	274,835	122,466	75,180	3,176	—	—	—	—
2045-2049	208,435	14,369	208,435	14,369	—	—	—	—	—	—
Total	<u>\$ 2,272,815</u>	<u>\$ 1,116,604</u>	<u>\$ 754,995</u>	<u>\$ 736,946</u>	<u>\$ 964,105</u>	<u>\$ 269,682</u>	<u>\$ 301,865</u>	<u>\$ 61,710</u>	<u>\$ 251,850</u>	<u>\$ 48,266</u>

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8.) LONG-TERM DEBT (continued)

(f) 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.

The following schedule details such deferred outflows at December 31, 2024, and September 30, 2024 (in thousands):

	December 31, 2024	June 30, 2023
2008 Series D-2	\$ 6,127	\$ 6,469
2015 Series C PFC	583	730
2019 Series E PFC	1,367	1,520
2024 Series A	2,951	3,408
Total unamortized losses on refunded bonds	<u>\$ 11,028</u>	<u>\$ 12,127</u>

(g) Deferred Inflows of Resources Related to Debt

The following schedule details the unamortized gains on bond refundings, presented as deferred inflows, at December 31, 2024, and September 30, 2024 (in thousands):

	December 31, 2024	June 30, 2023
2015 Series A	\$ 639	\$ 662
2017 Series A-2	1,309	1,355
2017 Series B PFC	29	58
2019 Series A	326	452
2019 Series D	1,061	1,193
2022 Jet A Fuel Tax Series A	598	893
2022 Series B PFC	1,113	1,520
2024 Series A	2,125	2,395
Total unamortized gains on refunded bonds	<u>\$ 7,200</u>	<u>\$ 8,528</u>

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9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) Interest Rate Swaps

The intention of the Department's implementation of a swap portfolio was to convert variable interest rate bonds to synthetically fixed interest rate bonds as a means to lower its borrowing costs when compared to fixed-rate bonds at the time of issuance. The Department executed several floating-to-fixed swaps in connection with its issuance of variable rate bonds and forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds. Some of the Department's swaps are structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

Refer to the Department's FY 2024 ACFR for comprehensive information and related disclosures pertaining to the Department's interest rate swaps as of June 30, 2024. As of July 1, 2023, the Interbank exchange (ICE) Benchmark Administration ceased publishing any LIBOR setting using methodology in place as of December 31, 2021. As a result, effective July 1, 2023, LIBOR is no longer an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt for purposes of GASB Statement 53. No other significant changes have been made to the comprehensive information and related disclosures pertaining to the Department's interest rate swaps as of the date of this report.

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9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS (continued)

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 December 31, 2024, and June 30, 2024, are summarized as follows (in thousands):

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives *	Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Counterparty Ratings			Outstanding Notional	
									Moody's	S&P	Fitch	December 31, 2024	June 30, 2024
02	Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	\$ 185,855	Citigroup Financial Products Inc.	A2	A	A+	\$ 55,165	\$ 58,964
04	Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc.	A2	A	A+	2,292	22,801
08A	Floating-to-Fixed	2008C-1, 2008D-2A, 2008D-2B	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc.	A2	A	A+	112,325	117,350
08B	Floating-to-Fixed	2008C-1, 2008D-2A, 2008D-2B	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa2	AA-	AA	23,750	24,800
08C	Floating-to-Fixed	2008C-1, 2008D-2A, 2008D-2B	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975	UBS AG	Aa2	A+	AA-	23,750	24,800
09A	Floating-to-Fixed	2008 D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	A2	A	A+	27,370	29,155
09B	Floating-to-Fixed	2008 D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa2	AA-	AA	5,825	6,205
09C	Floating-to-Fixed	2008 D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795	UBS AG	Aa2	A+	AA-	5,825	6,205
10B	Floating-to-Fixed	2008 D-2A, 2008D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa2	AA-	AA	29,935	29,935
10C	Floating-to-Fixed	2008 D-2A, 2008D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	UBS AG	Aa2	A+	AA-	29,935	29,935
12A	Floating-to-Fixed	2008 D-2A, 2008D-2B	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc.	A2	A	A+	65,150	122,950
Total							<u>\$ 919,795</u>					<u>\$ 381,322</u>	<u>\$473,100</u>

* Effective July 1, 2023, swap calculations are using the Fallback SOFR as LIBOR is no longer an appropriate benchmark interest rate for derivative instruments.

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9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS (continued)

(b) Changes in Fair Value

The following summary provides the aggregate fair values and the changes in fair values of the Department's interest rate swap agreements for the six months ended December 31, 2024:

	Assets	Liabilities	Net
Balance as of June 30, 2024	\$ 8,384	\$ (4,157)	\$ 4,227
Net increase in fair value of hedging derivatives	613	—	613
Net increase in fair value of investing derivatives	(1,242)	2,740	1,498
Balance as of December 31, 2024	<u>\$ 7,755</u>	<u>(1,417)</u>	<u>\$ 6,338</u>

For the six months ended December 31, 2024, no derivatives were reclassified from hedging derivative instruments to investment derivative instruments. The table below provides the fair values, changes in fair values, and outstanding notional amounts of the Department's interest rate swap agreements as December 31, 2024 (in thousands):

		Fair Value and Classifications as of December 31, 2024		Changes in Fair Value for the Six Months Ended December 31, 2024		
Swap #	Description	Derivative Instrument Classification	Fair Value	Increase (Decrease) in Deferred Inflows	Increase (Decrease) in Deferred Outflows	Net Change in Fair Value
Hedging derivative instruments						
10B	Floating-to-Fixed Interest Rate Swap	Non-current asset	\$ 1,592	\$ 212	\$ —	\$ 212
10C	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,565	185	—	185
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,365	216	—	216
Total hedging derivative activities			4,522	\$ 613	\$ —	613
				Gain (loss) on Investment	Deferral Included in Gain (loss)	
Investment derivative instruments						
02	Basis Rate Swap	Non-current liability	(456)	—	(198)	(198)
04	Basis Rate Swap	Non-current asset	2	(9)	—	(9)
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(676)	—	2,064	2,064
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(142)	—	437	437
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(143)	—	437	437
09A	Floating-to-Fixed Interest Rate Swap	Non-current asset	2,243	121	—	121
09B	Floating-to-Fixed Interest Rate Swap	Non-current asset	482	53	—	53
09C	Floating-to-Fixed Interest Rate Swap	Non-current asset	477	26	—	26
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	29	(1,433)	—	(1,433)
Total investment derivative activities			1,816	\$ (1,242)	\$ 2,740	1,498
Total			\$ 6,338			\$ 2,111

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10.) PAYMENTS TO CLARK COUNTY

The Department reimburses the County for providing the Airport System with fire services, police services, legal services, administrative services, certain maintenance services based on the actual cost of those services and special projects. The total amounts billed for these services for the six months ended December 31, 2024, and 2023 were \$28.9 million and \$23.2 million, respectively.

11.) LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

Refer to the Department's FY 2024 ACFR for comprehensive information and related disclosures pertaining to leases and subscription-based information technology arrangements (SBITAs).

(a) Lessor

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

Beginning Lease Receivable at July 1, 2024	Receivable Reduction	Ending Lease Receivable at December 31, 2024	Beginning Deferred Inflow at July 1, 2024	Ending Deferred Inflow at December 31, 2024
\$ 30,833	\$ (1,677)	\$ 29,156	\$ 30,268	\$ 28,439

The current and non-current lease receivable balances as of July 1, 2024, were \$3.9 million and \$26.9 million, respectively. As of December 31, 2024, the Department recorded a current portion of \$4.1 million and non-current portion of \$25.1 million of lease receivable. For the six months ended December 31, 2024, the Department recognized a total of \$2.3 million of lease revenue and \$0.4 million of lease interest revenue associated with Included lease payments received.

As of December 31, 2023, all of the Included leases have terms expiring before fiscal year-end 2034 and are summarized below (in thousands):

Beginning Lease Receivable at July 1, 2023	Receivable Reduction	Ending Lease Receivable at December 31, 2023	Beginning Deferred Inflow at July 1, 2023	Ending Deferred Inflow at December 31, 2023
\$ 58,450	\$ (24,484)	\$ 33,966	\$ 55,621	\$ 33,593

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11.) LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

The current and non-current lease receivable balances as of July 1, 2023, were \$15.6 million and \$42.9 million, respectively. As of December 31, 2023, the Department recorded a current portion of \$4.1 million and non-current portion of \$29.9 million of lease receivable. For the six months ended December 31, 2023, the Department recognized a total of \$0.5 million of lease loss and \$0.5 million of lease interest revenue associated with Included lease payments received.

(b) Lessee

The Department entered into a twenty-two year lease agreement for the use of an administrative office building located adjacent to the Airport on August 7, 2007. The Department recognizes a lease payable, interest expense, right-of-use asset net of accumulated amortization and amortization expense accordingly. The financial details of the lease agreement as of December 31, 2024, are summarized below (in thousands):

Beginning Lease Payable at July 1, 2024	Payable Reduction	Ending Lease Payable at December 31, 2024
\$ 13,368	\$ (837)	\$ 12,531

The current and non-current lease payable balances as of July 1, 2024, were \$1.7 million and \$11.7 million, respectively. As of December 31, 2024, the Department recorded a current portion of \$1.8 million and non-current portion of \$10.8 million of lease payable. For the six months ended December 31, 2024, the Department recognized interest expense of \$0.2 million and amortization expense of \$0.9 million, related to the right-of-use asset for the building.

The financial details of the lease agreement as of December 31, 2023, are summarized below (in thousands):

Beginning Lease Payable at July 1, 2023	Payable Reduction	Ending Lease Payable at December 31, 2023
\$ 14,975	\$ (783)	\$ 14,192

The current and non-current lease payable balances as of July 1, 2023, were \$1.6 million and \$13.4 million, respectively. As of December 31, 2023, the Department recorded a current portion of \$1.7 million and non-current portion of \$12.5 million of lease payable. For the six months ended December 31, 2023, the Department

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11.) LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

recognized interest expense of \$0.2 million and amortization expense of \$0.9 million, related to the right of use asset for the building.

(c) Subscription-Based Information Technology Arrangements (SBITAs)

The subscription based information technology arrangements (SBITA) activities as of December 31, 2024, are summarized below (in thousands):

Beginning SBITA Payable at July 1, 2024	Payable Addition	Payable Reduction	Ending SBITA Payable at December 31, 2024
\$ 3,703	\$ 1,338	\$ (2,025)	\$ 3,016

The current and non-current portions of SBITA payable as of July 1, 2024, were \$1.3 million and \$2.4 million, respectively. The current and non-current portion of SBITA payable as of December 31, 2024, are \$1.3 million and \$1.8 million, respectively. The current and non-current portion of SBITA payables are reported under different line items on the Statement of Net Position. The current portion is included within Accounts payable and other current liabilities and the non-current portion is recognized within Other non-current liabilities. For the six months ended December 31, 2024, the Department recognized interest expense of \$48.7 thousand and amortization expense of \$0.9 million, related to the right-of-use asset for the SBITAs.

The SBITA activities as of December 31, 2023, are summarized below (in thousands):

Beginning SBITA Payable at July 1, 2023	Payable Addition	Ending SBITA Payable at December 31, 2023
\$ 4,296	\$ 81	\$ 4,377

The current and non-current portions of SBITA payable as of July 1, 2023, were \$1.7 million and \$2.6 million, respectively. The current and non-current portion of SBITA payable as of December 31, 2023, are \$1.8 million and \$2.6 million, respectively. The current and non-current portion of SBITA payables are reported under different line items on the Statement of Net Position. The current portion is included within Accounts payable and other current liabilities and the non-current portion is recognized within Other non-current liabilities. For the six months ended December 31, 2023, the Department recognized interest expense of \$71.5 thousand and amortization expense of \$0.9 million, related to the right-of-use asset for the SBITAs.

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11.) LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (continued)

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

12.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

As of December 31, 2024, the Department's management estimates that future expenditures which have been committed through execution of construction contracts will require an additional outlay of approximately \$326.2 million to bring those projects to completion.

(b) Litigation and Claims

General Litigation

The Department, through the County, may be contingently liable for lawsuits and other claims incidental to the ordinary course of its operations. The opinion of County management, based on the advice of the District Attorney, is that the outcome of such claims will not have a material adverse effect on the Department's financial position, results of operations, or liquidity at December 31, 2024.

Other Litigation

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

13.) RISK MANAGEMENT

The Department is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and customers; and natural disasters. These risks are covered by commercial

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13.) RISK MANAGEMENT (continued)

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 six months ended December 31, 2024.

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:

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14.) AIRPORT LAND TRANSFERS (continued)

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 land related to the Cooperative Management Area for the six months ended December 31, 2024, were \$32.0 million. The Department's share of these proceeds for the six months ended December 31, 2024 was \$3.2 million. As of December 31, 2024, the Department has \$1.1 million payable to the Bureau of Land Management and \$0.1 million payable to the State related to such land.

15.) SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the following significant events occurred:

On February 27, 2025, Kroll Bond Rating Agency upgraded the rating on the Airport's Subordinate Lien General Airport Revenue Bonds and Passenger Facility Charge Bonds to AA from AA- and upgraded the rating on the Airport's Junior Subordinate Lien Revenue Notes and Jet A Bonds to AA- from A+. The rating outlook is stable.