Interim Quarterly Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Nine Months Ended March 31, 2023

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CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

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Financial Section

Introduction

The following is Management's Discussion and Analysis (MD&A) of the financial performance and activity of the Clark County Department of Aviation (Department). The MD&A provides an introduction to and understanding of the financial statements of the Department for the first nine months of fiscal year 2023 (FY2023), which is the period from July 1, 2022 through March 31, 2023. Certain information is presented in comparison to the fiscal year end ended June 30, 2022 (FY2022), and certain information is presented in comparison to the first nine months of FY2022, which is the period from July 1, 2021 through March 31, 2022. This section should be read in conjunction with the financial statements and notes to gain a better understanding of the information presented in MD&A.

The Clark County Department of Aviation is a department of Clark County (County), a political subdivision of the State of Nevada. The Department, under the supervision of the Board of County Commissioners (Board) and the County Manager, is established to operate Harry Reid International Airport (Airport) and the four other general aviation facilities owned by the County (Airport System). The Airport System comprises the Airport, the seventh-busiest airport in North America by passenger volume in calendar year 2022; North Las Vegas Airport, which services general aviation activity and is the second-busiest airport in the State of Nevada by aircraft operations; Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal and private hangar facilities designed to meet the needs of the business aviation community; and Jean Sport Aviation Center and Overton-Perkins Field, which primarily are used for aviation-related recreational purposes.

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

Overview of Financial Statements

The MD&A, Financial Statements (including the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows) and Notes to the Financial Statements, presented for the nine months ended March 31, 2023, 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 FY2022.

Activity Highlights

Passenger enplanements for the nine months ended Q3 FY2023 totaled 20,913,617, compared to 17,243,626 for the same nine month period ended Q3 FY2022, which is an increase of 21.3%.

Aircraft landed weights for the nine months ended Q3 FY2023 totaled 22,823,141 thousand pounds, compared to 19,405,601 thousand pounds for same nine month period ended Q3 FY2022, which is an increase of 17.6%. The number of departures for domestic and international flights for the nine months ended Q3 FY2023 totaled 189,546 compared to 156,548, which is a 21.1% increase from the nine month period ended Q3 FY2022.

Airline Rates and Charges

Effective July 1, 2010, the Department entered into an Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market. On July 21, 2020, the Board approved an amendment to the Agreement (2020 Amendment) which extended the terms of the Agreement through June 30, 2021 with additional extension options through June 30, 2030. The Agreement establishes a residual rate-making methodology for the Airport System through both direct and indirect cost centers. The net cash flows from the Airport System's gaming fees and the Airport Rent-A-Car Center are set aside in a capital improvement account, the balance of which may be used to pay the costs of future capital projects or pay down outstanding Department debt.

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

The following table provides the rates and fees in effect for the nine months ended March 31, 2023 and 2022

	March 31, 2023	March 31, 2022
Landing fee (per 1000 lbs.)	$ 1.32	$ 1.33
Terminal rental rate (per square foot)	127.21	156.29
Gate use fee-narrow body (per turn)	360.00	399.00
Gate use fee-wide body (per turn)	540.00	598.00
Gate use lease fee (per annum)	196,414.00	183,428.00
International facility use fee (per deplaned international passenger)	8.50	8.50
Common use ticketing fee (per enplaned passenger)	1.22	1.98

Certain airline landing fees, terminal building rentals, gate use fees, and passenger fees are used to calculate the airline rental and fee revenue, which is used to calculate cost per enplaned passenger. The following is the cost per enplaned passenger for the nine months ended March 31, 2023 and 2022 (in thousands):

	Nine months ended March 31, 2023	Nine months ended March 31, 2022	Change	
Landing and other aircraft fees	$ 28,734	$ 24,900	$ 3,835	15.4 %
Terminal building rentals	96,963	115,892	(18,929)	(16.3)%
Gate use fees	20,947	18,673	2,274	12.2 %
Passenger fee - ticketing & customs and border patrol	13,145	12,139	1,006	8.3 %
Total	$ 159,790	$ 171,604	$ (11,814)	(6.9)%
Enplaned passengers	14,165	11,874	3,670	21.3 %
*Cost per enplaned passenger	$ 7.64	$ 9.95	$ (2.31)	(23.2)%

*This figure is not presented in thousands.

Financial Highlights

Net Position Summary

The following table summarizes assets, liabilities, deferred inflows and outflows of resources, and net position as of March 31, 2023 and June 30, 2022 (in thousands):

	March 31, 2023	June 30, 2022	Change	
Assets				
Current assets	$ 1,093,385	900,698	$ 192,687	21.4%
Capital assets, net	3,927,165	4,016,847	(89,682)	(2.2%)
Other non-current assets	287,188	456,517	(169,329)	(37.1%)
Total assets	5,307,738	5,374,062	(66,324)	(1.2%)
Deferred outflows of resources	143,666	96,272	47,394	49.2%
Total assets and deferred outflows of resources	$ 5,451,404	$ 5,470,334	$ (18,930)	(0.3%)
Liabilities, deferred inflows of resources, and net position				
Current liabilities	457,448	496,584	(39,136)	(7.9%)
Non-current liabilities	2,601,427	2,869,851	(268,424)	(9.4%)
Total liabilities	3,058,875	3,366,435	(307,560)	(9.1%)
Deferred inflows of resources	177,051	217,961	(40,910)	(18.8%)
Net position				
Net investment in capital assets	1,440,116	1,169,570	270,546	23.1%
Restricted	371,777	399,175	(27,398)	(6.9%)
Unrestricted	403,585	317,193	86,392	27.2%
Total net position	2,215,478	1,885,938	329,540	17.5%
Total liabilities, deferred inflows of resources, and net position	$ 5,451,404	$ 5,470,334	$ (18,930)	(0.3%)

Discussion of Q3 FY2023 Net Position

Total net position for the Department as of March 31, 2023 was $2,215.5 million. This is an increase of $329.5 million from June 30, 2022. This can be primarily attributed to the following significant changes:t

- Current assets
  - At March 31, 2023, current assets were $1,093.4 million, an increase of $192.7 million from June 30, 2022. The majority of this change was due to increases in cash and cash equivalents, accounts receivable, investments, other receivables, inventory, and prepaid and others, offset by decreases in grant receivable and interest receivable. Cash and cash equivalents increased $91.3 million from Q4 FY2022 to Q3 FY2023. These increases were driven by completed land sales during Q3 FY2023, from which proceeds had not yet been remitted to the Bureau of Land Management or the State of Nevada, as well as grant reimbursements received during the first nine months of FY2023. Accounts receivable increased $1.0 million, receivable balance increases were driven by timing of payments received from tenants and customers. Investments classified as current assets increased $104.5 million from Q4 FY2022 to Q3 FY2023 and the fluctuation of these balances are driven by the timing of the obligations which they are correlated with. Lease receivables increased by $2.0 million as additional GASB 87 agreements were added during FY 2023. Prepaid and other also increased by $1.2 million, mainly driven by the increase in prepaid insurance. Restricted other receivables increased by $7.8 million, driven by the timing of the Build America Bonds subsidy receivable. Grants receivable decreased by $15.4 million as the CRRSA Grant is now fully drawn, and the AIP grant was drawn less in Q3 FY2023 compared to Q4 FY2022. Interest receivable decreased by $0.3 million, mainly driven by decrease in the swap market value.
- Capital assets
  - At March 31, 2023, capital assets, net of accumulated depreciation, decreased $89.7 million from June 30, 2022. The decrease was due to depreciation of $143.3 million. The decrease was offset by capital asset acquisitions of $53.6 million.
- Other non-current assets
  - At March 31, 2023, other non-current assets were $287.2 million, an decrease of $169.3 million, from $456.5 million at June 30, 2022. The majority of this change is due to decreases in cash and cash equivalents classified as non-current assets, investments classified as non-current, lease receivable as non-current asset, and net other post retirement benefit asset. These decreases were offset by increases in fair value of the interest rate swaps. Cash and cash equivalents decreased $70.4 million from Q4 FY2022 to Q3 FY2023. The decreases in cash and cash equivalents is reflective of the Department's treasury needs and timing of non-current obligations. Net other post retirement benefits asset decreased $24.7 million. The decrease is driven by actuarial analysis and actual FY 2022 other post retirement benefits activities. Decreases in investments classified as non-current totaled $73.4 million also reflecting the Department's treasury needs and timing of non-current obligations. Lease receivable

classified as non-current assets decreased $1.2 million. The lease receivable represents the present value of lease payments expected to be received until the end of the lease term, and the net of lease revenue received and interest revenue is reduced from the lease receivable. Decrease was due to the normal amortization as there were no new additional GASB 87 agreements identified during the quarter. (Refer to Note 12 for additional information regarding the leases). Fair value of the interest rate swaps increased by $0.4 million driven by the asset appreciating in value under the current economic market conditions.

- Current liabilities
  - At March 31, 2023, current liabilities were $457.4 million, an decrease of $39.1 million, from $496.6 million at June 30, 2022. Other accrued expenses decreased $1.4 million which is attributable an decrease in accrued payroll and benefits based upon timing of payments. Accrued interest decreased by $31.6 million which is due to the pay down of outstanding debt, specifically Series 2008C2, 2008C3, 2017A1, 2008A, and 2013B. Current portion of long-term debt decreased $40.8 million. This decrease is primarily driven by the planned early redemption of the Series 2013B GO, 2008A GO, 2008 C-2, and 2008 C-3 in January 2023. Accounts payable from restricted and non-restricted assets increased $25.7 million from Q4 FY2022 to Q3 FY2023 which is driven by the timing of payments to vendors, including payments due to the BLM and the State of Nevada for land activities. Lastly, rent received in advance increased by $8.9 million due to the timing of billing.
- Non-current liabilities
  - Non-current liabilities at March 31, 2023 were $2,601.4 million, a decrease of $268.4 million, from $2,869.9 million at June 30, 2022. This change is primarily due to decreases in the non-current portion of long-term debt, interest rate swap liability, the long term portion of the lease payable, and other post employment benefits liability which are offset with an increase in net pension liability. The non-current portion of long-term debt decreased $327.0 million in accordance with scheduled debt payments and early redemption of the Series 2013B GO, 2008A GO and 2008 C-3 bonds. In addition, contributing to the overall decrease was a decrease in interest rate swap liability in the amount of $6.2 million due to the changes in the fair value of the interest rate swap portfolio. The net other post employment benefits liability decreased $31.6 million from Q4 FY2022 to Q3 FY2023, driven by the Department recording its quarterly OPEB activities based on the most recent actuary report. The long term potion of lease payable decreased by $1.8 million due to the amortization of the lease payment throughout the lease term. The net pension liability increased $98.1 million. This liability is actuarilly determined as of June 30 each fiscal year, such increases were driven by the Department recording its quarterly estimates.

Operating Revenue

The following table summarizes total operating revenue for the nine months ended March 31, 2023 and 2022 (in thousands):

	March 31, 2023	March 31, 2022	Change	
Terminal building and use fees	$ 120,655	$ 138,188	$ (17,533)	(12.7%)
Landing fees and other aircraft fees	37,005	31,038	5,967	19.2%
Gate use fees	23,055	20,767	2,288	11.0%
Terminal concession fees	61,270	51,851	9,419	18.2%
Rental car facility and concession fees				
Rental car facility fees	29,222	24,671	4,551	18.4%
Rental car concession fees	34,040	31,114	2,926	9.4%
Parking and ground transportation fees				
Public and employee parking fees	45,712	37,951	7,761	20.5%
Ground transportation fees	28,313	21,865	6,448	29.5%
Gaming fees	43,316	39,239	4,077	10.4%
Ground rents and use fees	19,446	17,384	2,062	11.9%
Other				
General aviation fuel sales (net of cost)	6,586	5,073	1,513	29.8%
Other operating income	3,113	4,044	(931)	(23.0%)
	$ 451,733	$ 423,186	$ 28,547	6.7%

General Discussion of Operating Revenues

Aviation Revenues

Refer to the FY2022 ACFR for a general discussion regarding the sources that comprise the operating revenue categories, for both aviation and non aviation related revenues.

Discussion of Changes in Operating Revenues

Total operating revenues for the Department for the nine months ended Q3 FY2023 were $451.7 million, an increase of $28.5 million from the corresponding period ended Q3 FY2022. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
  - The decrease of $17.5 million was attributable to the terminal complex rental revenue decrease of $18.2 million as a result of rate decreases comparing the nine month period ended March 31, 2023 to March 31, 2022 . The signatory terminal complex rental rate decreased 18.6%. These decreases were offset with an increase in the international passenger processing fees of $0.9 million.

- Landing fees and other aircraft fees
  - The increase of $6.0 million in landing fees and other aircraft fees was attributable to the increase in total landed weights of 17.6% comparing the nine months ended Q3 FY2023 to Q3 FY2022.
- Gate use fees
  - The increase of $2.3 million was attributable to a 19.5% increase in common use gate turns for the nine months ended March 31, 2023 vs March 31, 2022.
- Terminal concession fees
  - The following table summarizes the gross billing and grant credit given for the nine months ended March 31, 2023 and 2022 (in thousands):

	Nine months ended March 31, 2023	2022	Change	
Gross Billing	$ 71,699	$ 51,850	19,849	38.3%
Concessionaire grants credit applied				
CRRSA grant	(842)	—	(842)	100.0%
ARPA grant	(9,587)	—	(9,587)	100.0%
Total Revenue	$ 61,270	$ 51,850	$ 9,420	18.2%

  The increase of $9.4 million was mainly attributable to the increase in passenger traffic and grant credits. Passenger enplanements increased 21.3% comparing the nine month period ended March 31, 2023 to the corresponding period ended March 31, 2022 which caused an increase of $19.8 million. The increase was offset by CRRSA and ARPA grant credit given to concessionaires totaling $10.4 million during the nine months ended Q3 FY2023.
- Rental car facility fees
  - The increase of $4.6 million was attributable to increases in the use of the rental car facility. Consolidated facility charge (CFC) revenue , which is driven by rental transaction days, increased by $4.6 million for the nine months ended March 31, 2023 as compared to the same period ended March 31, 2022. Transaction days increased 7.5% over the comparable period.
- Rental car concession fees
  - The increase of $2.9 million was attributable to the increases in the use of the rental car facility during the nine months ended Q3 FY2023. The rental car tenants within the Airport Rental Car Center reported an 8.4% increase in gross receipts for the nine month period ended March 31, 2023 compared to the nine month period ended March 31, 2022.
- Public and employee parking fees
  - The increase of $7.8 million is attributable to the increased utilization of public parking areas during the nine months ended March 31, 2023. Passenger enplanements increased 21.3% comparing the nine month period ended March 31, 2023 to the corresponding period ended March 31, 2022.

– Ground transportation fees
  - The following table summarizes the gross billing and grant credit given for the nine month ended March 31, 2023 and 2022 (in thousands):

	Nine months ended March 31, 2023	Nine months ended March 31, 2022	Change	
Gross Billing	$ 28,339	$ 21,865	6,474	29.6%
Concessionaire grants credit applied				
ARPA grant	(26)	—	(26)	100.0%
Total Revenue	$ 28,313	$ 21,865	$ 6,448	29.5%

The majority of the $6.4 million increase was due to an increase in fees derived from transportation network companies (TNCs), which increased $5.4 million comparing the nine months ended Q3 FY2023 to Q3 FY2022. Fees derived from taxi operations also increased $0.8 million, respectively, for the nine month period ended March 31, 2023 as compared to the nine month period ended March 31, 2022. These increases were driven by higher passenger counts and was offset by ARPA grant credit given a total of $0.03 million during nine months ended Q3 FY2023.

– Gaming fees
  - The following table summarizes the gross billing and grant credit given for the nine months ended March 31, 2023 and 2022 (in thousands):

	Nine months ended March 31, 2023	Nine months ended March 31, 2022	Change	
Gross Billing	$ 46,766	$ 39,239	7,527	19.2 %
Concessionaire grants credit applied				
CRRSA grant	(1,137)	—	(1,137)	100.0%
ARPA grant	(2,313)	—	(2,313)	100.0%
Total Revenue	$ 43,316	$ 39,239	$ 4,077	10.4%

The increase of $4.1 million was mainly attributable to the increase in passenger traffic for the nine months ended Q3 FY2023 as compared to Q3 FY2022 offset by grant credit. Passenger enplanements increased 21.3% for the comparable period leading to a 19.2% increase in gross billing for the nine months ended March 31, 2023 compared to the nine months ending March 31, 2022. The increase was offset by CRRSA and ARPA grant credit totaling $3.4 million during nine months ended Q3 FY2023.

– Ground rents and use fees
  - Ground rents and use fees are generated from fixed and percentage rental rates for the use of Airport System property from fixed based operators, private hangers, developer leases, and billboard advertisements. The increase of $2.1 million was most attributable to additional rents earned from the land rents.

- General aviation fuel sales
  - The increase of $1.5 million was attributable to the increases in traffic and activity at the general aviation airports for the nine months ended Q3 FY2023 as compared to Q3 FY2022. Gallons of fuel sold at the general aviation airports comparing Q3 FY2023 to Q3 FY2022 increased by 10%.

Operating Expenses

The following table summarizes total operating expenses for the nine months ended March 31, 2023 and 2022 (in thousands):

	March 31, 2023	March 31, 2022	Change	
Salaries and benefits	$ 102,844	$ 100,128	$ 2,716	2.7%
Professional services	56,701	44,418	12,283	27.7%
Utilities and communications	24,301	16,670	7,631	45.8%
Repairs and maintenance	11,214	9,541	1,673	17.5%
Materials and supplies	13,890	9,564	4,326	45.2%
General administrative				
Administrative	3,464	2,036	1,428	70.1%
Insurance	2,519	2,331	188	8.1%
	$ 214,933	$ 184,688	$ 30,245	16.4%

Discussion of Changes in Operating Expenses

For the nine months ended March 31, 2023 the Department's total operating expenses were $214.9 million, an increase of $30.2 million from the nine months ended March 31, 2022. This can be primarily attributed to the following significant changes:

- Salaries and benefits
  - Salaries and benefits increased by $2.7 million during Q3 FY2023 compared to Q3 FY2022. The change in salaries and benefits is mainly attributable to the annual cost of living increase and merit increase ranging from 0.0% to 4.0% for employees coupled with a 5% increase in headcount in Q3 FY2023 compared to Q3 FY2022.
- Professional Services
  - Professional services costs during Q3 FY2023 increased by $12.3 million compared to Q3 FY2022. The change in professional services costs is attributable to the recovery from the COVID-19 pandemic where cost cutting strategies were in practice during FY2022. The increase in professional service contracts is mainly attributable to the Department increasing the levels of scope of services as passengers returned.

- Utilities and communications
  - Utilities and communication expense increased $7.6 million. The majority of the increase is attributable to increases in electricity, natural gas and waste disposal expenses comparing the nine months ended Q3 FY2023 to Q3 FY2022.
- Repairs and maintenance
  - Repairs and maintenance expense increased $1.7 million. The change in repairs and maintenance expense is attributable to an overall increase in facility maintenance projects as well as increase in third-party service contracts whose value directly related to the reduction in passenger traffic.
- Materials and Supplies
  - Materials and supplies expenses increased $4.3 million. These increases are attributable to increases in the usage of operating and cleaning supplies directly related to the increases in passenger traffic.
- Administrative
  - Administrative expenses increased $1.4 million. These increases are mainly attributable to increases in banking and credit card fees.

Non-Operating Revenues and Expenses

The following table summarizes non-operating revenues and expenses for the nine months ended March 31, 2023 and 2022 (in thousands):

	March 31, 2023	March 31, 2022	Change	
Passenger Facility Charge revenue	$ 83,233	$ 65,091	$ 18,142	27.9%
Jet A Fuel Tax revenue	12,934	11,890	1,044	8.8%
Interest and investment income				
Unrestricted interest income	9,923	6,850	3,073	44.9%
Restricted interest income(loss)	7,027	(276)	7,303	(2,646.0%)
PFC interest income(loss)	1,782	(526)	2,308	(438.8%)
Unrealized gain on investments – derivative instruments	5,705	8,949	(3,244)	(36.2%)
Interest expense	(65,920)	(70,768)	4,848	(6.9%)
Net gain from disposition of capital assets	14,494	39,013	(24,519)	(62.8%)
Other non-operating revenue, net	6,324	248	6,076	2,450.0%
CRRSA Act Airport Grant	2,030	41,740	(39,710)	(95.1%)
ARPA Act Airport Grant	148,947	—	148,947	100.0%
	$ 226,479	$ 102,211	$ 124,268	121.6%

Discussion of Non-Operating Revenues/Expenses

For the nine months ended March 31, 2023, non-operating revenue and expenses, net totaled $226.5 million. This is a decrease of $124.3 million, from $102.2 million, net, for the nine months ended March 31, 2022 which can be attributed to the following significant changes:

- Passenger Facility Charge revenue
  - PFC Revenue increased $18.1 million. This increase is attributable to the increase in passenger activity. Passenger enplanements for the nine months ended Q3 FY2023 totaled 20,913,617, compared to 17,243,626 for the same nine month period ended Q3 FY2022, which is an increase of 21.3%.
- Jet A Fuel Tax Revenue
  - Jet A Fuel Tax Revenue increased $1.0 million. The increase is mainly attributable to the increase in fuel sold. Gallons of fuel sold at the general aviation airports comparing Q3 FY2023 to Q3 FY2022 increased by 10%.
- Unrestricted interest and investment income
  - Unrestricted interest and investment income increased $3.1 million in Q3 FY2023 compared to Q3 FY2022 which is attributed mainly to increases in returns on investment from increased rates.
- Restricted interest and investment income(loss)
  - Restricted interest and investment income increased $7.3 million in Q3 FY2023 compared to Q3 FY2022 which is attributed mainly to increases in returns on investment from increased rates.
- PFC interest income(loss)
  - Restricted interest and investment income increased $2.3 million in Q3 FY2023 compared to Q3 FY2022 which is attributed mainly to increases in returns on investment from increased rates.
- Unrealized gain on investments – derivative instruments
  - The Department's unrealized gain on investments – derivative instruments reflected a gain of $5.7 million for the nine-months ended Q3 FY2023 from a gain of $8.9 million for the nine-months ended Q3 FY2022. The change is due to fair value changes in investment derivative instruments.
- Interest expense
  - Interest expense on the Department's outstanding bonds and interest rate swaps decreased by $4.8 million. The majority of this decrease relates to the early redemption of the Series 2008D-1 in January 2022 and refunding of 2022A and 2022B in November 2022 as well as scheduled debt service pay downs; see Note 8, "Long Term Debt" for further detail.

- Net gain from disposition of capital assets
  - Net gain from the disposition of capital assets decreased by $24.5 million in Q3 FY2023 compared to Q3 FY2022. The Department realized $14.5 million related to land sales in Q3 FY2023 as compared to $38.9 million in Q3 FY2022.
- Other non-operating revenue, net
  - Other non-operating revenue, net increased by $6.1 million in Q3 FY2023 compared to Q3 FY2022. This is attributable to an increase in fees incurred related to land auction and non-CMA land revenue of $5.4 million and $0.7 million respectively as compared to Q3 FY2022.
- CRRSA Act Airport Grant
  - For the nine months ended Q3 FY2023, the Department recognized $2.0 million in non-operating revenue subsidy from the CRRSA Act, as compared to $41.7 million in Q3 FY2022.
- ARPA Act Airport Grant
  - For the nine months ended Q3 FY2023, the Department recognized $148.9 million in non-operating revenue subsidy from the ARPA Grants, no such grant revenue recorded in Q3 FY2022.

Capital Contributions

The following table summarizes capital contributions for the nine months ended March 31, 2023 and 2022 (in thousands):

	Nine months ended March 31, 2023	Nine months ended March 31, 2022	Change	
Capital contributions	$ 9,530	$ 12,412	(2,882)	(23.2%)

<u>Discussion of Capital Contributions</u>

Capital contributions during the nine months ended Q3 FY2023 were $9.5 million, a decrease of $2.9 million from the nine months ended Q3 FY2022.

This change was due to an decrease in AIP funding recognized during nine months ended Q3 FY2023 in the amount of $1.2 million and $1.7 million decrease in donations received related to the airport name change fund during Q3 FY2023.

Outstanding Debt

The following table summarizes outstanding debt obligations at March 31, 2023 and June 30, 2022 (in thousands):

	March 31, 2023	June 30, 2022	Change	
Senior lien bonds	$ 754,995	$ 754,995	$ —	0.0%
Subordinate lien bonds	1,119,375	1,301,395	(182,020)	(14.0%)
PFC bonds	410,135	466,615	(56,480)	(12.1%)
Junior subordinate lien and Jet A bonds	155,540	180,450	(24,910)	(13.8%)
General obligation bonds	—	76,020	(76,020)	(100.0%)
Total bonded debt principal outstanding	2,440,045	2,779,475	(339,430)	(12.2%)
Unamortized premiums	171,709	200,784	(29,075)	(14.5%)
Unamortized discounts	(7,296)	(8,046)	750	(9.3%)
Current portion of long term debt	(261,960)	(302,725)	40,765	(13.5%)
Total outstanding long-term debt obligations	$ 2,342,498	$ 2,669,488	$ (326,990)	(12.2%)

Total outstanding long-term debt obligations as of March 31, 2023 were $2,342.5 million, a decrease of $327.0 million, from $2,669.5 million at June 30, 2022. This decrease was primarily related to the early redemption of 2008A GO, 2008C-2, 2008C-3, and 2013B GO in January 2023. The Departments credit ratings remained unchanged from June 30, 2022 to March 31, 2023. Refer to Note 8, “Long-Term Debt” for further detail regarding long-term debt obligations.

Looking Forward

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

As the Department's activities appear very recovered from the COVID-19 pandemic , more airlines are anticipated to restart or have already started to use the Airport. Also, the Airport anticipates hosting several large events that will attract additional passengers in the near future. Many events are now hosted at Allegiant Stadium, including the Super Bowl in February 2024. Las Vegas will also host Formula 1's Las Vegas Grand Prix in November 2023. Las Vegas also expects the opening of the entertainment venue the Sphere in 2023 which will also be hosting additional special entertainment and events.

Additional Information

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

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Net Position
As of March 31, 2023 and June 30, 2022

Assets and Deferred Outflows of Resources	March 31, 2023 (000)	June 30, 2022 (000)
Assets		
Current assets:		
Cash and cash equivalents	$ 726,381	$ 638,422
Cash and cash equivalents, restricted	92,658	89,339
Investments, restricted	166,457	61,970
Accounts receivable, net of allowance for doubtful accounts	47,591	51,174
Accounts receivable, restricted	15,117	10,570
Interest receivable	124	1,295
Interest receivable, restricted	1,543	643
Grants receivable, restricted	—	15,360
Lease receivable	15,308	13,296
Other receivables, restricted	15,648	7,860
Inventories	9,849	9,308
Prepaid expenses and other	2,709	1,461
Total current assets	1,093,385	900,698
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Construction in progress	55,138	43,163
Land	706,973	706,973
Land, restricted	13,018	13,018
Perpetual avigation easement	332,562	332,562
Capital assets being depreciated		
Land improvements	1,813,125	1,798,565
Buildings and improvements	3,711,478	3,706,530
Furniture and fixtures	36,835	36,835
Machinery and equipment	655,653	633,701
Right of Use – Building	28,686	28,686
	7,353,468	7,300,033
Accumulated depreciation	(3,426,303)	(3,283,186)
Capital assets, net	3,927,165	4,016,847
Other non-current assets:		
Cash and cash equivalents, restricted	249,293	319,700
Investments, restricted	8,884	82,268
Net other post retirement benefits asset, restricted	—	24,683
Derivative instruments - interest rate swaps	9,227	8,861
Lease receivable	19,668	20,872
Prepaid expenses	116	133
Total other non-current assets	287,188	456,517
Total non-current assets	4,214,353	4,473,364
Total assets	5,307,738	5,374,062
Deferred outflows of resources:		
Pension	113,914	60,564
Other post employment benefits	16,950	20,089
Hedging derivative instruments	—	1,040
Losses on bond refundings and on imputed debt	12,802	14,579
Total deferred outflows of resources	143,666	96,272
Total assets and deferred outflows of resources	$ 5,451,404	$ 5,470,334

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Net Position
As of March 31, 2023 and June 30, 2022

Liabilities, Deferred Inflows of Resources, and Net Position	March 31, 2023 (000)	June 30, 2022 (000)
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	$ 118,611	$ 91,514
Other accrued expenses	14,661	16,068
Rents received in advance	22,997	14,123
Total payable from unrestricted assets	156,269	121,705
Payable from restricted assets:		
Accounts payable and other current liabilities	8,557	9,942
Accrued interest	30,662	62,212
Current portion of long-term debt	261,960	302,725
Total payable from restricted assets	301,179	374,879
Total current liabilities	457,448	496,584
Non-current liabilities:		
Payable from unrestricted assets:		
Net pension liability	204,577	106,501
Net other post employment benefits liability	10,707	42,296
Derivative instruments - interest rate swaps	14,133	20,315
Long-term lease liabilities	20,726	22,518
Other non-current liabilities	8,786	8,733
Total payable from unrestricted assets	258,929	200,363
Payable from restricted assets:		
Long-term debt, net of current portion	2,342,498	2,669,488
Total payable from restricted assets	2,342,498	2,669,488
Total non-current liabilities	2,601,427	2,869,851
Total liabilities	3,058,875	3,366,435
Deferred inflows of resources:		
Pension	45,621	99,499
Other post employment benefits	82,494	72,451
Hedging derivative instruments	7,111	7,308
Leases	31,976	32,636
Unamortized gain on bond refundings	9,849	6,067
Total deferred inflows of resources	177,051	217,961
Net position:		
Net investment in capital assets	1,440,116	1,169,570
Restricted for:		
Capital projects	76,972	61,613
Debt service	229,633	248,505
Other	65,172	89,057
Total restricted	371,777	399,175
Unrestricted	403,585	317,193
Total net position	2,215,478	1,885,938
Total liabilities, deferred inflows of resources, and net position	$ 5,451,404	$ 5,470,334

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited, in thousands)
For the Nine Months Ended March 31, 2023 and 2022

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Operating revenues:				
Terminal building and use fees	$ 38,323	$ 46,418	$ 120,655	$ 138,188
Landing fees and other aircraft fees	12,459	10,004	37,005	31,038
Gate use fees	7,556	6,755	23,055	20,767
Terminal concession fees	13,660	16,902	61,270	51,851
Rental car facility and concession fees	20,095	17,539	63,262	55,785
Parking and ground transportation fees	23,979	18,657	74,025	59,816
Gaming fees	12,863	12,640	43,316	39,239
Ground rents and use fees	7,663	6,031	19,446	17,384
Other	3,227	2,597	9,699	9,117
	139,825	137,543	451,733	423,185
Operating expenses:				
Salaries and benefits	35,236	32,775	102,844	100,128
Professional services	19,782	13,992	56,701	44,418
Utilities and communication	8,406	4,916	24,301	16,670
Repairs and maintenance	4,114	3,436	11,214	9,541
Materials and supplies	5,486	3,499	13,890	9,564
General administrative	1,942	1,406	5,983	4,367
	74,966	60,024	214,933	184,688
Operating income before depreciation and amortization	64,859	77,519	236,800	238,497
Depreciation and amortization	47,688	49,307	143,270	148,083
Operating income	17,171	28,212	93,530	90,414
Non-operating revenues (expenses):				
Passenger Facility Charge	29,929	25,991	83,233	65,091
Jet A Fuel Tax	4,298	3,802	12,934	11,890
Interest and investment income	5,558	10,867	24,437	14,997
Interest expense	(19,993)	(23,541)	(65,920)	(70,768)
Net gain from disposition of capital assets	14,190	15,204	14,494	39,013
Other non-operating revenue (expense)	1,285	(1,166)	6,324	248
ARPA Act Airport Grant	126,635	—	148,947	—
CRRSA Act Airport Grant	2	5,290	2,030	41,740
	161,904	36,447	226,479	102,211
Income before capital contributions	179,075	64,659	320,009	192,625
Capital contributions	4,886	604	9,531	12,412
	183,961	65,263	329,540	205,037
Net position, beginning of period	2,031,517	1,821,413	1,885,938	1,681,639
Net position, end of period	$ 2,215,478	$ 1,886,676	$ 2,215,478	$ 1,886,676

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows (Unaudited, in thousands)
For the Three and Nine Months Ended March 31, 2023 and 2022

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023 (000)	2022 (000)	2023 (000)	2022 (000)
Cash flows from operating activities:				
Cash received from customers	$ 74,219	$ 128,038	$ 391,314	$ 417,806
Cash paid to employees	(38,078)	(31,867)	(107,244)	(104,108)
Cash paid to outside vendors	(35,872)	(27,682)	(113,689)	(85,849)
Net cash provided by operating activities	269	68,489	170,381	227,849
Cash flows from non-capital financing activities:				
Federal grants and reimbursements received	126,638	2,035	163,288	36,480
Cash flows from capital and related financing activities:				
Passenger Facility Charges received	26,754	24,779	78,686	69,664
Jet A Fuel Tax received	4,230	3,786	12,815	11,174
Acquisition and construction of capital assets	(19,492)	(9,880)	(47,743)	(142,835)
Federal grants and reimbursements received	4,885	3,861	10,629	13,382
Bond refunding payments	—	—	(7,625)	—
Collateralized agreements with swap counterparties	(1,990)	3,370	(110)	4,210
Proceeds from CMA land sales	101,653	78,066	104,707	499,814
Payments for CMA land sales	(2,529)	(140,257)	(5,039)	(358,138)
Proceeds from capital asset disposal	4,770	41	4,770	63
Donations received for airport name change	—	—	1,950	3,616
Build America Bonds subsidy	—	—	—	5,113
Debt service payments:				
Principal	(176,320)	(46,385)	(328,895)	(240,420)
Interest	(58,477)	(63,041)	(122,629)	(126,217)
Lease interest received	101	119	247	357
Lease liabilities	(576)	(466)	(1,673)	(1,397)
Net cash used by capital and related financing activities	(116,991)	(146,007)	(299,910)	(261,614)
Cash flows from investing activities:				
Interest and investment income received	9,061	542	18,214	6,924
Proceeds from maturities of investments	33,160	68,456	178,776	77,711
Purchase of investments	(95,069)	(216,373)	(209,878)	(240,463)
Net cash used by investing activities	(52,848)	(147,375)	(12,888)	(155,828)
Increase (decrease) in cash and cash equivalents	(42,932)	(222,858)	20,871	(153,113)
Cash and cash equivalents, beginning of period	1,111,264	1,197,927	1,047,461	1,128,182
Cash and cash equivalents, end of period	$ 1,068,332	$ 975,069	$ 1,068,332	$ 975,069
Cash and cash equivalent balances:				
Unrestricted cash and cash equivalents	$ 726,381	$ 763,619	$ 726,381	$ 763,619
Restricted cash and cash equivalents	341,951	211,450	341,951	211,450
Cash and cash equivalents, end of period	1,068,332	975,069	1,068,332	975,069

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows (Unaudited, in thousands)
For the Three and Nine Months Ended March 31, 2023 and 2022

	Three Months Ended March 31,		Nine Months Ended March 31,	
Reconciliation of operating income to net cash provided by operating activities:	2023 (000)	2022 (000)	2023 (000)	2022 (000)
Operating income	$ 17,171	$ 28,212	$ 93,530	$ 90,414
Adjustments to reconcile income from operations to net cash from operating activities:				
Depreciation and amortization	47,688	49,307	143,270	148,083
Changes in operating assets and liabilities:				
Accounts receivable	6,395	(4,293)	3,584	681
Inventory	(465)	(595)	(541)	(308)
Prepaid expenses	805	684	(1,331)	(482)
Lease receivables	1,614	3,344	(807)	10,032
Net other post employment benefits asset	—	(2,590)	24,683	(7,771)
Deferred outflows - pension	(17,772)	(6,043)	(53,350)	(18,408)
Deferred outflows - other post employment benefits	1,047	(14)	3,140	(41)
Accrued payroll and benefits	(1,896)	1,382	(1,525)	(2,274)
Accounts payable	(68,022)	(12,482)	(71,272)	(12,470)
Unearned revenue	(1,032)	5,949	8,874	5,086
Deposits	253	564	53	718
Net pension liability	32,692	6,957	98,076	20,870
Net other post employment benefits liability	(2,303)	830	(31,590)	2,490
Deferred inflows - pension	(17,959)	568	(53,878)	1,704
Deferred inflows - other post employment benefits	3,348	(184)	10,043	(552)
Deferred inflows - Leases	(1,376)	(3,409)	(659)	(10,225)
Net cash provided by operating activities	$ 188	$ 68,187	$ 170,300	$ 227,547
Non-cash capital and related financing and investing activities:				
Gain on investments - derivative instruments	$ 4,546	$ 10,107	$ 5,705	$ 8,949
Capital asset additions with outstanding accounts payable	$ 10,519	$ 6,858	$ 10,519	$ 6,858
Refunding bond payments made in escrow account	$ 94,165	—	$ 94,165	—

See accompanying notes to financial statements.

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation is a department of Clark County, Nevada, a political subdivision of the State of Nevada (State). The Department, under the supervision of a seven-member Board of County Commissioners (Board) and the County Manager, is established to operate Harry Reid International Airport and the four other general aviation facilities owned by the County: North Las Vegas Airport, Henderson Executive Airport, Jean Sport Aviation Center, and Overton-Perkins Field (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.

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a private business enterprise, where the costs of providing services to the public are recovered through user fees. The Department is not subsidized by any tax revenues of the County. Unless otherwise noted, all accounting and reporting policies remain unchanged as presented in the June 30, 2022 ACFR.

(c) Use of Estimates

The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions. As of March 31, 2023 and June 30, 2022, the balance of allowance for doubtful receivable accounts was $0.7 million and $0.5 million respectively.

(d) Accounting Changes and Restatements

The Department adopted GASB Statement No. 87, *Leases* (GASB 87), effective for FY 2022. The implementation of this standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, including additional note disclosures. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and lessor is required to recognize a lease receivable and a deferred inflow of resources.

The net adjustment to adopt the standard is reflected for the period beginning July 1, 2020. Additional adjustments reflect the reclassification of lease income and related expenses in accordance with GASB 87 during FY 2022. Refer to Note 1 of the Department's FY2022 ACFR for the annual adjustment summary.

2.) CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

The majority of all cash and investments of the Airport System are included in the investment pool of the Clark County Treasurer (Treasurer) and the Department’s Trustee, the Bank of New York Mellon (Trustee). The following shows how those amounts are distributed as of March 31, 2023 and June 30, 2022 (in thousands):

	March 31, 2023	June 30, 2022
Clark County Investment Pool	$ 923,753	$ 808,654
Cash and Investments with Trustee	306,109	369,733
Custodian Account	7,940	8,050
Cash On Hand or In Transit	5,871	5,262
Total	$ 1,243,673	$ 1,191,699

(a) Interest Rate Risk

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

(b) Interest Rate Sensitivity

As of March 31, 2023, the County invested in the following types of securities that have a higher sensitivity to interest rates:

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

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

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

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

(c) Credit Risk

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

	Moody's	S&P
U.S Treasury Bills	P-1	A-1+
U.S. Treasury Notes	Aaa	AA+
U.S. Agency Callables	Aaa	AA+
U.S. Agency Non Callables	Aaa	AA+
U.S. Agency Discounts	P-1	A-1+
Corporate Notes	A2	A-
Money Market Funds	Aaa	AAA
Commercial Paper Discount	P-1	A-1
Negotiable Certificates of Deposit	P-1	A-1
Asset Backed Securities	Aaa	AAA

(d) Concentration of Credit Risk

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

At March 31, 2023, the following investment exceeded 5% of the total Department investments:

Federal Home Loan Banks (FHLB)	61.26 %

As of June 30, 2022, the following investments exceeded 5% of the total Department investments:

Federal Farm Credit Banks (FFCB)	10.21 %
Federal Home Loan Banks (FHLB)	6.60 %
Federal National Mortgage Association (FNMA)	13.67 %

(e) Custodial Credit Risk

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

(f) Trustee Cash

In accordance with the Master Indenture of Trust dated May 3, 2003, as amended, between the County and the Trustee, the Department uses the Trustee to retain all debt service reserve funds and to make all annual debt service payments to bondholders. As of March 31, 2023, and June 30, 2022, the Trustee held $306.1 million and $369.7 million, respectively, of the Department's cash and investments restricted for debt service reserves and annual debt service payments.

As of March 31, 2023, of the $306.1 million held by the Trustee, $117.2 million was held as cash and cash equivalents invested in United States Government Money Market Funds, and $188.9 million was invested in short-term and long-term investments with the following entities (in thousands):

		Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1	1 to 3	3 to 5
US Treasury Notes	$ 57,295	$ 48,739	$ 8,556	$ —
Federal Farm Credit Bank Non-Callables	7,757	1,982	5,775	—
Federal Home Loan Bank Discounts	107,993	107,993	—	—
Federal Home Loan Bank Non-Callables	7,743	7,743	—	—
Federal National Mortgage Association Non-Callables	8,122	—	8,122	—
	$ 188,910	$ 166,457	$ 22,453	$ —

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 Home Loan Bank Non-Callables	Aaa	AA+
Federal National Mortgage Association Non-Callables	Aaa	AA+

As of June 30, 2022, of the $369.7 million held by the Trustee, $225.5 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $144.2 million was invested in short- and long-term investments with the following entities (in thousands):

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 to 3	3 to 5
US Treasury Bills	$ 18,990	$ 18,990	$ —	$ —
US Treasury Notes	81,294	24,643	56,651	—
Federal Farm Credit Bank Non-Callables	14,721	6,845	7,876	—
Federal Home Loan Bank Non-Callables	9,519	—	9,519	—
Federal National Mortgage Association Non-Callables	19,714	11,492	8,222	—
	$ 144,238	$ 61,970	$ 82,268	$ —

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

(g) Fair Value of Combined Investments and Derivative Instruments

The fair value of the Department's investments and derivative instruments as of March 31, 2023 and June 30, 2022 are as follows (in thousands):

As of March,31,2023

Investment Type	Fair Value	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements: Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool	$ 923,752	$ 360,424	$ 563,328
Debt Securities held by Trustee			
U.S. Treasury Notes	57,294	57,294	—
Federal Farm Credit Bank Non-Callables	7,758	—	7,758
Federal Home Loan Bank Discounts	107,993	107,993	—
Federal Home Loan Bank Non-Callables	7,743	—	7,743
Federal National Mortgage Association Non-Callables	8,122	—	8,122
Money Market Funds	117,199	117,199	—
Subtotal	306,109	282,486	23,623
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	9,227	—	9,227
Derivative Instruments - Liability	(14,133)	—	(14,133)
Subtotal	(4,906)	—	(4,906)
Total	$ 1,224,955	$ 642,910	$ 582,045

As of June 30, 2022

Investment Type	Fair Value	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements: Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool	$ 808,654	$ 255,073	$ 553,581
Debt Securities held by Trustee			
U.S. Treasury Bills	18,989	18,989	—
U.S. Treasury Notes	81,294	79,144	2,150
Federal Farm Credit Bank Non-Callables	14,722	—	14,722
Federal Home Loan Bank Non-Callables	9,519	—	9,519
Federal National Mortgage Association Non-Callables	19,714	—	19,714
Money Market Funds	225,495	225,495	—
Subtotal	369,733	323,628	46,105
Debt Securities Derivative Instruments			
Derivative Instruments - Assets	8,861	—	8,861
Derivative Instruments - Liability	(20,315)	—	(20,315)
Subtotal	(11,454)	—	(11,454)
Total	$ 1,166,933	$ 578,701	$ 588,232

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

3.) GRANTS RECEIVABLE

Grants receivable as of March 31, 2023 and June 30, 2022, consists of the following:

	March 31, 2023	June 30, 2022
Rescue Act	$ —	$ 9,040
CRRSA Act	—	3,271
FAA Grants	—	3,049
Total	$ —	$ 15,360

4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included assets those assets funded by Passenger Facility Charges (PFCs) and jet aviation fuel tax revenue because these revenues have been pledged for capital projects and debt service. Restricted assets consist of the following at March 31, 2023 and June 30, 2022 (in thousands):

	March 31, 2023	June 30, 2022
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	$ 31,852	$ 31,533
Cash and investments - PFC	49,807	28,613
Cash and investments - FAA grant reimbursement	5,347	1,885
Accounts receivable - PFC	15,117	10,570
Grant reimbursements receivable	—	15,360
Interest receivable	1,543	570
Subtotal restricted for capital projects	103,666	88,531
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	48,943	66,728
Cash and investments - other bonds	119,120	159,285
Other receivable	12,782	5,113
Subtotal restricted for bond funds	180,845	231,126
Debt service reserves:		
Cash and investments - PFC bonds	35,713	35,174
Cash and investments - other bonds	133,823	138,613
Subtotal restricted for debt service reserves	169,536	173,787
Subordinate and other debt coverage reserves:		
Cash and investments	32,591	32,041
Interest receivable	—	73
Other receivable - Jet A Fuel Tax	2,866	2,747
Subtotal restricted for subordinate and other debt coverage reserves	35,457	34,861
Subtotal restricted for debt service	385,838	439,774
Other restricted assets:		
Cash and investments - Working capital and contingency	18,979	18,681
Cash and investments - Capital fund and rate stabilization	33,177	32,674
Custodian account	7,940	8,050
Net other post employment benefits asset	—	24,683
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	73,114	97,106
Total restricted assets	$ 562,618	$ 625,411
Restricted assets by class:		
Total current assets	$ 291,423	$ 185,742
Total capital assets	13,018	13,018
Total other non-current assets	258,177	426,651
Total restricted assets:	$ 562,618	$ 625,411

5.) RETIREMENT SYSTEM

Plan Description

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

State of Nevada Public Employees' Retirement System

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

As of March 31, 2023, the Department estimated a net pension liability of $204.6 million. As of June 30, 2022 the Department had a net pension liability of $106.5 million, which represents the Department's percentage, 15.1%, of the County's net pension liability. This percentage was determined based on the contributions to PERS by the Department during the measurement period, relative to the total contributions to PERS by the County during the measurement period.

For the nine months ended March 31, 2023 and 2022, the Department reported pension expense of $11.5 million and $23.9 million, respectively. The actuarial valuation related to the pension plan is prepared annually. Management records estimates during the fiscal year for pension expense, deferred outflows, and deferred inflows, and such amounts are adjusted to actual at year-end, when the actuarial valuations are received.

Refer to the Department's ACFR as of and for the year ended June 30, 2022, for comprehensive information and related disclosures pertaining to the Department's pension plan as of June 30, 2022. There are no updates to the disclosed information as of the issuance of these financial statements.

6.) OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

OPEB Plans Administered as Trusts

CCSF

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

OPEB Plans Not Administered as Trusts

CC RHPP

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

PEBP

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

Net OPEB Liability and Changes in the Net OPEB Liability

The Department estimates a net OPEB liability of $10.7 million and no net OPEB asset as of March 31, 2023. The Department's total net OPEB asset was $24.7 million and total OPEB liaiblity was $42.3 million as of June 30, 2022 and both were measured by an actuarial valuation dated June 30, 2021. The Department's portion of the CCSF and RHPP OPEB liabilities as of June 30, 2022 is calculated based on the Department's census data for the plan valuation year. The Department's portion of the PEBP OPEB liability as of June 30, 2022 is allocated to the Department, based on the proportion of the Department's PEBP subsidy payments, during the PEBP actuarial valuation year, in proportion to all PEBP payments made by the County, during the PEBP actuarial valuation year. The Department's CCSF fiduciary net position consists of contributions made by the Department to the CCSF Trust, including adjustments such as investment earnings.

Refer to the Department's ACFR as of and for the year ended June 30, 2022, for comprehensive information and related disclosures pertaining to the Department's OPEB plans as of June 30, 2022. There have been no changes to this information as of the issuance of these financial statements.

7.) CHANGES IN CAPITAL ASSETS

Capital asset activity for the nine months ended March 31, 2023 was as follows (in thousands):

	June 30, 2022	Additions	Deletions	March 31, 2023
Capital assets, not being depreciated:				
Land	$ 719,991	$ —	$ —	$ 719,991
Avigation easement	332,562	—	—	332,562
Construction in progress	43,162	52,010	(40,034)	55,138
Total capital assets, not being depreciated	1,095,715	52,010	(40,034)	1,107,691
Capital assets, being depreciated:				
Land Improvements	1,798,565	14,560	—	1,813,125
Buildings and improvements	3,706,531	4,947	—	3,711,478
Machinery and equipment	633,701	22,105	(153)	655,653
Furniture and fixtures	36,835	—	—	36,835
Right of Use - Building	28,686	—	—	28,686
Total capital assets being depreciated	6,204,318	41,612	(153)	6,245,777
Less accumulated depreciation:				
Land improvements	(1,229,010)	(44,140)	—	(1,273,150)
Buildings and improvements	(1,555,147)	(72,597)	—	(1,627,744)
Machinery and equipment	(464,538)	(23,892)	153	(488,277)
Furniture and fixtures	(29,027)	(592)	—	(29,619)
Right of Use - Building	(5,464)	(2,049)	—	(7,513)
Total accumulated depreciation	(3,283,186)	(143,270)	153	(3,426,303)
Total capital assets being depreciated, net	2,921,132	(101,658)	—	2,819,474
Total capital assets, net	$ 4,016,847	$ (49,648)	$ (40,034)	$ 3,927,165

8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations from June 30, 2022 to March 31, 2023 are summarized as follows (in thousands):

	June 30, 2022	Additions	Refunding	Pay downs	March 31, 2023	
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 C-2	53,525	—	—	(53,525)	—	*
2008 Series C-3	53,525	—	—	(53,525)	—	*
2008 Series D-2A	100,000	—	—	—	100,000	*
2008 Series D-2B	99,605	—	—	—	99,605	*
2008 Series D-3	119,205	—	—	(580)	118,625	*
2014 Series A-1	12,655	—	—	(3,835)	8,820	†
2014 Series A-2	221,870	—	—	—	221,870	†
2017 Series A-1	13,960	—	—	(13,960)	—	†
2017 Series A-2	47,800	—	—	—	47,800	†
2019 Series A	107,530	—	—	—	107,530	†
2019 Series D	277,550	—	—	(56,595)	220,955	†
2021 Series A	71,270	—	—	—	71,270	†
Sub-Total Subordinate Lien Bonds	1,301,395	—	—	(182,020)	1,119,375	
PFC BONDS:						
2012 Series B	50,080	—	(44,835)	(5,245)	—	†
2015 Series C	66,370	—	—	(11,925)	54,445	†
2017 Series B	44,235	—	—	(7,740)	36,495	†
2019 Series E	305,930	—		(30,135)	275,795	†
2022 Series B	—	43,400	—	—	43,400	†
Sub-Total PFC Bonds	466,615	43,400	(44,835)	(55,045)	410,135	
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:						
2013 Jet A Fuel Tax Series A	55,140	—	(49,330)	(5,810)	—	†
2021 Notes Series B	125,310	—	—	(10,000)	115,310	†
2022 Jet A Fuel Tax Series A	—	40,230	—	—	40,230	†
Sub-Total Junior Subordinate Lien Debt and Jet A Bonds	180,450	40,230	(49,330)	(15,810)	155,540	
GENERAL OBLIGATION BONDS:						
2008 General Obligation Series A	43,105	—	—	(43,105)	—	*
2013 General Obligation Series B	32,915	—	—	(32,915)	—	†
Sub-Total General Obligation Bonds	76,020	—	—	(76,020)	—	
Total Bonds	2,779,475	$ 83,630	$ (94,165)	$ (328,895)	2,440,045	
Premiums, discounts, and imputed debt from termination of hedges:		Additions	Amortization	Deletions		
Unamortized premiums	200,784	$ 2,703	$ (24,291)	$ (7,487)	171,709	
Unamortized discount	(8,046)	—	750	—	(7,296)	
	192,738	$ 2,703	$ (23,541)	$ (7,487)	164,413	
Current portion of long-term debt	(302,725)				(261,960)	
Total Long-Term Debt Outstanding	$ 2,669,488				$ 2,342,498	

* Variable Rate Debt Obligations

Senior Lien Bonds

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

Senior lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient: 1) to provide for the payment of all Airport System operating and maintenance expenses in the fiscal year and 2) to provide an amount not less than 125% of the aggregate debt service requirement (Senior Lien Coverage) for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for FY2022 was 7.48. As of March 31, 2023, the Department had $755.0 million in principal of senior lien bonds outstanding.

Subordinate Lien Bonds

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

Subordinate lien bonds are secured by and are payable from net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient (1) to provide for the payment of all Airport System operation and maintenance expenses in such fiscal year and (2) to provide an amount not less than 110% of the aggregate debt service requirement (Subordinate Lien Coverage) for all the senior lien and subordinate lien bonds then outstanding for the fiscal year. The actual senior and subordinate combined lien coverage for FY2022 was 2.01. As of March 31, 2023, the Department had $1,119.4 million in principal of subordinate lien bonds outstanding.

On January 3, 2023, the Department called for the full redemption of the Series 2008C-2 and Series 2008C-3, with both series having an outstanding par value of $50.2 million, and accrued interest of $0.5 million and $0.5 million, respectively.

PFC Bonds

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

PFC bonds are secured by a pledge of and lien upon pledged PFC revenues derived from a $4.50 PFC which has been imposed by the County under authorization of the Federal Aviation Act. In addition, the PFC bonds are secured by and are payable from a claim on the net revenues of the Airport System on parity with that of the subordinate lien bonds and junior to that of the senior lien bonds. Effective October 1, 2008, the PFC rate is $4.50 per qualifying enplaned passenger. As of March 31, 2023, the Department had $410.1 million in outstanding PFC bonds.

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

On November 23, 2022, the Department issued the Series 2022B Passenger Facility Charge Refunding Revenue Bonds (Series 2022B PFC Bonds). The net proceeds of $43.4 million were used to refund the outstanding principal and interest on the Series 2012B Passenger Facility Charge Refunding Revenue Bonds. The difference between the re-acquisition price and the net carrying amount of the old debt resulted in a gain of $3.2 million. The refunding transaction for the Series 2012B PFC Bonds resulted in an economic gain of $4.2 million and reduction of the aggregated debt service payments associated with those bonds of $11.8 million. The Series 2022B PFC Bonds have a stated interest rate of 5.00%, with yields varying from 3.31% to 3.47%. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due starting July 1, 2024 and continuing for three years until the scheduled maturity date of July 1, 2027.

Junior Subordinate Lien Debt and Jet A Bonds

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

The junior subordinate lien debt and Jet A bonds are on parity with each other and are secured by and payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, and PFC lien debt service. These bonds and notes do not constitute debt of Clark County within the meaning of any constitutional or statutory provisions or limitations, and neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof. As of March 31, 2023, the Department had $40.2 million in outstanding Jet A bonds and $115.3 million in outstanding short term notes, for a total of $155.5 million in total outstanding third lien debt.

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of a four-cent-per-gallon tax collected by the County on jet aviation fuel sold, distributed, or used in the County. Shortages in debt service from fuel tax collections are funded with Airport System revenues. As of March 31, 2023, there was no shortage of Jet A Fuel Tax revenues to cover the Jet A Bonds debt service.

On November 23, 2022, the Department issued the Series 2022A Jet Aviation Fuel Tax Refunding Revenue Bonds (Series 2022A Bonds). The net proceeds of $40.2 million, along with the prior debt service deposit of $2.9 million and additional contribution from the Department of $7.0 million, were used to refund the outstanding principal and interest on the Series 2013A Jet Aviation Fuel Tax Refunding Revenue Bonds. The difference between the re-acquisition price and the net carrying amount of the old debt resulted in a gain of $2.4 million. The refunding transaction for the Series 2013A Bonds resulted in an economic gain of $0.9 million and reduction of the aggregated debt service payments associated with those bonds of $12.0 million. The Series 2022A Bonds have a stated interest rate of 5.00%, with yields varying from 3.93% to 4.27%. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due starting July 1, 2023 and continuing for three years until the scheduled maturity date of July 1, 2026.

General Obligation Bonds

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

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

The general obligation bonds are secured by and payable from a claim on the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, PFC lien debt service, and junior subordinate lien and Jet A bonds lien debt service. Pursuant to the Indenture, the County has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System sufficient to pay debt service on the senior lien bonds, the subordinate lien bonds, the general obligation (limited tax) airport bonds, the PFC bonds, and the junior subordinate lien debt and Jet A bonds. As of March 31, 2023, the Department had no outstanding general obligation bonds.

On January 3, 2023, the Department called for the full redemption of the 2008 General Obligation Series A having an outstanding par value of $43.1 million and accrued interest of $0.5 million.

On January 3, 2023, the Department called for the full redemption of the 2013 General Obligation Series B having an outstanding par value of $32.9 million and accrued interest of $0.8 million.

Other Information Related to Debt Issuances

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

The Department's variable rate demand bonds have four associated letters of credit. Under the letters of credit, the banks who issued the facilities are unconditionally obligated to pay principal and interest on the bonds secured by letters of credit when due, and to pay the purchase price of tendered bonds when tendered. The Department is obligated to immediately reimburse the banks who issued these facilities for principal and interest draws and it is expected that tendered bonds will be remarketed and remarketing proceeds will be used to reimburse the issuing banks for the purchase price of tendered bonds. Each letter of credit has a three-year term out agreement. If a term-out agreement were to take effect, it would require all outstanding amounts to such series of bonds to be repaid within three years on an accelerated basis. The Department's letters of credit terminate on dates occurring between March 2024 and February 2026.

On November 1, 2022, Moody's Investor Service affirmed its ratings on the Department's outstanding senior, subordinate lien, and junior subordinate obligations while revising the outlook from stable to positive.

On January 24, 2023, the Department finalized the amendment for the extension of the credit facility associated with the 2008D-2A Bonds provided by Wells Fargo Bank, N.A. for a period of three years which extended the terms of the agreement through February 24, 2026.

The following summarizes the credit facilities securing the variable rate bonds at March 31, 2023 (in thousands):

	Bond Series	Credit Provider	Facility Fee Rate	Remarketing Agent	Remarketing Fee Rate
(a)	2008C-1	Bank of America	0.32%	Bank of America Merrill Lynch	0.07%
(b)	2008D-2A	Wells Fargo Bank, N.A.	0.38%	Wells Fargo Securities	0.07%
(c)	2008D-2B	Barclays Bank PLC	0.90%	RBC Capital Markets, LLC	0.09%
(d)	2008D-3	Bank of America	0.32%	Citi Bank N.A.	0.09%

	Credit Type	Original Commitment Amount	Term Out	Termination Date
(a)	Letter of credit	130,941,000	3 years	June 6, 2025
(b)	Letter of credit	106,641,000	3 years	February 24, 2026
(c)	Letter of credit	106,122,000	3 years	March 1, 2024
(d)	Letter of credit	130,903,000	3 years	June 2, 2025

* The full commitment amount on the Department's line of credit is unused as of March 31, 2023.

Arbitrage Rebate Requirement

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

The Department is current on all required arbitrage payments. As of March 31, 2023 the Department has estimated no potential arbitrage rebate liability.

(c) Deferred Inflows of Resources Related to Debt

The following schedule details the unamortized gains on bond refundings, presented as deferred inflows, at March 31, 2023 and June 30, 2022 (in thousands):

	March 31, 2023	June 30, 2022
2022 Jet A Fuel Tax Series A	$ 2,024	$ —
2014 Series A-1	90	144
2015 Series A	721	757
2017 Series A-2	1,469	1,537
2017 Series B PFC	209	355
2019 Series A	939	1,393
2019 Series D	1,604	1,881
2022 Series B	2,793	—
Total unamortized gains on refunded bonds	$ 9,849	$ 6,067

(d) Deferred Outflows of Resources Related to Debt

The Department has incurred deferred costs, which comprise unamortized losses on bond refundings resulting from the revaluation of certain interest rate swaps pursuant to the refunding of certain hedged bonds. Such deferred outflows are as follows at March 31, 2023 and June 30, 2022 (in thousands):

	March 31, 2023	June 30, 2022
2008 Series A	$ —	$ 347
2008 Series C	—	93
2008 Series D-2	7,322	7,835
2008 Series D-3	372	429
2013 Series B	—	30
2014 Series A-2	1,966	2,132
2015 Series C	1,181	1,452
2019 Series E	1,961	2,261
Total other deferred costs	$ 12,802	$ 14,579

(e) Long-term Debt Obligations

The following table summarizes long term debt obligations at March 31, 2023 (in thousands):

Series			Purpose	Pledged Revenue
Senior Lien Bonds	(a)	2010C	Issued to fund the construction of Terminal 3	Airport System Revenue
	(b)	2015A	Refunded Series 2005A	Airport System Revenue
	(c)	2019B	Refunded Series 2009B	Airport System Revenue
Subordinate Lien Bonds	(d)	2008C1*		Airport System Revenue
	(e)	2008C2*	*Refunded Series 2005 C1A and Series 2005 C1B, Series 2005	Airport System Revenue
	(f)	2008C3*	C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series	Airport System Revenue
	(g)	2008D2*		Airport System Revenue
	(h)	2008D3	Refunded Series 2001C	Airport System Revenue
	(i)	2014A1	Refunded Series 2004 A1 and Series 2004 A2	Airport System Revenue
	(j)	2014A2		Airport System Revenue
	(k)	2017A1	Refunded Series 2007 A	Airport System Revenue
	(l)	2017A2		Airport System Revenue
	(m)	2019A	Refunded Series 2009C	Airport System Revenue
	(n)	2019D	Refunded Series 2010B	Airport System Revenue
	(o)	2021A	Refunded Series 2018A	Airport System Revenue
PFC Bonds	(p)	2015CPFC	Refunded Series 2007	Revenue
	(q)	2017B PFC	service reserve fund for the Series 2017B Bonds	Revenue
	(r)	2019E PFC	Refunded Series 2010A PFC	Passenger Facility Charge Revenue
	(s)	2022B PFC	Refunded Series 2012B PFC	Revenue
Junior Subordinate Lien and Jet A Bonds	(t)	2021B	Refunded Series 2017C	Airport System Revenue
	(u)	2022A	Refunded Series 2013A Jet A	Revenue
General Obligation Bonds	(v)	2008A	Refunded Series 2003A	Airport System Revenue
	(w)	2013B	Refunded Series 2003B	Airport System Revenue

	Issue Date	Maturity Date	Interest Rate	Original Issue	March 31, 2023
(a)	2/23/2010	7/1/2045	6.82%	$ 454,280	$ 454,280
(b)	4/30/2015	7/1/2040	5.00%	59,915	59,915
(c)	7/1/2019	7/1/2042	5.00%	240,800	240,800
		Subtotal			754,995
		Unamortized premiums			51,302
		Current portion			—
		Total Senior Lien Bonds			806,297
(d)	3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
(e)	3/19/2008	7/1/2029	weekly variable rate **	71,550	—
(f)	3/19/2008	7/1/2029	weekly variable rate **	71,550	—
(g)	3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
(h)	3/19/2008	7/1/2029	weekly variable rate **	122,865	118,625
(i)	4/8/2014	7/1/2024	4.00%-5.00%	95,950	8,820
(j)	4/8/2014	7/1/2036	4.00%-5.00%	221,870	221,870
(k)	4/25/2017	7/1/2022	4.00%-5.00%	65,505	—
(l)	4/25/2017	7/1/2040	5.00%	47,800	47,800
(m)	7/1/2019	7/1/2026	5.00%	107,530	107,530
(n)	11/27/2019	7/1/2032	5.00%	296,155	220,955
(o)	6/30/2021	7/1/2036	5.00%	71,270	71,270
		Subtotal			1,119,375
		Unamortized premiums			64,261
		Unamortized discounts			(7,296)
		Current portion			(178,505)
		Total Subordinate Lien Bonds			997,835
(p)	7/22/2015	7/1/2027	5.00%	98,965,000	54,445
(q)	4/25/2017	7/1/2025	3.25%-5.00%	69,305,000	36,495
(r)	11/27/2019	7/1/2033	0.05%	369,045,000	275,795
(s)	11/23/2022	7/1/2027	5.00%	43,400,000	43,400
		Subtotal			410,135
		Unamortized premiums			42,728
		Unamortized discounts			—
		Current portion			(57,795)
		Total PFC bonds			395,068
(t)	6/30/2021	7/1/2027	5.00%	125,310,000	115,310
(u)	11/23/2022	7/1/2026	5.00%	40,230,000	40,230
		Subtotal			155,540
		Unamortized premiums			13,417
		Current portion			(25,660)
		Total Junior Subordinate Lien and Jet A bonds			143,297
(v)	2/26/2008	7/1/2027	weekly variable rate **	43,105,000	—
(w)	4/2/2013	7/1/2033	5.00%	32,915,000	—
		Subtotal			—
		Unamortized premiums			—
		Current portion			—
		Total General Obligation bonds			—
	Total long-term debt				$ 2,342,498

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

(f) Schedule of Debt Principal and Interest

Principal and interest payments on debt at March 31, 2023, are as follows (in thousands):

Fiscal Year Ended June 30,	Total		Senior Lien Bonds		Subordinate Lien Bonds		PFC		Jet A Fuel A Tax Bonds Bond Anticipation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest*	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ —	$ 60,438	$ —	$ 23,009	$ —	$ 25,404	$ —	$ 9,142	$ —	$ 2,883	$ —	$ —
2024	$ 261,960	119,500	—	46,018	178,505	46,896	57,795	19,238	25,660	7,348	—	—
2025	$ 135,890	109,451	—	46,018	56,465	41,576	50,475	16,087	28,950	5,770	—	—
2026	$ 136,405	102,676	—	46,018	61,790	38,626	44,355	13,742	30,260	4,290	—	—
2027	$ 183,810	95,003	—	46,018	88,020	34,971	64,245	11,269	31,545	2,745	—	—
2028-2032	$ 551,730	386,493	79,650	220,520	289,100	138,101	143,855	26,894	39,125	978	—	—
2033-2037	$ 477,195	266,138	122,320	197,398	305,465	66,239	49,410	2,501	—	—	—	—
2038-2042	$ 339,525	163,107	199,495	149,803	140,030	13,304	—	—	—	—	—	—
2043-2047	$ 353,530	54,181	353,530	54,181	—	—	—	—	—	—	—	—
Total	$2,440,045	$1,356,987	$ 754,995	$828,983	$1,119,375	$ 405,117	$ 410,135	$ 98,873	$ 155,540	$ 24,014	$ —	$ —

9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) Interest Rate Swaps

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

Refer to the Department's ACFR of June 30, 2022, for comprehensive information and related disclosures pertaining to the Department's interest rate swaps as of June 30, 2022. There have been no significant changes to the comprehensive information and related disclosures pertaining to the Department's interest rate swap as of the date of this report.

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

Swap #	Interest Rate Swap Description	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	Mar 31, 2023	June 30, 2022
2	Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	$ 185,855	Citigroup Financial Products Inc.	A2	A	A+	$ 62,752	$ 63,320
4	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+	42,628	59,830
07A	Floating-to-Fixed	2008A GO, 2008D-2A, 2008D-2B	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	—	21,000
07B	Floating-to-Fixed	2008D-2A, 2008D-2B	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	UBS AG	Aa3	A+	AA-	—	21,025
08A	Floating-to-Fixed	2008C	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+	122,150	126,800
08B	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	25,825	26,800
08C	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%	3/19/2008	7/1/2040	31,975	UBS AG	Aa3	A+	AA-	25,825	26,800
09A	Floating-to-Fixed	2008D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	A2	A	A+	30,880	32,535
09B	Floating-to-Fixed	2008D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	6,570	6,925
09C	Floating-to-Fixed	2008D-2A, 2008D-2B	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%	3/19/2008	7/1/2036	8,795	UBS AG	Aa3	A+	AA-	6,570	6,925
10B	Floating-to-Fixed	2008D-2A, 2008D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	29,935	29,935
10C	Floating-to-Fixed	2008D-2A, 2008D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	UBS AG	Aa3	A+	AA-	29,935	29,935
12A	Floating-to-Fixed	2008C, 2008D-3, 2008A GO	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+	182,525	200,000
Total							$1,219,795					$ 565,595	$ 651,830

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds. On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017 D Bonds and therefore re-associating $92.5 million in notional of swap #07B with 2017 D Bonds. The Series 2008 B-2 and Series 2017D bonds were subsequently redeemed early on July 1, 2021, and therefore re-associating $21.0 million in notional of swap #07B with Series 2008D-2A/B. Swap #07A and 07B matured on 7/1/22 leaving a total unhedged amount of $95.7 million on Series 2008D-2A and Series 2008D-2B.

*On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. The $4.48 million of the entire notional amount of swap #14A, $73.0 million, was associated with the 2008 A General Obligation Bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap #14B, $201.9 million, was associated both with the principal of the 2008 A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivatives. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and 14B were fully hedged derivatives. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the $47.5 million in notional amount of swap #12A was re-associated to 2008 D-3 Bonds from swap #14A while $29.1 million and $0.4 million in notional amounts of swap#12A were re-associated to 2008 A General Obligation Bonds and 2008 C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and 14B associated to 2008 D-2A, 2008 D2-B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

(b) Changes in Fair Value

The following summary provides the aggregate fair values and the changes in fair values of the Department's interest rate swap agreements for the nine months ended March 31, 2023:

	Assets	Liabilities	Net
Balance as of June 30, 2022	$ 8,861	$ (20,315)	$ (11,454)
Net increase (decrease) in fair value of hedging derivatives	(197)	1,040	843
Net increase in fair value of investing derivatives	563	5,142	5,705
Balance as of March 31, 2023	$ 9,227	(14,133)	$ (4,906)

For the nine month period ended March 31, 2023 no derivatives were reclassified from hedging derivative instruments to investment derivative instruments. The table below provides the fair values, changes in fair values, and outstanding notional amounts of the Department's interest rate swap agreements as of March 31, 2023 (in thousands):

		Fair Value and Classifications as of March 31, 2023		Changes in Fair Value for the Nine Months Ended March 31,2023		
Swap #	Description	Derivative Instrument Classification	Fair Value	Increase (Decrease) in Deferred Inflows	Increase (Decrease) in Deferred Outflows	Net Change in Fair Value
Hedging derivative instruments						
07A ‡	Floating-to-Fixed Interest Rate Swap		$ —	$ —	$ (8)	$ 8
07B ‡	Floating-to-Fixed Interest Rate Swap		—	—	(8)	8
10B	Floating-to-Fixed Interest Rate Swap	Non-current asset	239	239	(512)	751
10C	Floating-to-Fixed Interest Rate Swap	Non-current asset	239	239	(512)	751
12A	Floating-to-Fixed Interest Rate Swap	Non-current asset	6,633	(675)	—	(675)
Total hedging derivative activities			$ 7,111	$ (197)	$ (1,040)	$ 843
Investment derivative instruments				Gain on Investment	Deferral Included in Gain (loss)	
2	Basis Rate Swap	Non-current liability	(1,206)	370	—	370
4	Basis Rate Swap	Non-current asset	152	9	—	9
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(9,083)	3,352	—	3,352
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(1,922)	710	—	710
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(1,922)	710	—	710
09A	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,378	389	—	389
09B	Floating-to-Fixed Interest Rate Swap	Non-current asset	293	83	—	83
09C	Floating-to-Fixed Interest Rate Swap	Non-current asset	293	83	—	83
Total investment derivative activities			$ (12,017)	$ 5,706	$ —	$ 5,706
Total			$ (4,906)			6,549

‡ On August 3, 2011, the Department refunded the outstanding principal of Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds and swap #07B was re-associated with the Series 2011 B-2 Bonds. On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017 D Bonds and therefore re-associating $92.5 million in notional of swap #07B with 2017 D Bonds. The Series 2008 B-2 and Series 2017D bonds were subsequently redeemed early on July 1, 2021, and therefore re-associating $21.0 million in notional of swap #07B with Series 2008D-2A/B. Swap #07A and 07B matured on 7/1/22 leaving a total unhedged amount of $95.7 million on Series 2008D-2A and Series 2008D-2B.

10.) PAYMENTS TO CLARK COUNTY

The Department reimburses the County for providing the Airport System with fire services, police services, legal services, administrative services, and certain maintenance services based on the actual cost. The total amounts billed for these services for the nine months ended March 31, 2023 and 2022 were $32.8 million and $30.2 million, respectively.

11.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

As of March 31, 2023, the Department's management estimates that construction in progress will require an additional outlay of approximately $265.4 million to bring related active projects to completion.

(b) Litigation and Claims

General Litigation

The Department, through the County, is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The opinion of County management, based on the advice of the County Attorney, is that the outcome of such claims will not have a material adverse effect on the Department's Fund's financial position, results of operations or liquidity at March 31, 2023.

Other Litigation

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

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

Clark County ("County") was served with a lawsuit filed by the United States Department of Justice regarding a modification to a 1999 lease that the County entered into involving land that is subject to the Southern Nevada Public Lands Management Act. The complaint alleges that a 2011 amendment impermissibly changed the rent structure in violation of the County's duty to obtain fair market value for the land. While the initial demand requests the present value of future rent, in the event of an adverse ruling, the County would likely be subject to back rent in the amount of approximately $12.0 million. Alternatively, the complaint seeks rescission of the amendment, which would relieve the County of the back rent obligation. The County has no objection to rescission but is vigorously defending the claims for back rent. The current tenant, Nevada Links, is also a defendant in the litigation and may share responsibility for back rent payments.

On February 24, 2021, the United States District Court of Nevada issued an Order that granted Defendants Clark County and Nevada Links' motion for summary judgment and denied the Plaintiff's Motion for partial summary judgment. The Court entered judgment in favor of the Defendants due to Plaintiff's untimely filing of the case under 28 U.S.C. § 2415(a). The Court determined that the Plaintiff learned Nevada Links was paying below fair market rent to the County more than 6 years before Plaintiff filed suit. Therefore, the 28 USC § 2415 limitations clock started running once Plaintiff knew or should have known that Nevada Links was paying below fair market rent to the County.

On April 23, 2021, Plaintiff filed a notice of appeal to the US Court of Appeals, Ninth Circuit. Oral arguments were held on March 14, 2022. On May 12, 2022, the Ninth Circuit reversed the District Court's dismissal of the lawsuit, finding that the claim was filed within the statute of limitations. The case was remanded to the District Court for further proceedings. On February 7, 2023, the District Court ordered that the litigation be stayed for an initial period of six months to allow the parties to attempt to settle this matter. At this time, liability is unknown.

12.) Leases

Lessor

The Department leases land, buildings, and terminal space to various tenants and concessionaires under operating agreements. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the Agreement or with the provisions of the applicable County ordinance. Under the terms of these agreements, concession fees are based principally either on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater, or on other land and building rents that are based on square footage rental rates. The Department, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions such as regulated leases and short-term leases.

Following the adoption of GASB 87, the Department categorizes leases into two groups: (1) Included and (2) Regulated.

GASB 87 Leases – Included

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. Any performance based contract provisions within Included type agreements are excluded from GASB 87 accounting such as floating minimum annual guarantee (MAG), facility use fees, and profit sharing. The terms of the Included leases range from three to twenty-two years from the date of their commencement. As of March 31, 2023, all of the Included leases have terms expiring before fiscal year-end 2029. The Included leases are summarized as below (in thousands):

Nine months ended March 31, 2023

Beginning Lease Receivable at July 1, 2022	Receivable Addition (Reduction)	Ending Lease Receivable at March 31, 2023	Interest Revenue	Lease Revenue
$ 34,168	$ 808	$ 34,976	$ 789	$ 12,355

Included leases were identified within three different revenue streams: terminal concession, parking and ground transportation, and rental car facility and concession. The Department recognized a total of $12.4 million of lease revenue and $0.8 million of lease interest revenue associated with Included lease payments received for the nine months ended March 31, 2023. The FY 2023 beginning balance of deferred inflows was $32.6 million related to the Included leases. For the nine months ended March 31, 2023, the Department recognized deferred revenue in the amount of $0.7 million which resulted deferred inflow ending balance of $32.0 million related to the Included lease population as of March 31, 2023.

As of March 31, 2022, all of the Included leases have terms expiring before fiscal year-end 2027. The Included leases are summarized as below (in thousands):

Nine months ended March 31, 2022

Beginning Lease Receivable at July 1, 2021	Receivable Addition (Reduction)	Ending Lease Receivable at March 31, 2022	Interest Revenue	Lease Revenue
$ 47,544	$ (10,032)	$ 37,512	$ 939	$ 10,235

The Department recognized a total of $10.2 million of lease revenue and $0.9 million of lease interest revenue for the nine months ended March 31, 2022. The FY 2022 beginning balance of deferred inflows was $46.3 million related to the Included leases. For the nine months ended March 31, 2022, the Department recognized deferred revenue in the amount of $10.2 million in which resulted deferred inflow ending balance of $36.0 million related to the Included lease population as of March 31, 2022.

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

Nine months ended March 31, 2023

Beginning Lease Payable at July 1, 2022	Payable Reduction	Ending Lease Payable at March 31, 2023	Interest Expense	Amortization Expense
$ 24,772	$ 1,673	$ 23,099	$ 543	$ 2,049

The Department has recorded a right of use asset for the building asset in the amount of $28.7 million and accumulated amortization totaled $7.5 million as of March 31, 2023. Current and non-current portion of ending lease payable as of March 31, 2023 for the building lease are $2.4 million and $20.7 million, respectively.

Refer to the summary of lease payable for the building as of March 31, 2022 below (in thousands):

Nine months ended March 31, 2022

Beginning Lease Payable at July 1, 2021	Payable Reduction	Ending Lease Payable at March 31, 2022	Interest Expense	Amortization Expense
$ 26,635	$ 1,397	$ 25,238	$ 582	$ 2,049

The Department recorded a right of use in building asset in the amount of $28.7 million and accumulated amortization totaled $4.8 million as of March 31, 2022. A current and non-current portion of ending lease payable as of March 31, 2022, for the building lease are $2.2 million and $23.1 million, respectively.

13.) RISK MANAGEMENT

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

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

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

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

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

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

Settled claims from these risks have not exceeded commercial insurance coverage during the nine-months ended March 31, 2023.

14.) AIRPORT LAND TRANSFERS

Gross proceeds from the sale or lease of CMA land for the nine months ended March 31, 2023, were $108.3 million. The Department's share of these proceeds was $10.8 million for the nine months ended March 31, 2023. As of March 31, 2023, the Department has $87.0 million payable to the BLM and $5.1 million payable to the State related to such land sales.

15.) SUBSEQUENT EVENTS

1. As of March 31, 2023, the Series 2008D-2B Bonds were supported by a Direct-Pay Letter of Credit provided by Barclays Bank PLC with an expiration date of March 1, 2024. The Department began procedures for the replacement of this credit facility with an Irrevocable Transferable Direct-Pay Letter of Credit with a four year term to be provided by Sumitomo Mitsui Banking Corporation. It is anticipated that the planned closing for this Letter of Credit replacement will be completed in July 2023.