FRONT COVER

Comprehensive Annual Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Fiscal Years Ended June 30, 2013 and 2012

Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION
Clark County, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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LAS VEGAS
McCARRAN INTERNATIONAL AIRPORT

Department of Aviation

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October 24, 2013

To the Board of County Commissioners
And County Manager
Clark County, Nevada

The Comprehensive Annual Financial Report ("CAFR") of the Clark County Department of Aviation ("Department") for the fiscal year ("FY") ended June 30, 2013, is submitted herewith. The Finance Division of the Department prepared this report. The financial statements were audited, as required by Nevada Revised Statues NRS §354.624, by Kafoury, Armstrong & Co., independent certified public accountants, whose unmodified audit report is contained herein.

The Department comprises a single enterprise fund of Clark County, Nevada ("County"), and operates as a separate, self-sufficient enterprise fund of the County. The seven-member Board of County Commissioners ("Board") is responsible for governing the affairs of the Department. The Director of Aviation is appointed by the Board and reports directly to the County Manager.

The County owns and the Department operates and maintains McCarran International Airport ("Airport"), the ninth largest airport in the United States in terms of passenger volume, and four general aviation airports. The Airport occupies approximately 2,800 acres and is located six miles from downtown Las Vegas and one mile from the Las Vegas “Strip,” the center of the Las Vegas gaming and entertainment industry. The Airport is primarily an origination and destination ("O&D") airport and is the second largest O&D airport in the United States, behind only Los Angeles in calendar year ("CY") 2012. In addition to the Airport, the Department operates North Las Vegas Airport, which caters to general aviation activity and is the second busiest airport in the State of Nevada in terms of aircraft operations, and Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal, private hangar facilities, and a Federal Aviation Administration control tower designed to meet the needs of the business aviation community. In addition, the Department operates Jean Sports Aviation Center and Overton-Perkins Field, which are primarily used for recreational purposes. All the airports operated and maintained by the Department are collectively referred to as the Airport System.

Users of the Airport System's facilities provide all the revenues necessary to acquire, operate, and maintain the necessary services and facilities. The Department is not subsidized by any tax revenues of the County and has been a self-sustaining entity since 1966.

The economic recession that caused the metropolitan area of Las Vegas to experience significant declines in several key economic areas has shown signs of recovery which started in 2011 and have continued into 2013. Through August of CY 2013, 26.7 million visitors made their way to Las Vegas, remaining flat as compared to 26.7 million visitors for the first eight months of CY 2012. In CY 2012, the Las Vegas metropolitan area’s population increased by 2.1 percent and totals over 2 million residents, according to the U.S. Census Bureau. Convention attendance for the first eight months of 2013 is up 3.1 percent over the same period in 2012 to over 3.6 million delegates. The number of conventions in the first eight months of 2013 increased 6.4 percent over the previous year. Clark County gaming revenues for the first eight months of 2013 are up by 0.8 percent over the same period a year ago. Through August of 2013, gaming revenues in Clark County totaled $6.3 billion. Hotel/motel occupancy rates were up from 83.8 percent in CY 2011 to 84.4 percent for CY 2012. For the first eight months of CY 2013, the hotel/motel occupancy rate increased to 85.3 percent.

The Airport System brought 43% of the visitors to the Las Vegas area in CY 2012. The Airport has experienced several years of increases since the economic downturn of FY 2008. Enplanements for FY 2012 were up 3.4 percent compared to FY 2011. Enplanements for FY 2013 saw a slight decrease of 0.4 percent for FY 2012. For the first eight months of CY 2013, total passenger enplanements decreased 0.1 percent over the same period one year ago.

Airline-generated revenues for FY 2013 increased from FY 2012 by 100.0 percent, essentially doubling. Non-aeronautical revenues for FY 2013 were up 6.0 percent over FY 2012 levels. Total operating revenues at the Airport increased from $355.4 million in FY 2012 to $496.6 million in FY 2013. Operating expenses increased 5.3 percent over FY 2012 levels from $222.3 million in FY 2012 to $234.1 million in FY 2013, an increase of $11.8 million. The increase in operating revenues can primarily be attributed to the operation of the new Airport Terminal 3 for the full fiscal year (operations having commenced on June 27, 2012) and a decrease in debt service included in the airline rate base for FY 2012 of approximately $44.7 million impacting the FY 2012 revenues. In FY 2012, the Department utilized the decrease in debt service as an opportunity to maintain consistent airline rates and charges and used the excess cash flows generated to collect the outstanding balance due from airlines in prior years of $50.7 million. The increase in operating expenses was mainly attributable to operating costs necessary to maintain Terminal 3. The Department is still committed to maintaining System-wide cost containment measures.

The Department is current on all outstanding bond obligations. The bonds were issued to provide funding for capital assets to be acquired or constructed. As of June 30, 2013, the current bond proceeds available are anticipated to be used for airfield projects. The Department does not anticipate issuing any new bonds to fund its capital improvement plan in the next few years. All outstanding bonds are secured by pledges of Airport System revenues, except Passenger Facility Charge (“PFC”) and Jet A bonds which in addition to being secured by pledges of Airport System, they are primarily secured by PFC and Jet A revenues, respectively.

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

In developing and evaluating the Department's accounting system, consideration is given to the adequacy of internal controls. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management’s authorization and are properly recorded to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived from it and 2) the evaluation of costs and benefits requires estimates and judgments by management. Airport System management believes the Department’s internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

This letter of transmittal should be read in conjunction with the Management’s Discussion and Analysis contained in the financial section.

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

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

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

Sincerely submitted,

Rosemary A. Vassiliadis
Director of Aviation

Joseph M. Piurkowski
Airport Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County

Department of Aviation

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

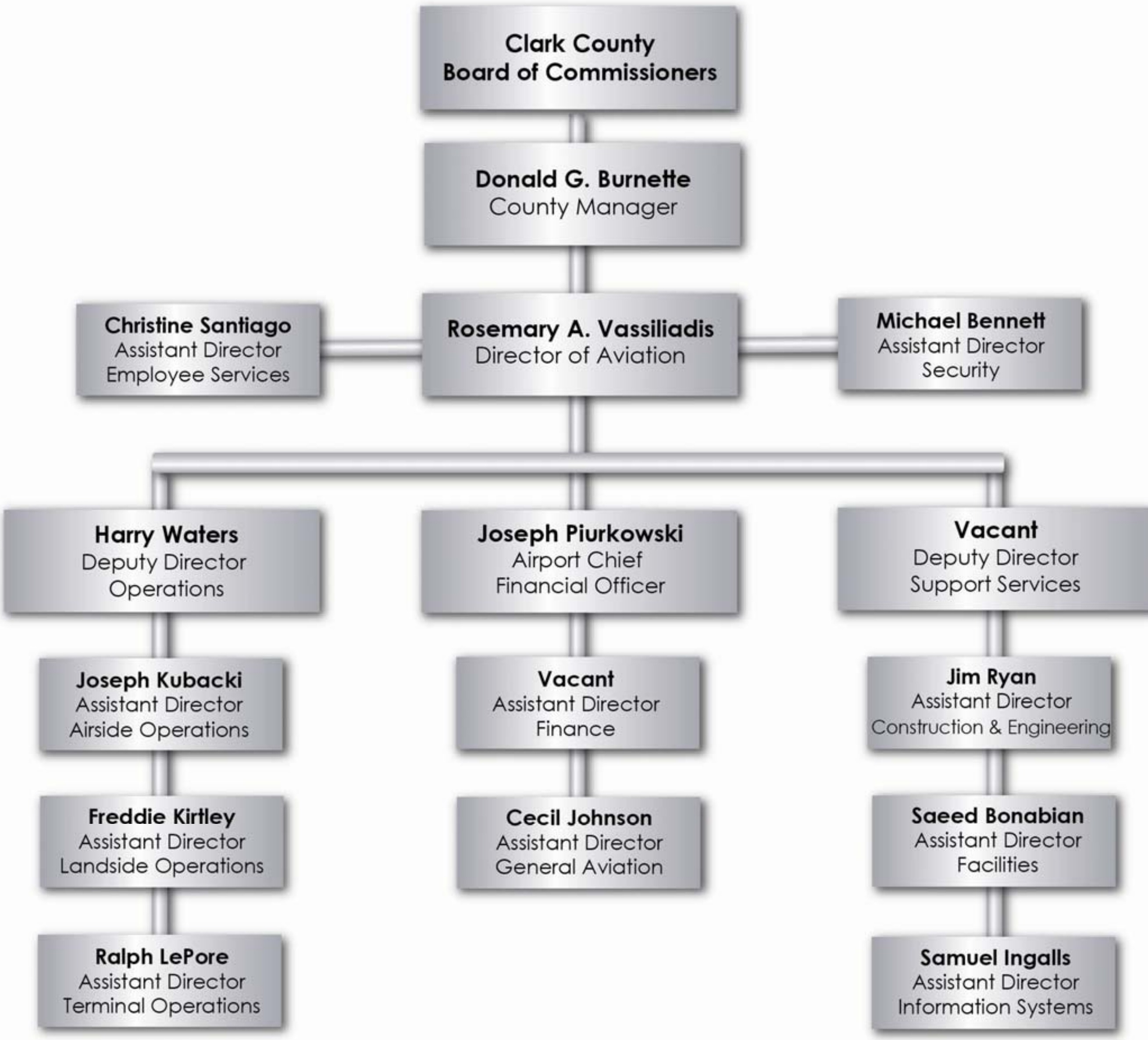
Jeffrey R. Emer

Executive Director/CEO

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA

ORGANIZATION CHART

As of June 30, 2013



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FINANCIAL SECTION COVER

KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Clark County Department of Aviation, Clark County, Nevada (the "Department"), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise of the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position of the Department as of June 30, 2013 and 2012, and the changes in its financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and each major fund of Clark County, Nevada that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of Clark County, Nevada as of June 30, 2013 and 2012, the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress information on pages 10 through 33 and page 107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Department's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
October 24, 2013

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Management’s Discussion and Analysis

The following is Management’s Discussion and Analysis ("MD&A") of the financial performance and activity of the Clark County Department of Aviation ("Department"), an enterprise fund of Clark County, Nevada ("County"), which is responsible for the operation of the following County-owned aviation facilities: McCarran International Airport (“Airport"), North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center, and Overton-Perkins Field (collectively referred to as the "Airport System"). The MD&A provides an introduction to and understanding of the financial statements of the Department for the fiscal years ended June 30, 2013 and 2012, with selected comparisons to prior fiscal periods. The information presented should be read in conjunction with the financial statements and accompanying notes in this report.

Activity Highlights

Introduction

For the fiscal year ("FY") ended June 30, 2013, passenger enplanements totaled 20,872,526, compared to 20,962,087 in FY 2012 and 20,266,091 in FY 2011. The FY 2013 enplanements represent a decrease of 0.4 percent from FY 2012. By comparison, according to Bureau of Transportation Statistics, domestic and international U.S. airline passenger traffic for the same twelve-month period ended June 30, 2013, increased 0.8 percent over the prior twelve-month period.

Aircraft landed weights in FY 2013 totaled 24,314,564 thousand pounds, compared to 24,855,800 thousand pounds in FY 2012 and 24,288,033 thousand pounds in FY 2011. The FY 2013 landed weights represent a 2.2 percent decrease compared to FY 2012. The number of departures for domestic and international flights decreased 2.4 percent over the prior fiscal year from 227,206 departures in FY 2012 to 221,755 in FY 2013.

The following table presents the Airport's activities for FY 2013 and the previous nine fiscal periods.

Passenger and Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Aircraft Operations Departures	Percentage of Increase/ Decrease	Landed Weight (000 lbs.)	Percentage of Increase/ Decrease	Total Enplaned Passengers	Percentage of Increase/ Decrease	Cargo Tons	Percentage of Increase/ Decrease
2004	193,860	8.2%	24,878,724	7.8%	19,449,065	10.2%	92,857	3.8%
2005	213,035	9.9%	27,066,272	8.8%	21,439,652	10.2%	107,252	15.5%
2006	227,445	6.8%	27,526,493	1.7%	22,546,814	5.2%	112,352	4.8%
2007	257,743	13.3%	28,831,044	4.7%	23,628,484	4.8%	104,761	-6.8%
2008	260,343	1.0%	28,941,564	0.4%	23,525,862	-0.4%	100,929	-3.7%
2009	230,925	-11.3%	25,973,079	-10.3%	20,739,408	-11.8%	90,746	-10.1%
2010	218,706	-5.3%	24,306,053	-6.4%	19,952,800	-3.8%	90,248	-0.5%
2011	224,386	2.6%	24,288,033	-0.1%	20,266,091	1.6%	95,555	5.9%
2012	227,206	1.3%	24,855,800	2.3%	20,962,087	3.4%	96,173	0.6%
2013	221,755	-2.4%	24,314,564	-2.2%	20,872,526	-0.4%	105,100	9.3%
Average Annual Increase/Decrease	1.5%		-0.3%		0.8%		1.4%	

Airline Rates and Charges

Effective July 1, 2010, the Department entered into a new Airline-Airport Use and Lease Agreement ("Agreement") with signatory airlines serving the Las Vegas market. The Agreement has a term of five years and incorporates the lease and use of the terminal complex, apron areas, and airfield at the Airport. The Agreement establishes a residual rate-making methodology for the Airport System through both direct and indirect cost centers. The net revenues or net expenses of each indirect cost center are reallocated, as specified in the Agreement, to direct cost centers to establish a residual rate-making approach for calculating landing fees, terminal building rental rates, and gate use fees. The net cash flows from the Airport's gaming fees and the Consolidated Rental Car Facility 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. Capital projects funded from the capital improvement account are amortized back to the associated cost center on a straight-line basis over the assets' useful lives and are included in the residual rental rate at 50 percent of the amortized amount. The Agreement provides for non-signatory carriers to pay a premium rate of 25 percent on all terminal rentals and gate use fees. As of June 30, 2013, nineteen carriers serving the Airport have executed the Agreement.

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. At the end of each fiscal year, the Department tallies the revenues collected through the established rates and charges and compares them to the residual rent requirement for each direct cost center. If the revenue collected from the signatory airlines exceeds the residual rental requirement, the excess amounts are maintained in a rate stabilization account (up to a maximum of 18.5 percent of the current FY operating budget). The balance in the rate stabilization account may be used for the purpose of funding any residual rental shortfalls in future fiscal years, recovering any uncollected amounts related to an airline bankruptcy or discontinued service, or paying down outstanding Department debt.

At the close of each fiscal year, audited financial data in conjunction with the balance in the rate stabilization account will be used to determine if any additional amount is due to or from the signatory airlines in accordance with the Agreement. In the event an overpayment is due, the Department will refund such overpayment to the signatory airlines, or, in the event an underpayment is due, the Department will invoice the signatory airlines the underpayment within thirty days of such determination. For the fiscal year ended June 30, 2013, there was no additional amount due to or from the signatory airlines.

The table below summarizes passenger airline landing fees, terminal building rentals, gate use fees, passenger fees, and the cost per enplaned passenger for FY 2013 and FY 2012. Cost per enplaned passenger is a standard industry metric, and the goal of the Department is to maintain a competitive cost per enplanement. The actual cost per enplanement for FY 2013 was $12.22, compared to the budget estimate of $12.06. The variance between the actual and budgeted cost per enplanement was due to the fact that actual enplanements were 2.8% lower than budgeted enplanements. Included in actual and budgeted rates and charges for FY 2012 is the repayment of the due from airlines balance of $50.7 million carried over from prior fiscal years. Refer to Note 1, "Summary of Significant Accounting and Reporting Policies," for further details on the airline receivable.

Total airline rents and fees collected in FY 2013 increased by $76.7 million, which is an increase of approximately 43.0 percent over FY 2012 airline rents and fees. The Department completed construction and put into service its new $2.4 billion airport terminal, Terminal 3 ("T3"), at the beginning of FY 2013, which resulted in an increase in both terminal building rental rates and rented square footage. The increase in terminal building rental rates covers the additional costs of operations and capital expenditures of the new terminal building.

The Department is committed to managing airline rates and charges in an attempt to keep the cost per enplanement at levels comparable to other major U.S. airports to attract and retain air service in the Las Vegas market. The Department continuously looks for ways to maximize non-airline revenues and minimize operating expenses and debt service costs.

Passenger Airline Costs
For the Fiscal Years Ended June 30, 2013 and 2012

Airline Cost Category	FY 2013 Actuals (000)	FY 2013 Budget (000)	FY 2012 Actuals (000)	FY 2013 Budget vs. Actuals (000)	FY 2013 vs. FY 2012 Actuals (000)
Landing fees	$ 53,451	$ 56,908	$ 58,063	$ (3,457)	$ (4,612)
Terminal building rentals	160,809	160,060	85,927	749	74,882
Gate use fees	24,710	24,443	21,051	267	3,659
Passenger fee - Ticketing & CIT	16,027	17,542	13,245	(1,515)	2,782
Total airline rents and fees collected	254,997	258,953	178,286	(3,956)	76,711
Change in airline receivable increase (decrease)	-	-	(50,736)	-	50,736
Total airline rental and fee revenue	$ 254,997	$ 258,953	$ 127,550	$ (3,956)	$ 127,447
Enplaned passengers	20,872	21,473	20,962	(601)	(90)
Cost per enplaned passenger*	$ 12.22	$ 12.06	$ 8.51	$ (0.16)	$ (3.71)

* Computed using total airline rents and fees collected against enplaned passengers.

Overview of Financial Statements

The Department's financial statements are prepared using the accrual basis of accounting; therefore, revenues are recognized when earned, and expenses are recognized when incurred. Capital assets are capitalized when substantially complete and depreciated over their estimated useful lives. Refer to Note 1, "Summary of Significant Accounting and Reporting Policies," for a summary of the Department's significant accounting policies. Following this MD&A are the financial statements, notes to the financial statements, required supplementary information ("RSI"), and supplementary schedules of the Department. These statements, notes, RSI, and schedules, along with the MD&A, are designed to provide readers with an understanding of the Department's financial position.

The Statements of Net Position presents information on all the Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2013 and 2012. The Statements of Revenues, Expenses, and Changes in Net Position presents financial information showing how the Department's net position changed during the fiscal years ended June 30, 2013 and 2012. The Statements of Cash Flows relates the inflows and outflows of cash and cash equivalents as a result of the financial transactions that occurred during these two fiscal years and also includes a reconciliation of operating income to net cash provided by operating activities.

Financial Highlights

Net Position Summary

Net position serve as an indicator of the Department's financial position. As of June 30, 2013, the Department's assets and deferred outflows of resources exceed liabilities by $1,388.6 million, $23.1 million less than in FY 2012. As of FY 2012, assets and deferred outflows of resources exceeded liabilities by $1,411.7 million, a decrease of $132.9 million over FY 2011.

A summary of the Department's net position for fiscal years 2013, 2012, and 2011 is shown below.

Summary of the Statements of Net Position
June 30, 2013, 2012, and 2011

	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Change 2013 to 2012	Change 2012 to 2011
Assets and deferred outflows of resources:					
Current assets	$ 929,616	$ 986,740	$ 1,364,078	$ (57,124)	$ (377,338)
Capital assets, net	5,050,692	5,146,985	5,007,016	(96,293)	139,969
Other noncurrent assets	202,774	250,079	247,401	(47,305)	2,678
Total assets	6,183,082	6,383,804	6,618,495	(200,722)	(234,691)
Deferred outflows of resources	75,847	173,106	93,685	(97,259)	79,421
Total assets and deferred outflows of resources	$ 6,258,929	$ 6,556,910	$ 6,712,180	$ (297,981)	$ (155,270)
Liabilities, deferred inflows of resources and net position:					
Current liabilities	$ 391,591	$ 427,078	$ 522,344	$ (35,487)	$ (95,266)
Noncurrent liabilities	4,478,696	4,718,134	4,644,790	(239,438)	73,344
Total liabilities	4,870,287	5,145,212	5,167,134	(274,925)	(21,922)
Deferred inflows of resources	-	-	478	-	(478)
Net position:					
Net investment in capital assets	893,519	954,546	1,021,835	(61,027)	(67,289)
Restricted	251,464	271,020	252,985	(19,556)	18,035
Unrestricted	243,659	186,132	269,748	57,527	(83,616)
Total net position	1,388,642	1,411,698	1,544,568	(23,056)	(132,870)
Total liabilities, deferred inflows of resources, and net position	$ 6,258,929	$ 6,556,910	$ 6,712,180	$ (297,981)	$ (155,270)
Changes to net position:					
Operating revenues	$ 496,572	$ 355,411	$ 392,554	$ 141,161	$ (37,143)
Operating expenses	(234,098)	(222,336)	(217,353)	(11,762)	(4,983)
Depreciation and amortization	(199,528)	(137,052)	(136,104)	(62,476)	(948)
Net non-operating revenue (expense)	(96,469)	(165,645)	(25,596)	69,176	(140,049)
Capital contributions	10,467	36,752	16,761	(26,285)	19,991
Total net change in net position	$ (23,056)	$ (132,870)	$ 30,262	$ 109,814	$ (163,132)

Current Assets

The Department's current assets consist mainly of cash and cash equivalents, investments with a maturity of twelve months or less, and trade accounts receivable. Also included in current assets are various other receivables such as interest income, grant reimbursements, inventories of parts and supplies, and prepaid operating expenses.

The Department's current assets for FY 2013 decreased by $57.1 million from FY 2012, primarily due a decrease in cash and cash equivalents of $125.6 million. Short-term investments increased by $56.7 million, reflecting an increase in restricted investments offset by a decline in securities lending assets from $87.1 million to zero as the County chose to unwind the program in FY 2013. Trade accounts receivable increased by $15.5 million, mainly due to increases in rates and the associated outstanding airline receivables, while interest, grants receivable, other receivables, inventories, and prepaid expenses decreased by $3.8 million.

Unrestricted cash and cash equivalents increased during FY 2013 by $34.1 million as additional operating cash was provided by increases in rental rates and net operating revenues. Restricted cash and cash equivalents decreased by $159.7 million in FY 2013, resulting mainly from final payments to contractors for the completion of construction projects mostly associated with T3 and from a transfer of a portion of restricted cash and cash equivalents to short-term investments. Short-term investments increased by $143.8 million, not only as a result of this transfer but also as a result of long-term investments becoming current.

The Department's unrestricted current assets for FY 2012 increased by $52.9 million over FY 2011, primarily due to an increase of $50.7 million in unrestricted cash and cash equivalents as of June 30, 2012. Contributing to the increase in unrestricted cash was $50.7 million in additional cash provided by operating activities from the repayment of the due from airline balance. Also contributing to the increase in unrestricted cash was an increase in the capital improvement account as deposits exceeded expenditures by $25.0 million. In addition, unrestricted accounts receivable decreased by $5.2 million, mainly due to decreases in outstanding airline receivables.

Restricted assets decreased in FY 2012 by $389.8 million over FY 2011. Restricted cash, cash equivalents, and investments decreased $424.2 million in FY 2012 due primarily to the acquisition and construction of capital assets associated with the T3 construction project. The change can also be attributed to an increase in securities lending assets of $24.4 million. In addition, in 2012, the Department received from the United States Department of the Interior Bureau of Land Management a grant of land situated at the Henderson Executive Airport and valued at $9.3 million.

Capital Assets

For FY 2013, capital assets, net of depreciation, decreased by $96.3 million, or 1.9 percent, over FY 2012. This decrease was due to an increase in depreciation of $193.0 million offset by additional capital investments of $101.5 million, which included the completion of the rehabilitation of Taxiways C and D, the creation of an avigation easement, the modernization of the C gates, the upgrade of the paging system in Terminal 1, and the commencement of the rehabilitation of Taxiways E and H. Refer to Note 6, "Changes in Capital Assets," for more detail relating to the Department's capital assets.

For FY 2012, capital assets, net of depreciation, increased by $140.0 million, or 2.8 percent, over FY 2011. This increase was due, in part, to the completion of approximately $64 million in capital improvements, including the rehabilitation of Taxiways C and D; the C-Gates modernization project; roof replacement projects in the Central Terminal, A& B Concourses, and ARFF Station; and various equipment purchases. Another contributor to the increase was the completion of construction of T3. Through June 30, 2012, the Airport had spent $2.4 billion on this project. The T3 project was completed and welcomed its inaugural flight on June 27, 2012.

Non-current Assets

The Department's non-current assets consist of deferred charges, restricted investments with a maturity greater than one year, and the fair value of the Department's interest rate swaps.
Deferred charges consist of bond issuance costs for each issuance of bonds, amortization of the Consolidated Rental Car Facility lease cost, and deferred loss on imputed debt. The bond issuance costs are being amortized over the bond maturity period. The Consolidated Rental Car Facility lease cost is amortized over the lease agreement period. The deferred loss on imputed debt is amortized over the swap agreement period. The balance of deferred charges for FY 2013 decreased $9.2 million over FY 2012 from $83.7 million to $74.5 million. Refer to Note 7, "Deferred Charges," for detail relating to the Department’s deferred charges.

Restricted investments represent investments held for capital improvements, debt service, and debt service reserves with Bank of New York Mellon ("Trustee"). Total non-current restricted investments decreased by $37.3 million from $105.9 million in FY 2012 to $68.6 million in FY 2013. Refer to Note 2, "Cash and Investments," for more detail relating to the Department’s restricted investments.

Under the provisions of GASB Statement No. 53*, Accounting and Financial Reporting for Derivative Instruments,* the Department is required to record the changes in the fair value of the investment derivatives (interest rate swaps instruments) at each fiscal year-end. During FY 2013, the fair value of the Department’s interest rate swap assets decreased from $60.5 million at the end of FY 2012 to $59.7 million at the end of FY 2013, a decrease of $0.8 million. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for more detail relating to the Department’s interest rate swaps.

Deferred Outflows of Resources

Under the provisions of GASB Statement No. 53*, Accounting and Financial Reporting for Derivative Instruments,* the Department is required to record the changes in the fair value of the hedging derivatives (interest rate swap instruments) at each fiscal year-end. During FY 2013, the fair value of the Department’s interest rate swap liabilities classified as hedging derivatives and the associated deferred outflows decreased from $173.1 million at the end of FY 2012 to $75.8 million in FY 2013, a decrease of $97.3 million. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for more detail relating to the Department’s interest rate swaps.

Current and Non-current Liabilities

At June 30, 2013, current liabilities payable from unrestricted assets increased $35.2 million from FY 2012. This increase is attributable to an increase in avigation acquisition liability of $38.0 million coupled with a slight increase in other accrued expenses of $0.9 million. This increase is offset by a decrease in unrestricted accounts payable of $3.3 million and by a slight decrease in deferred income of $0.4 million. Current liabilities payable from restricted assets decreased by $70.7 million from FY 2012 to FY 2013. This decrease was caused by a reduction in restricted accounts payable of $57.9 million due to fewer outstanding payables related to the completion of construction on the T3 project and the associated winding down of the Airport's capital projects, which required the release of significant retention balances owed to contractors. The decrease in restricted accounts payable was also accompanied by the elimination of the liability of $89.3 million for securities lending collateral due to the termination of the securities lending program by the Clark County Treasurer. The decrease in current liabilities payable from restricted assets also included a decrease in accrued interest of $6.6 million related to declines in outstanding principal. The decrease in current liabilities payable from restricted assets was offset by an increase in the current principal portion due on long-term debt of $83.1 million related to the current maturity of the 2012 A-2 notes in the amount of $120.0 million.

Non-current liabilities for FY 2013 decreased by $239.4 million over FY 2012, due largely to a decrease in the fair value of the interest rate swap liabilities from $258.1 million at June 30, 2012, to $116.2 million at June 30, 2013, a decrease of $141.9 million. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for more detail relating to the Department's interest rate swaps. Long-term debt also decreased by $107.6 million from FY 2012 to FY 2013. Refer to Note 8, "Long-Term Debt," for more detail related to bond maturities and principal payments. Other postemployment benefits increased by $10.2 million from $36.6 million in FY 2012 to $46.8 million in FY 2013. Refer to Note 5, "Retirement Plan," for more detail related to other postemployment benefit costs.

Highlights of Changes in Net Positions

The following is a condensed summary of net positions for FY 2013, 2012, and 2011:

As of June 30, 2013, 2012, and 2011

Net Position	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)
Net investment in capital assets	$ 893,519	$ 954,546	$ 1,021,835
Restricted net position:			
Capital Projects	34,861	29,105	25,881
Debt Service	152,972	191,675	197,681
Other	63,631	50,240	29,423
Total restricted	251,464	271,020	252,985
Unrestricted net position	243,659	186,132	269,748
Total net position	$ 1,388,642	$ 1,411,698	$ 1,544,568

Discussion of FY 2013 Operating Revenues

The following table is a summary of the Department's Operating Revenues for the fiscal years ending June 30, 2013, 2012, and 2011.

Operating Revenues
Fiscal Years 2013, 2012, and 2011

Operating Revenue Category	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Percentage Change 2013 - 2012	Percentage Change 2012 - 2011
Terminal building and use fees	$ 185,422	$ 75,937	$ 100,015	144.2%	-24.1%
Landing fees and other aircraft fees	59,448	44,919	63,275	32.3%	-29.0%
Terminal concession fees	62,047	56,550	53,023	9.7%	6.7%
Rental car facility fees	36,166	33,888	32,206	6.7%	5.2%
Public and employee parking fees	30,540	28,778	28,326	6.1%	1.6%
Gaming fees	23,865	25,719	25,908	-7.2%	-0.7%
Rental car concession fees	29,957	29,848	27,274	0.4%	9.4%
Ground rents and use fees	20,119	18,817	18,578	6.9%	1.3%
Gate use fees	26,623	20,254	23,606	31.4%	-14.2%
Ground transportation fees	15,092	13,524	13,340	11.6%	1.4%
General aviation fuel sales (net of cost)	3,950	3,890	4,158	1.5%	-6.4%
Other operating income	3,343	3,287	2,845	1.7%	15.5%
	$ 496,572	$ 355,411	$ 392,554	39.7%	-9.5%

The new Agreement with the signatory airlines uses a residual rate-making methodology for the Department through various cost centers by establishing a residual rental requirement in calculating a rate for landing fees, terminal building rental rates, and gate use fees. The residual rental requirement is determined by the allocation of operating expenses and debt service of the Department to various cost centers, and those costs which are not recovered from revenues generated by non-airline and non-signatory airline sources are to be recovered through signatory airline landing fees, terminal building rental rates, and gate use fees.

For FY 2013, airline revenues accounted for 51.4 percent of all operating revenues. Airline revenues totaled $255.0 million of total operating revenues, and non-airline revenues totaled $241.6 million. For FY 2013, the airline landing fee revenues were $53.5 million as compared to $38.5 million in FY 2012, an increase of $15.0 million, or 39.0 percent. The increase in landing fee revenues from FY 2012 to FY 2013 can be attributed to the increase in the residual rental revenue requirement for FY 2013. The actual landing fee rate was reduced from $2.53 per 1,000 lbs. in FY 2012 to $2.32 per 1,000 lbs. in FY 2013; however, however a portion of the FY 2012 landing fee revenues, approximately $19.6 million, was budgeted to recover prior amounts due from the airlines in FY 2012. Also attributing to this change was a decrease in landed weights of 2.2% over FY 2012.

Terminal building and use fees consist of signatory and non-signatory ticketing area fees, baggage system fees, baggage claim fees, gate use fees, common use fees, and fees from hold rooms along with certain operation and storage areas. The new Agreement requires that the terminal building rentals be set each fiscal year based on a residual rate-making approach of leased space. Terminal and building use fees were up from $76.0 million in FY 2012 to $185.4 million in FY 2013, a 144.2 percent increase. This increase in terminal building rental revenue is attributable to an increase in the terminal building rental rate of 36.3 percent over the prior year coupled with a 63.1 percent increase in rental terminal space resulting from commencement of T3 operations. The increase in the terminal building rental rate related to the increase in budgeted operating cost associated with the commencement of T3 operations as well as to the increase in debt service cost associated with T3.

Gate use fees were up from $20.3 million in FY 2012 to $26.6 million in FY 2013, an increase of 31.4 percent. The increase in gate use fee revenue is attributable to an increase in the per-gate turn fee rate of 42.7 percent over the prior year, but offset by a reduction in the leased gate rental rate of 3.1 percent.

The total amortization amount collected during FY 2013 totaled $10.4 million, all of which was deposited to the rate stabilization account (50 percent included in the residual rental rates), while none was required to be re-deposited into the capital improvement account, as provided by in the new Agreement.

Non-airline revenues, consisting primarily of concession related fees, increased from $227.9 million in FY 2012 to $241.5 million in FY 2013, an increase of 6.0 percent. The largest source of non-airline revenues are terminal concession fees, which are generated from an agreed-upon percentage of gross sales from various concessionaires, including food and beverage, news and gift, specialty retail, advertising, and passenger services. Percentage rents paid to the Airport from terminal concessionaires increased from $56.6 million in FY 2012 to $62.0 in FY 2013, an increase of 9.7 percent. Revenues from terminal food and beverage sales increased 9.7 percent, from $15.5 million in FY 2012 to $17.0 million in FY 2013, due mainly to the increase in the number of facilities with the opening of T3 and investment in new and improved concepts which were made by the Airport's food and beverage concessionaires. Revenues from news and gift and specialty retail sales also increased from $22.2 million in FY 2012 to $27.3 million in FY 2013, due to a combination of increased percentage rental rates being assessed the news and gift concessionaires, the continued introduction of nationally branded specialty retail stores, and the new, larger, duty-free shop located in T3. In-terminal advertising during FY 2013 was down by 4.7 percent from the prior fiscal year for a total of $13.0 million. Notwithstanding additional available space, this decrease is due to limited foot traffic and flat passenger enplanements from FY 2012 to FY 2013. Passenger services in the terminal decreased 21.8 percent from $2.9 million in FY 2012 to $2.3 million in FY 2013.

Building rentals associated with the Consolidated Rental Car Facility increased during FY 2013 from $33.9 million to $36.2 million, an increase of 6.7 percent. The annual rental requirement increased 6.7 percent in FY 2013 as an annual increase to the facility reserves was made to fund future major repairs and replacements of $2.1 million and as operating and maintenance costs increased $0.2 million. Building rents are paid from the car rental companies that occupy the facility together with the proceeds of a $3.75 Customer Facility Charge ("CFC"), which is collected by the car rental companies from car rental customers for each day they rent a car. For FY 2013, the car rental companies paid $7.9 million in space rental payments, and CFC revenue for FY 2013 totaled $28.3 million. The increase in CFC revenue was due to an increase in the number of transaction days from the prior year.

Total parking revenues at the Airport during FY 2013 increased by 6.1 percent over FY 2012. Public parking products at the Airport include short-term, long-term, and valet parking in two parking structures comprising 10,274 parking spaces as well as economy parking at a remote surface parking lot. Public parking revenue from short-term, long-term, and economy parking increased by 6.6 percent due to an increase in parking rates for the economy lot along with an increase in the number of parking spaces due to the opening of the new T3 parking garage; the T3 parking garage charges a higher parking rate than either the economy lot or the Terminal 2 parking lot, which was closed after the opening of T3. Parking revenues for FY 2013 from these sources totaled $24.8 million versus $23.2 million in FY 2012. Valet parking revenue for FY 2013 decreased by 1.4 percent, essentially remaining flat at $2.6 million due to the additional parking available with the opening of T3. Employee parking revenue for FY 2013 increased from $2.7 million to $3.0 million, an increase of 11.1 percent, due to the additional employee parking available with T3.

Gaming revenue at the Airport during FY 2013 decreased by 7.2 percent over FY 2012 from $25.7 million to $23.9 million. Gaming revenue is derived from approximately 1,330 slot machines placed throughout the terminals. The number of slot machines increased with the grand opening of T3 on June 27, 2012. However, gaming revenues were down due to remodeling work at the C gates during part of the year and to a decrease in foot traffic in the A and B gates and in the esplanade area of the main terminal. The decrease is also attributable to a timing difference in the number of weeks gaming revenue was reported. The Airport is working with the slot concessionaire to implement several initiatives to improve slot revenue, including installing more state-of-the-art machines and relocating machines to higher traffic areas.

Percentage rents paid to the Airport from the rental car companies increased from $29.8 million in FY 2012 to $30.0 million in FY 2013, an increase of 0.4 percent. This increase is attributable to an increase in the number of contracts and transaction days in FY 2013 over FY 2012.

Ground rentals paid to the Department from private hangar tenants, fixed-base operators, and concessionaires increased to $20.1 million in FY 2013 from $18.8 million in FY 2012, an increase of 6.9 percent. This increase can be attributed to amended lease agreements generating additional rental revenues.

Ground transportation fees paid to the Airport increased by 11.6 percent from $13.5 million in FY 2012 to $15.1 million in FY 2013. Ground transportation fees consist of percentage fees or trip charges paid to the Airport by limousine operators, courtesy van operators, bus operators, and taxicabs. Taxicab trip fee revenues increased from $6.1 million to $6.5 million, an increase of 6.6 percent. This increase can be attributed to an increase in the number of trips. Percentage fees for limousines, courtesy vehicles, and buses increased by 16.8 percent during FY 2013 to $8.6 million. This increase is due to an increase in the minimum required rents charged limousine companies resulting from higher minimum bids submitted in response to bidding proposals.

Discussion of FY 2012 Operating Revenues

The new Agreement with the signatory airlines uses a residual rate-making methodology for the Department through various cost centers by establishing a residual rental requirement in calculating a rate for landing fees, terminal building rental rates, and gate use fees. The residual rental requirement is determined by the allocation of operating expenses and debt service of the Department to various cost centers, and those costs which are not recovered from revenues generated by non-airline and non-signatory airline sources are to be recovered through signatory airline landing fees, terminal building rental rates, and gate use fees.

For FY 2012, airline revenues accounted for 35.9 percent of all operating revenues. Airline revenues totaled $127.5 million of total operating revenues, and non-airline revenues totaled $227.9 million. For FY 2012, the airline landing fee revenues were $38.5 million as compared to $57.7 million in FY 2011, a decrease of $19.2 million, or 33.3 percent. This decrease in landing fee revenues can be attributed to a reduction in FY 2012 debt service cost and corresponding decrease in the residual rental revenue requirement for FY 2011. However the actual landing fee rate increased slightly from $2.45 per 1,000 lbs. in FY 2011 to $2.53 per 1,000 lbs. in FY 2012, and included in the FY 2012 rate was the residual rental revenue and an additional $19.6 million used to repay a portion of the outstanding balance due from airlines.

Terminal building and use fees consist of signatory and non-signatory ticketing area fees, baggage system fees, baggage claim fees, gate use fees, common use fees, and fees from hold rooms along with certain operation and storage areas. The new Agreement requires that the terminal building rentals be set each fiscal year based on a residual rate-making approach of leased space for FY 2012. Terminal and building use fees were down from $100.0 million in FY 2011 to $76.0 million in FY 2012, a 24.1 percent decrease. This decrease in terminal building rental revenue can also be attributed to a reduction in FY 2012 debt service cost and corresponding decrease in the residual rental revenue requirement for FY 2012. The terminal rental rate increased from $116.67 per square foot in FY 2011 to $123.29 per square foot in FY 2012, and included in the FY 2012 rate was the residual rental revenue and an additional $29.2 million used to repay a portion of the outstanding balance due from airlines.

Gate use fees were down from $23.6 million in FY 2011 to $20.3 million in FY 2012, a decrease of 14.2 percent. The decrease in gate use fee revenue is also due to a reduction in FY 2012 debt service cost and a corresponding decrease in the residual rental revenue for FY 2012. The gate use rate for both leased and common use gates decreased slightly in FY 2012 and included the residual rental revenue and an additional $1.9 million used to repay a portion of the outstanding balance due from airlines.

The total amortization amount collected during FY 2012 totaled $14.8 million of which $10.3 million was deposited to the rate stabilization account (50 percent included in the residual rental rates) while $4.5 million was re-deposited into the capital improvement account, as provided by in the new Agreement.

Non-airline revenues, consisting primarily of concession related fees, increased from $220.3 million in FY 2011 to $227.9 million in FY 2012, an increase of 3.4 percent. The largest source of non-airline revenues are terminal concession fees, which are generated from an agreed-upon percentage of gross sales from various concessionaires, including food and beverage, news and gift, specialty retail, advertising, and passenger services. Percentage rents paid to the Airport from terminal concessionaires in FY 2012 increased from $53.0 million in FY 2011 to $56.6 in FY 2012, an increase of 6.7 percent. Revenues from terminal food and beverage sales increased 5.7 percent, from $14.7 million in FY 2011 to $15.5 million in FY 2012, due mainly to the increase in passenger traffic and investment in new and improved concepts which were made by the Airport’s food and beverage concessionaires. Revenues from news and gift and specialty retail sales also increased from $20.8 million in FY 2011 to $22.2 million in FY 2012, due to a combination of increased percentage rental rates being assessed the news and gift concessionaires and the continued introduction of nationally branded specialty retail stores. In-terminal advertising during FY 2012 was up by 5.7 percent for a total of $13.6 million, as increased demand and new advertising space was developed in FY 2012. Passenger services in the terminal increased 16.0 percent from $2.5 million in FY 2011 to $2.9 million in FY 2012, mainly due to the increase in passenger traffic and increases related to international passenger lounge fee revenues for FY 2012.

Building rentals associated with the Consolidated Rental Car Facility increased during FY 2012 from $32.2 million to $33.9 million, an increase of 5.2 percent. The annual rental requirement increased 5.2 percent in FY 2012 as an annual increase to the facility reserves was made to fund future major repairs and replacements of $0.8 million and as operating and maintenance costs increased $1.2 million. Building rents are paid from the car rental companies that occupy the facility together with the proceeds of a $3.75 Customer Facility Charge ("CFC"), which is collected by the car rental companies from car rental customers for each day they rent a car. For FY 2012, the car rental companies paid $6.7 million in space rental payments, and CFC revenue for FY 2012 totaled $27.2 million. The increase in CFC revenue was due to an increase in the number of transaction days from the prior year.

Total parking revenues at the Airport during FY 2012 increased by 1.6 percent over FY 2011. Public parking products at the Airport include short-term, long-term, and valet parking in a 5,155-space parking structure as well as economy parking at a remote surface parking lot. On June 27, 2012, the number of parking spaces increased with the grand opening of Terminal 3 and the addition of a new 5,119-space, eight-level parking structure. Public parking revenue from short-term, long-term, and economy parking increased by 3.0 percent due an increase in passenger traffic. Parking revenues for FY 2012 from these sources totaled $23.3 million versus $22.6 million in FY 2011. Valet parking revenue for FY 2012 decreased by 10.9 percent, from $2.9 million to $2.6 million, and employee parking for FY 2012 increased slightly from $2.6 million to $2.7 million, an increase of 4.9 percent. These increases can be attributed to the slight increase in passenger traffic. Valet parking is down due to the new provider’s contract being based completely on contingent rents, as the previous provider’s contract entailed fixed rents plus a contingent factor.

Gaming revenue at the Airport during FY 2012 decreased slightly by 0.7 percent over FY 2011 from $25.9 million to $25.7 million. Gaming revenue is derived from approximately 1,330 slot machines placed throughout the terminals. The number of slot machines also increased with the grand opening of Terminal 3 on June 27, 2012. Gaming revenues remained flat due to remodeling work at C gates during the year, which limited the number of slot machines available to passengers throughout the fiscal year. The Airport is continually working with the slot concessionaire to implement several initiatives to improve slot revenue, including installing more state-of-the-art machines and relocating machines to higher traffic areas.

Percentage rents paid to the Airport from the rental car companies increased from $27.3 million in FY 2011 to $29.8 million in FY 2012, an increase of 9.4 percent. This increase is attributed to increase in number of contracts and transaction days in FY 2012 over FY 2011.

Ground rentals paid to the Airport from private hangar tenants, FBO operators, and concessionaires increased to $18.8 million in FY 2012 from $18.6 million in FY 2011, an increase of 1.3 percent. This increase can be attributed to increases in the land rental revenue concessions leases with private developers located on Department property during FY 2012.

Ground transportation fees paid to the Airport increased slightly by 1.4 percent from $13.3 million in FY 2011 to $13.5 million in FY 2012. Ground transportation fees consist of percentage fees or trip charges paid to the Airport by limousine operators, courtesy van operators, bus operators, and taxicabs. Taxicab trip fee revenues increased from $5.8 million to $6.1 million, an increase of 6.0 percent. This increase can be attributed to an increase in the number of trips. Limousine percentage fees decreased by 3.1 percent during FY 2012 to $6.4 million.

Discussion of FY 2013 Operating Expenses

Operating Expenses
Fiscal Years 2013, 2012, and 2011

Operating Expense Category	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Percentage Change 2013 - 2012	Percentage Change 2012 - 2011
Salaries and benefits	$ 118,701	$ 111,195	$ 111,186	6.8%	0.0%
Professional services	53,959	51,130	49,203	5.5%	3.9%
Repairs and maintenance	20,970	21,424	22,118	-2.1%	-3.1%
Utilities and communications	23,001	20,970	20,199	9.7%	3.8%
Materials and supplies	12,491	12,806	9,010	-2.5%	42.1%
Administrative	2,447	2,528	3,323	-3.2%	-23.9%
Insurance	2,529	2,283	2,314	10.8%	-1.3%
	$ 234,098	$ 222,336	$ 217,353	5.3%	2.3%

For FY 2013, the Department's total operating expenses increased by $11.8 million, or 5.3 percent, from FY 2012. Most major operating expense categories experienced increases, such as professional services (up $2.8 million) and utilities and communications (up $2.0 million). The increases were offset by decreases in the major operating expense categories of materials and supplies (down $0.3 million), repairs and maintenance (down $0.5 million) and administrative costs (down $0.2 million). Explanations for the changes to the major categories of expenses follow.

Salaries and benefits are the single largest operating expense of the Department. Salaries and benefits made up over 50 percent of the overall Department's operating expenses in FY 2013. At June 30, 2013, the Department had 1,481 full-time employees and 14 part-time employees. At June 30, 2012, the Department had 1,469 full-time employees and 11 part-time employees. For FY 2013, total salaries and benefits increased by $7.5 million over FY 2012. Salaries and wages, excluding benefits, increased by $5.1 million, or 7.1 percent, even as the Department continued to maintain its position vacancy freezes. Although full-time equivalents rose significantly in FY 2012, this increase occurred in the latter part of the fourth quarter of FY 2012, thus showing a slight increase in full-time equivalents for that fiscal year. This increase in the number of full-time equivalents was necessary to train personnel in preparation for the opening of T3 and to prepare and maintain T3 prior to opening. At the end of FY 2013, the Airport had 203 vacancies (a 12.4 percent vacancy factor) as compared to 164 at June 30, 2012 (a 10.0 percent vacancy factor). There were no pay increases for either management staff or non-management staff during FY 2013. Benefit costs for FY 2013 were up $2.4 million, or 6.2 percent, over FY 2012, mainly due to an increase in employer-paid group insurance costs of $1.2 million and an increase in Public Employees' Retirement System (PERS) costs of $1.2 million. Refer to Note 5, "Retirement Plan," for more detail related to other employee benefit programs and their associated costs.

Professional services costs during FY 2013 increased by 5.5 percent, or $2.8 million, over FY 2012, with the majority of costs incurred by security services and legal services. An increase of $1.6 million, or 7.4 percent, over 2012 in the cost of security services was related to increased costs associated with both the Las Vegas Metropolitan Police Department and an outside service provider. Costs for legal services incurred during FY 2013 were $2.5 million, an increase of $1.3 million over FY 2012; this increase relates to legal services for pending litigation.

Repairs and maintenance expenses for FY 2013 decreased 2.1 percent, or $0.5 million, over FY 2012. The majority of the decrease was related to a $1.6 million reduction in repairs and maintenance due to the purchase of new equipment in connection with the opening of T3. Office rents increased by $0.8 million owing to the leasing of additional facilities.

Utility and communication expenses for FY 2013 increased over FY 2012 by $2.0 million, or 9.7 percent. The majority of the increase related to electricity costs, which were up $1.4 million, or 9.5 percent, over FY 2012. Water and sewage expenses were up $0.3 million, or 14.8 percent. Natural gas increased from $1.0 million in FY 2012 to $1.2 million in FY 2013, an increase of 19.1 percent. Trash removal increased by $0.2 million, or 24.2 percent, from FY 2012 to FY 2013. These increases related to the additional utility services consumed by operations at T3, which was fully operational throughout FY 2013. Communication expense decreased by $0.1 million, or 6.3 percent, from FY 2012 to FY 2013.

Materials and supplies expense for FY 2013 was down $0.3 million, or 2.5 percent, over FY 2012. T3 became an operating terminal at the end of FY 2012 and, in preparation of its opening, the Department, in that fiscal year, incurred about $0.8 million of costs to acquire necessary minor equipment, computer equipment, tools, and supplies. These individual costs were below the Department's capitalization policy threshold. In FY 2013, an existing stock of baggage tags totaling $0.7 million was deemed obsolete and was expensed.

Administrative expenses decreased from $2.5 million in FY 2012 to $2.4 in FY 2013, which can be attributed to a non-recurring additional cost of $0.1 million, incurred in FY 2012, to promote T3 prior to its opening.

Insurance expenses increased by 10.8 percent, from $2.3 million in FY 2012 to $2.5 million in FY 2013, due to an increase in premium to establish a full year of coverage on T3 in FY 2013.

Discussion of FY 2012 Operating Expenses

For FY 2012, total operating expenses at the Airport increased by $5.0 million, or 2.3 percent, from FY 2011. Most major operating expense categories experienced increases, such as professional services (up $1.9 million), utilities and communications (up $0.7 million), and materials and supplies (up $3.7 million). The increases were offset by decreases in the major operating expense categories of repairs and maintenance (down $0.7 million) and administrative costs (down $0.7 million). Explanations for the changes to the major categories of expenses follow.

Salaries and benefits are the single largest operating expense of the Department. Salaries and benefits made up over 50 percent of the overall Department's operating expenses in FY 2012. At June 30, 2012, the Department had 1,469 full-time employees and 11 part-time employees. At June 30, 2011, the Department had 1,321 full-time employees and 45 part-time employees. For FY 2012, total salaries and benefits remained flat. However salaries and wages, excluding benefits, decreased by $1.3 million, or 1.8 percent, as the Department continued to maintain its position vacancy freezes. Although full-time equivalents rose significantly from FY 2011, this increase occurred in the latter part of the fourth quarter of FY 2012. The increase in the number of full-time equivalents was necessary to train personnel in preparation for the opening of Terminal 3 and to prepare and maintain Terminal 3 prior to opening. At the end of FY 2012, the Airport had 164 vacancies (a 10 percent vacancy factor) as compared to 211 at June 30, 2011 (a 13.7 percent vacancy factor). Management staff received no pay increases during FY 2012 or FY 2011. There was no cost of living increase for FY 2012. Benefit costs for FY 2012 were up $1.3 million, or 3.6 percent, over FY 2011, mainly due to increases in Public Employees' Retirement System (PERS) costs of $1.1 million, which resulted from a 2.25 percent rate increase in FY 2012. Other major benefit categories such as employer-paid group insurance costs and other post employment retirement benefits were relatively unchanged. Refer to Note 5, "Retirement Plan," for more detail related to other employee benefit programs and their associated costs.

Professional services costs during FY 2012 increased by 3.9 percent, or $1.9 million, over FY 2011, with the majority of costs incurred from security. In particular, the majority of this increase was related both to the Las Vegas Metropolitan Police Department and to an outside service provider costing $3.0 million, or 16.9 percent, over FY 2011. Cost incurred with other County departments and agencies decreased by $0.7 million, or 9.0 percent, from FY 2011. The Department saw a decrease in systems and software support of $0.6 million.

Repairs and maintenance expenses for FY 2012 decreased 3.1 percent, or $0.7 million, over FY 2011. The majority of the decrease was related to a $0.8 million reduction in ground rents paid to the United States Department of the Interior, Bureau of Land Management ("BLM"). In FY 2012, land connected to the Henderson Executive Airport was acquired through a donation from BLM. Previously, this land was leased at a cost of $0.7 million in FY 2011. No lease cost related to the land was incurred in FY 2012.

Utility and communication expenses for FY 2012 increased over FY 2011 by $0.8 million, or 3.8 percent. The majority of the increase related to electrical costs, which were up $1.2 million, or 8.7 percent, over FY 2011. Water and sewage expenses remained consistent with the prior year. Natural gas decreased from $1.1 million in FY 2011 to $1.0 million in FY 2012, a decrease of 11.7 percent. Communication expense decreased by $0.3 million, or 15.1 percent, from FY 2011 to FY 2012. Trash removal decreased by $0.1 million, or 12.2 percent, from FY 2011 to FY 2012.

Materials and supplies expense for FY 2012 was up $3.8 million, or 42.1 percent, over FY 2011. Terminal 3 became an operating terminal in FY 2012. In preparation of its opening, the Department incurred about $0.6 million of cost to acquire necessary minor equipment, computer equipment, tools, and supplies. These individual costs were below the Department's capitalization policy threshold. Diesel and unleaded fuel costs were up $0.5 million, or 26.1 percent, over FY 2011, which is attributed to an increase in prices and usage. Signage expense was up $0.3 million, or 188.6 percent, with the purchase of new Consolidated Car Rental Facility bus signs. In FY 2011, the cost of supplying baggage tags was down $2.3 million, or 80.5 percent, as the Department purchased and issued an initial supply to the airlines when they converted to the next generation of RFID tags. In FY 2012, this cost rebounded back to FY 2010 levels.

Administrative expenses decreased from $3.3 million in FY 2011 to $2.5 in FY 2012. The majority of this decrease can be attributed to a non-recurring cost of $0.4 million to relocate, in FY 2011, some airline tenant operations in the D-gate concourse for the benefit of achieving more efficient operation of the overall Airport facility.

Insurance expenses decreased in FY 2012 by 1.3 percent due to successful negotiations with insurance brokers to keep rates at previous year levels in a very competitive insurance market. The cost of insurance remained the same at $2.3 million from FY 2011 to FY 2012.

Discussion of FY 2013 Non-operating Revenues and Expenses

Non-Operating Revenues and Expenses
Fiscal Years 2013, 2012, and 2011

Revenue/Expenses Category		FY 2013 (000)		FY 2012 (000)		FY 2011 (000)	Percentage Change 2013 - 2012	Percentage Change 2012 - 2011
Passenger facility charge revenue	$	79,933	$	79,648	$	77,949	0.4%	2.2%
Jet A fuel taxes revenue		11,268		7,425		7,318	51.8%	1.5%
Interest and investment income (loss)								
Unrestricted interest income		498		2,455		5,410	-79.7%	-54.6%
Restricted interest income		3,749		6,221		5,161	-39.7%	20.5%
PFC interest income		225		1,040		1,048	-78.4%	-0.8%
Unrealized gain (loss) on investment - derivative instruments		43,776		(68,988)		39,715	-163.5%	-273.7%
Interest expense		(235,311)		(160,446)		(162,162)	46.7%	-1.1%
Net loss from disposition of capital assets		(607)		(33,000)		(35)	-98.2%	94185.7%
	$	(96,469)	$	(165,645)	$	(25,596)	-41.8%	547.2%

Interest income declined during FY 2013 by 54.0 percent, from $9.7 million in FY 2012 to $4.5 million in FY 2013. This decrease can be attributed to the continued drop in investment rates together with the Department’s capital spending. The average investment rate of return for the Airport’s pooled cash was 0.82 percent in FY 2013 as compared to 1.74 percent for FY 2012. The average investment rate of return for the Department’s fiscal agent cash and cash investments was 0.76 percent in FY 2013 as compared to 0.71 percent in FY 2012.

Interest expense on the Department's outstanding bonds totaled $235.3 million in FY 2013, compared to $160.4 million in FY 2012, an increase of $74.9 million. The most significant factor in this increase was the reduction of $81.5 million in the capitalization of interest expense into construction projects as a result of the completion of T3. The Department made all its scheduled debt service payments in FY 2013, which included scheduled principal repayments of $105.5 million. For FY 2013, there were no increases in outstanding principal since all the financing T3 is in place. The Department continues to closely monitor and evaluate its debt portfolio. Bond Anticipation Notes were issued after June 30, 2013, to replace the outstanding notes. Refer to Note 15, "Subsequent Events," for further details.

Passenger Facility Charge ("PFC") revenues for FY 2013 increased by $0.3 million, or 0.4 percent. This slight increase for FY 2013 can be attributed to essentially flat passenger traffic, as there were no changes in the effective rate.

Effective July 1, 1991, the County enacted an ordinance imposing a tax of $0.02 per gallon on jet aviation ("Jet A") fuel to be allocated to the Department to help facilitate the expansion of air transportation facilities in the region. This tax has been an important source of funding to address capacity, security, safety, and noise matters at the Airport. On May 1, 2012, the Clark County Board of Commissioners unanimously approved an increase in the Jet Aviation Fuel Tax from $0.02 to $0.03 per gallon, which went into effect on July 1, 2012. As a result, during FY 2013, the Department was allocated $11.3 million in Jet A fuel tax revenues, a 51.8 percent increase over FY 2012. The Jet A Fuel Tax revenues were used to pay the principal and interest on the 2003C AMT Jet Aviation Fuel Tax Revenue Bonds. On April 2, 2013, the Department issued $71.0 million of Series 2013A AMT Jet Aviation Fuel Tax Refunding Revenue Bonds for the purpose of refunding the Series 2003C AMT Jet Aviation Fuel Tax Revenue Bonds, consisting of $85.0 million in principal, and for paying certain costs of issuance. Any jet aviation fuel tax revenues in excess of the requirement of the 2013A bonds are currently used to service the principal and interest on the 2013B General Obligation (Limited Tax) Airport Bonds. Principal and interest payments on the jet aviation bonds totaled $10.5 million in FY 2013. Tax revenues on jet aviation fuel were more than sufficient to service the debt on the Series 2003C and 2013A Jet Aviation Fuel Tax Revenue Bonds.

The unrealized gain or loss on investments in derivative instruments is the result of the Department's implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008 and effective for FY 2010. The Department is required to recognize, measure, and disclose the changes in the fair value of its interest rate swaps. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for additional details.

In FY 2013, the Department recognized $0.6 million in net losses from the disposition of fixed assets. These dispositions occurred in connection with normal asset turnover.

Discussion of FY 2012 Non-operating Revenues and Expenses

Interest income decreased during FY 2012 by 16.4 percent, from $11.6 million in FY 2011 to $9.7 million in FY 2012. This decrease can be attributed to the continued drop in investment rates together with the Department's capital spending associated with Terminal 3. For FY 2012, the average investment rate for the Airport's pooled cash was 1.74 percent as compared to 1.94 percent for FY 2011. The average investment rate for the Department's fiscal agent cash and cash investments was 0.71 percent in FY 2012 as compared to 0.56 percent in FY 2011.

Interest expense on the Department's outstanding bonds totaled $160.4 million in FY 2012, compared to $162.2 million in FY 2011, a decrease of $1.8 million. The Department made all its scheduled debt service payments in FY 2012, which included a scheduled repayment of $91.3 million in outstanding principal plus a repayment of $100 million on Bond Anticipated Notes. For FY 2012, there were no increases in outstanding principal since all the financing for the T3 project is in place. The Department continues to closely monitor and evaluate its debt portfolio. Bond Anticipated Notes were issued after June 30, 2012, to replace the outstanding notes. Refer to Note 15, "Subsequent Events."

Passenger Facility Charge ("PFC") revenues for FY 2012 increased by $1.7 million, or 2.2 percent. The increase for FY 2012 can be attributed to the slight increase in passenger traffic as there were no changes in the effective rate.

Effective July 1, 1991, the County enacted an ordinance imposing a two-cent-per-gallon tax on jet aviation ("Jet A") fuel to be allocated to the Airport to help facilitate the expansion of air transportation facilities in the region. This tax has been an important source of funding to address capacity, security, safety, and noise matters at the Airport. During FY 2012, the Department was allocated $7.4 million of Jet A fuel tax revenues, approximately 1.5 percent more than FY 2011. This increase can be attributed to more aviation fuel sales. The Jet A Fuel Tax revenues are currently used to pay the principal and interest on the 2003C Jet Aviation Fuel Tax Revenue Bonds. Any revenues in excess of the requirement of the 2003C bonds are currently used to pay the principal and interest on the 2003B General Obligation (Limited Tax) Airport Bonds. Principal and interest payments on the 2003C Jet Aviation Fuel Tax Revenue Bonds totaled $9.2 million in FY 2012. The unfunded portion of this debt service ($1.8 million) was paid from operating revenues. On May 1, 2012, the Clark County Board of Commissioners unanimously approved an increase in the Jet Aviation Fuel Tax from $0.02 to $0.03 per gallon. This increase is scheduled to be effective July 1, 2012, the beginning of the next fiscal year.

The unrealized gain or loss on investments in derivative instruments is the result of the Department's implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008 and effective for FY 2010. The Department is required to recognize, measure, and disclose the changes in the fair value of its interest rate swaps. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for additional details.

In FY 2012, the Department recognized $33.0 million in net losses from the disposition of fixed assets. The Department made great strides in its future operations at the Airport with the grand opening of its new, state-of-the-art Terminal 3 facility and the remodeling and modernization of the C gates during FY 2012. The new Terminal 3 facility adds fourteen new gates, ticketing points, and customs and border inspection points for all international flights at the Airport and provides domestic flights with access to seven new gates as well as a gateway to the D gates. Previously, Terminal 2 handled all international flights at the Airport. With the grand opening of Terminal 3, Terminal 2 ceased operations, with no future plans to use the terminal. The Department recognized a loss of $25.9 million attributed to the unamortized book value of Terminal 2 at the time it discontinued operations. Also in FY 2012, the Department completed several phases for modernizing the C gates, which provides for more efficient processes for tenants. Previous remodeling costs which were associated with the C gates and which had not been fully depreciated were disposed of in FY 2012 in connection with the nearly completed modernization of the C gates at a loss on disposition of $6.6 million.

Income before Capital Contributions

Income Before Capital Contributions
Fiscal Years 2013, 2012, and 2011

	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Change 2013 - 2012	Change 2012 - 2011
Operating revenue	$ 496,572	$ 355,411	$ 392,554	$ 141,161	$ (37,143)
Operating expenses	234,098	222,336	217,353	11,762	4,983
Income before depreciation	262,474	133,075	175,201	129,399	(42,126)
Depreciation and amortization	199,528	137,052	136,104	62,476	948
Income (loss) from operations	62,946	(3,977)	39,097	66,923	(43,074)
Net non-operating revenue (expense)	(96,469)	(165,645)	(25,596)	69,176	(140,049)
Income (loss) before capital contributions	(33,523)	(169,622)	13,501	136,099	(183,123)
Capital contributions	10,467	36,752	16,761	(26,285)	19,991
Increase (decrease) in net position	(23,056)	(132,870)	30,262	109,814	(163,132)
Net position beginning of year	1,411,698	1,544,568	1,514,306	(132,870)	30,262
Net position end of year	$ 1,388,642	$ 1,411,698	$ 1,544,568	$ (23,056)	$ (132,870)

For FY 2013, loss before capital contributions totaled $33.5 million, a $136.1 million decrease over the FY 2012 loss before capital contributions of $169.6 million. Operating income before depreciation in FY 2013 was $262.5 million, an increase of $129.4 million over the previous fiscal year, which was a result of a $141.2 million increase in operating revenues offset by a $11.8 million increase in operating expenses, as previously discussed. Depreciation and amortization expense increased by $62.5 million, reflecting the capitalization and commencement of operations at T3. Net non-operating expense decreased by $69.2 million, primarily due to an increase in the unrealized loss on derivative instruments of $112.8 million coupled by a decrease in interest income of $5.1 million and an increase in interest expense of $74.9 million. These increases in non-operating expenses were offset by a drop of $32.4 million from the previous fiscal year in net loss from the disposition of capital assets, which occurred primarily as a result of the disposition of Terminal 2 in the previous fiscal year.

For FY 2012, loss before capital contributions totaled $169.6 million, a $183.1 million decrease over FY 2011 operating income of $13.5 million. Operating income before depreciation in FY 2012 was $133.1 million, a decrease of $42.1 million, which was a result of the $37.1 million decrease in operating revenues and a $5 million increase in operating expenses, as previously discussed. Depreciation expense increased slightly by $0.9 million due to continued capital improvements at the Airport. Net non-operating expense increased by $140.1 million due to an increase in the unrealized loss on derivative instruments of $108.7 million, a loss on disposal of fixed assets of $33.0 million, and a decrease in interest income of $1.9 million, which was offset by a decrease in interest expense of $1.7 million. The remainder of the change in net non-operating expense related to an increase in PFC revenue of $1.7 million.

Capital Contributions

During FY 2013, the Department received $10.5 million in grants from the Federal Aviation Administration (“FAA”) for approved capital projects within the Department. These FAA grants represent the Department’s portion of entitlement funds allocated to airports in the United States based on an enplanement formula plus any discretionary grants obtained by the Department. The $17.0 million decrease in FAA grant funding for FY 2013 can be attributed to several grant funded projects coming to a close in FY 2013. The major grant funded projects which were completed include: North Las Vegas Airfield Improvements Phase I; North Las Vegas Westside Airfield Apron Rehabilitation; Phase II Reconstruction of the C Gates Apron and Phase I and II Reconstruction of Taxiway C and D Gates Inner Ramp.

During FY 2012, the Department received $27.5 million in grants from the Federal Aviation Administration ("FAA") for approved capital projects within the Department. These FAA grants represent the Department's portion of entitlement funds allocated to airports in the United States based on an enplanement formula plus any discretionary grants obtained by the Department. The $10.7 million increase in FAA grant funding for FY 2012 can be attributed to an increase in expenditures for grant-eligible projects including reconstruction of major taxiways and land acquisitions for noise compatibility and development. In FY 2012, the Department received donated land from the BLM valued at $9.3 million connected to the Henderson Executive Airport. Previously, this land was leased by the Department.

Capital Improvement Program

Each fiscal year, the Department updates its five-year capital plan. For FY 2014, the Department’s comprehensive five-year capital improvement plan, including bond proceeds dedicated to airfield improvements totals $526.3 million. The following is a summary of the five-year capital plan along with proposed federal grants.

Five-Year Capital Plan
as of June 30, 2013

	Federal Funds (000)	Capital Improvement Account (000)	Bond Funds (000)	Total Budget (000)
Airfield improvements	$ 88,651	$ 64,230	$ 85,949	$ 238,830
Terminal improvement projects	24,024	45,622	-	69,646
Reliever airport projects	18,244	2,362	-	20,606
McCarran support facilities	49,858	147,336	-	197,194
Total	$ 180,777	$ 259,550	$ 85,949	$ 526,276
Percent	34.4%	49.3%	16.3%	100.0%

The signatory airlines serving the Department have approved all the projects listed above. All PFC projects have been approved or are in the process of being presented to the FAA for approval. Federal grants include the Department's entitlements. The capital improvement account monies consist of the Department's gaming revenue, the net cash flow from the Consolidated Rental Car Facility, and funding from the airlines through the Agreement. Based on current five-year projections, it is anticipated that future gaming revenues and future cash flow projections from the rental car facility will adequately fund the capital improvement account requirements. For the periods FY 2014 through FY 2018, it is projected that revenues from gaming, deposits from the Co-operative Management Area program, and net rents from the Consolidated Rental Car Facility will generate $205.2 million. These sources of revenue plus grant contributions will be utilized to fund the Airport's five-year capital improvement plan.

Debt Management

On July 1, 2012, the Department refunded the $200 million Series 2010 E-2 Notes by issuing the Series 2012 A-1 Subordinate Lien Revenue Notes for $180 million, along with a contribution by the Department of $23 million, and obtained $120 million in new proceeds with the issuance of the Series 2012 A-2 Subordinate Lien Revenue Notes. Both the Series 2012 A-1 and A-2 Notes have a stated interest rate of 2.00 percent and mature on July 1, 2013. The Department refinanced these notes on July 1, 2013.

On July 1, 2012, the Department issued $64.4 million of Series 2012B PFC Non-AMT Refunding Revenue Bonds. The Department used the proceeds to refund the Series 1998A PFC Bonds and pay related issuance costs. This bond issuance has a stated fixed interest rate of 5.00 percent with a final maturity date of July 1, 2033.

On February 20, 2013, the County elected to effect a mandatory tender for purchase of the Series 2008 A-2 and B-2 bonds. On this date, the existing standby bond purchase agreements securing the tender for purchase of these bonds were terminated, and letters of credit securing the payment of the principal of and interest on these bonds whenever any amount is payable on these bonds were issued by State Street Bank and Trust Company.

In addition, upon the mandatory tender for purchase of the Series 2008 A-2 and B-2 Bonds and the issuance of the letters of credit by State Street Bank and Trust Company, the County terminated a municipal bond insurance policy and a reserve fund surety issued concurrently with the initial delivery of these bonds by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.). On and after February 20, 2013, the scheduled payment of principal and interest on these bonds has not been supported by a municipal bond insurance policy or by a reserve fund surety.

On April 2, 2013, the Department issued $71.0 million of Series 2013A AMT Jet Aviation Fuel Tax Refunding Revenue Bonds for the purpose of refunding the Clark County, Nevada Series 2003C AMT Jet Aviation Fuel Tax Revenue Bonds, consisting of $85.0 million in principal, and for paying certain costs of issuance. The new bonds mature on July 1, 2029, and bear a fixed interest rate of 5.00 percent per annum.

On April 2, 2013, the Department issued $32.9 million of Series 2013B Non-AMT General Obligation (Limited Tax) (Additionally Secured by Pledged Department Revenues) Refunding Airport Bond for the purpose of refunding the outstanding Series 2003B General Obligation (Limited Tax) (Additionally Secured by Pledged Department Revenues) Airport Bonds, consisting of $37.0 million in principal, and for paying certain costs of issuance. The new bond matures on July 1, 2033, and bears a fixed interest rate of 5.00 percent per annum.

At June 30, 2013, the Department had $4.5 billion in outstanding debt. This amount is made up of $1.0 billion in senior lien debt, $2.0 billion in subordinate lien debt, $1.0 billion in PFC-pledged debt, $147.0 million in third lien debt, and $300.0 million in bond anticipation notes. All the current outstanding debt is naturally or synthetically fixed interest rate debt, with an average interest rate of approximately 5.2 percent in FY 2013. Refer to Note 8, "Long-term Debt," for more detail relating to the Department’s outstanding long-term debt.

During the prior fiscal year, the Department partially refunded $200 million of Series 2008 AMT Subordinate Lien Revenue Bonds with Series 2011B AMT Subordinate Lien Revenue Bonds in August of 2011 at corresponding maturities. The purpose of this refunding was to attain a lower rate in basis points being paid on the credit facilities. No additional funding was needed for FY 2012 as all the remaining financing necessary to complete the T3 project was issued in FY 2010. The Department continues to closely monitor and evaluate its debt portfolio and looks for opportunities to reduce interest costs and pay down outstanding debt.

At June 30, 2012, the Department had $4.5 billion in outstanding debt. This amount is made up of $1.0 billion in senior lien debt, $2.1 billion in subordinate lien debt, $1.0 billion in PFC-pledged debt, $169.5 million in third lien debt, and $300.0 million in bond anticipation notes. All the current outstanding debt is naturally or synthetically fixed interest rate debt, with an average interest rate of approximately 3.5 percent in FY 2012. Refer to Note 8, "Long-term Debt," for more detail relating to the Department’s outstanding long-term debt.

The Department continually reviews strategies to minimize debt service and keep airline costs as reasonable as possible. The ability to adapt to rapidly changing market demands, as has been seen the last several years, will be a critical element to achieving reasonable borrowing costs and maintaining the Department's healthy credit rating. For instance, the Department took full advantage of the provisions under the American Recovery and Reinvestment Act of 2009 ("ARRA"), being the first airport to issue Build America Bonds in the United States in September 2009.

The Department's bonds are rated by these two major rating agencies. The most current ratings are as follows:

	Moody's	S&P
General Airport Revenue Bonds – Senior Lien	Aa2	AA-
General Airport Revenue Bonds – Subordinate Lien	A1	A+
PFC Revenue Bonds	A1	A+
General Airport Revenue Bonds – Third Lien	A2	A

The Master Indenture of Trust, dated May 1, 2003, which governs the issuance of senior lien debt, requires the Department to have net revenues available for bond debt service coverage equal to 1.25 times the amount of debt service on senior lien debt and 1.10 times the amount of debt service on aggregate senior and subordinate lien debt. PFC bonds have no debt service coverage requirement due to the fact that any debt service not payable from PFC proceeds is payable as debt service subordinate to the senior lien bonds. As of June 30, 2013, the coverage on the senior lien bonds was 4.19, and the coverage of aggregate senior and subordinate lien debt was 1.42.

The Department continues to meet the challenge of providing users of the Airport System with quality facilities that meet the demands of growth, safety, and security, while conscientiously and creatively managing the Department's bonding capacity and keeping airline costs as low as possible.

Future Outlook

In FY 2013, passenger enplanements decreased by 0.4 percent. This slight reduction follows several years of increases that have ensued since the economic downturn of FY 2009. However, passenger traffic is not yet back to the levels of FY 2007, when the Airport System's enplanements peaked. The Airport System's growth has stabilized into FY 2014 through August 2013. The Department will continue its System-wide cost containment measures, explore ways to increase non-aeronautical revenues, manage its outstanding debt, and defer any capital spending not already committed in an effort to keep the cost for users of the Airport System as low as possible.

Additional Information

Further information on the results of the Department's financial position is provided in the accompanying audited financial statements and notes for the fiscal years ended June 30, 2013 and 2012. This financial report provides the Department's customers, investors, and creditors with a general overview of the Department's financial condition. The report also presents information about funds it receives and monies it spends for the fiscal periods reported. For questions about this report or additional financial information, please contact the Finance Division, Clark County Department of Aviation, at P.O. Box 11005, Las Vegas, NV 89111-1005. You may also find financial and statistical information for the Department at **www.mccarran.com**

Financial Statements

Clark County Department of Aviation
Clark County, Nevada

Statements of Net Position
As of June 30, 2013 and 2012

Assets and Deferred Outflows of Resources	2013 (000)	2012 (000)
Assets		
Current assets:		
Cash and cash equivalents	$ 247,103	$ 230,968
Cash and cash equivalents, restricted	357,008	498,722
Investments, restricted	257,966	114,158
Securities lending, restricted	-	87,070
Accounts receivable, net of allowance for doubtful accounts of $401 and $421, respectively	51,888	36,421
Interest receivable	4,442	4,664
Grants receivable, restricted	3,256	6,233
Other receivables	1,605	2,589
Inventories	4,824	5,173
Prepaid expenses	1,524	742
Total current assets	929,616	986,740
Non-current assets:		
Capital assets:		
Property and equipment:		
Land	595,314	595,138
Land improvements	1,611,595	1,593,072
Perpetual avigation easement	332,413	294,284
Buildings and improvements	3,521,824	3,501,197
Furniture and fixtures	49,249	48,093
Machinery and equipment	464,014	455,637
Construction in progress	51,893	42,155
	6,626,302	6,529,576
Accumulated depreciation	(1,575,610)	(1,382,591)
Capital assets, net	5,050,692	5,146,985
Other non-current assets:		
Investments, restricted	68,595	105,876
Derivative instruments - interest rate swaps	59,687	60,473
Deferred charges, net	74,492	83,730
Total other non-current assets	202,774	250,079
Total assets	6,183,082	6,383,804
Deferred outflows of resources:		
Hedging derivative instruments	75,847	173,106
Total deferred outflows of resources	75,847	173,106
Total assets and deferred outflows of resources	$ 6,258,929	$ 6,556,910

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Net Position
As of June 30, 2013 and 2012

Liabilities and Net Position	2013 (000)	2012 (000)
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	$ 14,272	$ 17,533
Other accrued expenses	15,804	14,946
Deferred income	4,342	4,763
Avigation acquisition liability	38,000	-
Total payable from unrestricted assets	72,418	37,242
Payable from restricted assets:		
Accounts payable and other current liabilities	8,543	66,441
Accrued interest	122,005	128,582
Securities lending collateral	-	89,278
Current portion of long-term debt	188,625	105,535
Total payable from restricted assets	319,173	389,836
Total current liabilities	391,591	427,078
Non-current liabilities:		
Payable from unrestricted assets:		
Other postemployment benefit liabilities	46,754	36,613
Derivative instruments - interest rate swaps	116,230	258,051
Deposits	695	820
Total payable from unrestricted assets	163,679	295,484
Payable from restricted assets:		
Long-term debt, net of current portion	4,315,017	4,422,650
Total payable from restricted assets	4,315,017	4,422,650
Total non-current liabilities	4,478,696	4,718,134
Total liabilities	4,870,287	5,145,212
Net position:		
Net investment in capital assets	893,519	954,546
Restricted for:		
Capital projects	34,861	29,105
Debt service	152,972	191,675
Other	63,631	50,240
Total restricted	251,464	271,020
Unrestricted	243,659	186,132
Total net position	1,388,642	1,411,698
Total liabilities and net position	$ 6,258,929	$ 6,556,910

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	2013 (000)	2012 (000)
Operating revenues:		
Terminal building and use fees	$ 185,422	$ 75,937
Landing fees and other aircraft fees	59,448	44,919
Terminal concession fees	62,047	56,550
Rental car facility fees	36,166	33,888
Public and employee parking fees	30,540	28,778
Gaming fees	23,865	25,719
Rental car concession fees	29,957	29,848
Ground rents and use fees	20,119	18,817
Gate use fees	26,623	20,254
Ground transportation fees	15,092	13,524
General aviation fuel sales (net of cost)	3,950	3,890
Other	3,343	3,287
Total operating revenues	496,572	355,411
Operating expenses:		
Salaries and benefits	118,701	111,195
Professional services	53,959	51,130
Repairs and maintenance	20,970	21,424
Utilities and communication	23,001	20,970
Materials and supplies	12,491	12,806
Administrative	2,447	2,528
Insurance	2,529	2,283
Total operating expenses	234,098	222,336
Operating income before depreciation	262,474	133,075
Depreciation and amortization	199,528	137,052
Operating income (loss)	62,946	(3,977)
Non-operating revenues (expenses):		
Passenger facility charges	79,933	79,648
Jet A fuel taxes	11,268	7,425
Interest and investment income (loss)	48,248	(59,272)
Interest expense	(235,311)	(160,446)
Net loss from disposition of capital assets	(607)	(33,000)
Total non-operating revenue (expense)	(96,469)	(165,645)
Income (loss) before capital contributions	(33,523)	(169,622)
Capital contributions	10,467	36,752
Change in net position	(23,056)	(132,870)
Net position, beginning of year	1,411,698	1,544,568
Net position, end of year	$ 1,388,642	$ 1,411,698

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013 (000)	2012 (000)
Cash flows from operating activities:		
Cash received from operations	$ 481,265	$ 411,491
Cash paid to employees	(108,151)	(103,152)
Cash paid to outside vendors	(118,167)	(107,989)
Net cash provided by operating activities	254,947	200,350
Cash flows from capital and related financing activities:		
Passenger facility charges received	79,994	79,125
Jet A fuel taxes received	11,008	7,376
Acquisition and construction of capital assets	(121,455)	(337,279)
Federal Aviation Administration grants received	13,444	21,536
Bond proceeds	495,797	200,000
Deposit to refunding escrow	(403,690)	(200,000)
Proceeds from capital asset disposal	508	-
Bond issuance costs	(2,396)	(859)
Debt service payments:		
Principal	(105,535)	(191,265)
Interest (net of capitalized costs)	(244,282)	(160,544)
Net cash used in capital and related financing activities	(276,607)	(581,910)
Cash flows from investing activities:		
Interest and investment income received	2,607	8,011
Proceeds from maturities of investments	463,740	900,086
Purchase of investments	(570,266)	(494,254)
Net cash provided by (used in) investing activities	(103,919)	413,843
Increase (decrease) in cash and cash equivalents	(125,579)	32,283
Cash and cash equivalents, beginning of year	729,690	697,407
Cash and cash equivalents, end of year	$ 604,111	$ 729,690
Cash and cash equivalent balances:		
Unrestricted cash and cash equivalents	$ 247,103	$ 230,968
Restricted cash and cash equivalents	357,008	498,722
Cash and cash equivalents, end of year	$ 604,111	$ 729,690

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013 (000)	2012 (000)
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 62,946	$ (3,977)
Depreciation and amortization	199,528	137,052
(Increase) decrease in accounts receivable-operations	(15,526)	5,242
(Increase) decrease in other receivables-operations	1,244	(1,320)
(Increase) decrease in airline receivable	-	50,736
(Increase) decrease in inventories	349	(1,125)
(Increase) decrease in prepaid expenses	(783)	(185)
Increase (decrease) in accounts payable-operations	(3,263)	6,603
Increase (decrease) in accrued payroll and benefits	10,998	8,045
Increase (decrease) in deferred income	(421)	(1,018)
Increase (decrease) in deposits	(125)	297
Net cash provided by operating activities	$ 254,947	$ 200,350
Non-cash capital and related financing and investing activities		
Perpetual avigation easement settlement	$ 38,000	$ -
Contribution of land for Henderson Executive Airport	$ -	$ 9,300

See accompanying notes to financial statements.

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation ("Department") is a department of Clark County ("County"), a political subdivision of the State of Nevada ("State"). The Department, under the supervision of the Board of County Commissioners ("Board") and the County Manager, is established to operate McCarran International Airport ("Airport") and the four other general aviation facilities owned by the County: North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center, and Overton-Perkins Field (collectively referred to as the "Airport System"). The Board is the governing body of the County. The seven 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 Comprehensive Annual Financial Report ("CAFR").

(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. All tabular dollar amounts are presented in thousands.

The financial statements of the Department, an enterprise fund, are presented applying the accrual basis of accounting. Revenues are recorded when earned. The Department’s operating revenues are derived from fees paid by airlines, concessionaires, tenants, and others. The fees are based on usage fees established by the Department and approved by the Board or in accordance with the Airline–Airport Use and Lease Agreement ("Lease") dated July 1, 2010. The initial term of the Lease is five years with an option to extend for an additional two years upon mutual agreement between the parties. Expenses are recognized when incurred. Non-operating expenses are primarily debt service payments on outstanding Department debt, and non-operating income consists of interest income, gains and losses on derivative instruments, Passenger Facility Charge ("PFC") proceeds and Jet A fuel tax revenues.

(c) Cash and Cash Equivalents, Investments

Cash and cash equivalents

The Department’s pooled funds and short-term investments, with original maturities of three months or less from the date of acquisition, are considered to be cash equivalents. Refer to Note 2, "Cash and Investments," for further details.

Investments

Investments, consisting of federal government obligations and repurchase agreements, guaranteed investment certificates, collateralized investment agreements, and money market funds, are stated at fair value. Investments in the County’s pooled Treasurer’s cash account are adjusted to market. Refer to Note 2, "Cash and Investments," for further details.

(d) Accounts Receivable

Accounts receivable are reported at their gross value when earned. The Department’s collection terms are generally 20 days. The allowance for uncollectible accounts is based on a percentage of open aged receivables at June 30 of each fiscal year. As a customer’s balance is deemed uncollectible, the receivable is cleared, and the amount is written off. If the balance is subsequently collected, payments are applied to the allowance account. Accounts receivable are shown net of the allowance for doubtful accounts in the amount of $401.2 thousand for FY 2013 and $420.6 thousand for FY 2012.

(e) Inventories

Inventories held for resale are valued at the lower of cost or market and consist primarily of jet fuel to be consumed by customers at the general aviation facilities as well as airline baggage tags and maintenance supplies at the Airport System. Expendable parts and supplies held for consumption over the course of the next fiscal year are valued at cost.

(f) Capital Assets

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

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

Repairs and maintenance are charged to operations as incurred unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Refer to Note 6, "Changes in Capital Assets," for further details.

(g) Capitalized Interest

The Department capitalizes interest costs on Airport System construction projects. The amount capitalized is adjusted based on the costs associated with the Airport System's construction in progress and interest expense. For FY 2013 and FY 2012, capitalized interest was $0.4 million and $81.9 million, respectively.

(h) Due from Airlines

The Department deferred the airline additional amounts due from the rates and charges computation of $15.0 million, $31.5 million, and $4.2 million for the fiscal years ended June 30, 2008, 2009, and 2010, respectively. For FY 2013 and FY 2012, there were no additional amounts due to or from the airlines under the terms of the Lease. The additional amounts were due as a result of residual rental rates and charges being calculated at year-end using actual, audited revenues and expenses versus budgeted revenues and expenses. These additional amounts due, which total $50.7 million, have been included in the airline rates base for FY 2012, with the result being that the entire amount has been recovered by the Department in FY 2012.

(i) Deferred Charges

Deferred charges, which consist primarily of underwriter fees and other costs incurred during the issuance of general airport revenue bonds, are amortized over the lives of the related bonds using the proportionate-to-stated interest method. Refer to Note 7, "Deferred Charges," for further details. Deferred charges include amounts due from the signatory airlines on June 30, 2007, that were forgiven in FY 2008 in exchange for the net revenues (excluding land rent) from the Consolidated Rental Car Facility during its 10-year lease term. Deferred charges also include deferred losses incurred on the re-association and revaluation of interest rate swaps paired to certain bonds that were refunded. These deferred losses are amortized on a straight-line basis against corresponding imputed debt over the life of the swap. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for further details.

(j) Federal Grants

Federal Aviation Administration ("FAA") grants are restricted for certain capital improvements and are reported as capital contributions in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, as amended by GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*.

(k) Passenger Facility Charges (“PFC”)

The FAA authorized the County to impose a PFC of $3.00 per qualifying enplaned passenger commencing June 1, 1992. The PFC continued to be $3.00 until November 1, 2004, when the FAA authorized the County to increase the PFC to $4.50. Effective September 1, 2006, the PFC rate decreased from $4.50 per qualifying enplaned passenger to $3.00 pursuant to authorization from the FAA. Effective January 1, 2007, the PFC rate increased from $3.00 per qualifying enplaned passenger to $4.00 through the fiscal year ended June 30, 2008. Effective October 1, 2008, the PFC rate increased to $4.50 per qualifying enplaned passenger.

Net PFC receipts are restricted and can be used only for those capital projects, including debt service, that have been authorized by the FAA. The County has been authorized to collect PFCs in an aggregate amount of $4.6 billion. Collections during the year ended June 30, 2013, are $79.9 million, and aggregate collections including interest from inception through June 30, 2013, are $1,218.8 million. All the PFC collections are used to pay debt service on PFC-pledged bonds or subordinate lien bonds issued to fund FAA-approved projects.

(l) Restricted Assets and Liabilities

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

(m) Budgetary Control

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

(n) Legal Defense Costs

The Department does not accrue for estimated future legal costs and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters; instead, it records these costs as period costs when the related services are rendered.

(o) 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 these estimates and assumptions.

(p) Reclassifications

Certain FY 2012 amounts have been reclassified to conform to the FY 2013 presentation.

2.) CASH AND INVESTMENTS

According to State statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan associations 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 those described for permissible investments. Permissible investments are similar to the allowable County investments described below, except that the statutes permit 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 percent of the deposits with each financial institution. The County has a written agreement with the State Treasurer for monitoring the collateral maintained by the County's depository institutions.

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

Cash and Investment:

	FY 2013 (000)	FY 2012 (000)
Clark County Investment Pool	$ 424,944	$ 434,903
Cash and Investments with Trustee	501,632	510,459
Cash on Hand or In Transit	4,096	4,363
Total	$ 930,672	$ 949,725

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

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

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. As of June 30, 2013, the $424.9 million of the Department's investments held in the investment pool were categorized as follows:

		Percentage Share of Investment Maturities (in years)				
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5	5 to 10	Over 10
U.S. Treasury Obligations	12.2%	37.1%	51.6%	11.3%	0.0%	0.0%
U.S. Agency Obligations	67.3%	33.8%	40.4%	19.2%	6.6%	0.0%
Corporate Obligations	4.2%	2.7%	50.4%	46.9%	0.0%	0.0%
Money Market Funds	4.6%	100.0%	0.0%	0.0%	0.0%	0.0%
Local Government Investment Pool	0.6%	100.0%	0.0%	0.0%	0.0%	0.0%
Commercial Paper	7.5%	100.0%	0.0%	0.0%	0.0%	0.0%
Certificate of Deposit	0.7%	100.0%	0.0%	0.0%	0.0%	0.0%
Repurchase Agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collateralized Mortgage Obligations	0.7%	1.1%	17.2%	3.4%	75.4%	2.9%
Collateralized Inv Agreements	0.3%	0.0%	0.0%	0.0%	0.0%	100.0%
Asset Backed Securities	1.9%	0.0%	37.4%	43.7%	18.9%	0.0%
	100.0%	40.9%	36.4%	17.1%	5.3%	0.3%

June 30, 2012, the $434.9 million of the Department's investments held in the investment pool were categorized as follows:

For the Fiscal Years Ended June 30, 2013 and 2012

		Percentage Share of Investment Maturities (in years)				
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5	5 to 10	Over 10
U.S. Treasury Obligations	11.6%	22.7%	77.3%	0.0%	0.0%	0.0%
U.S. Agency Obligations	59.3%	19.0%	59.9%	17.4%	3.7%	0.0%
Corporate Obligations	7.8%	52.9%	38.3%	8.8%	0.0%	0.0%
Money Market Funds	0.1%	100.0%	0.0%	0.0%	0.0%	0.0%
Local Government Investment Pool	0.2%	100.0%	0.0%	0.0%	0.0%	0.0%
Commercial Paper	3.5%	100.0%	0.0%	0.0%	0.0%	0.0%
Certificate of Deposit	4.2%	100.0%	0.0%	0.0%	0.0%	0.0%
Repurchase Agreements	10.8%	100.0%	0.0%	0.0%	0.0%	0.0%
Collateralized Mortgage Obligations	0.9%	0.0%	2.1%	15.4%	76.2%	6.3%
Asset Backed Securities	1.6%	0.0%	67.9%	24.0%	8.1%	0.0%
	100.0%	25.5%	57.0%	13.8%	3.6%	0.1%

(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

At June 30, 2013, 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 one time 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 Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"), respectively, as follows:

	Moody's	S&P
U.S. Treasury Securities	Aaa	AA+
U.S. Federal Agency Bonds	Aaa	AA+
Discount Notes of U.S. Federal agencies	P-1	A-1+
Corporate Obligation/Notes	A1	A-
Money Market Funds	Aaa	AAA
Negotiable Certificates of Deposit	P-1	A-1
Commercial Paper [Discounts]	P-1	A-1
Collateralized Mortgage Obligations	Aaa	AA+
Collateralized Investment Agreements	A	A
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 five percent of the County Investment Pool.

At June 30, 2013, the following investments exceeded five percent of the total cash and investments invested for all entities combined:

Federal Farm Credit Banks (FFCB)	9.71%
Federal Home Loan Banks (FHLB)	6.96%
Federal Home Loan Mortgage Corporation	27.23%
Federal National Mortgage Association	24.08%

As of June 30, 2012, the following investments exceeded five percent of the total cash, investments, and loaned securities invested for all entities combined:

Federal Farm Credit Banks (FFCB)	12.44%
Federal Home Loan Banks (FHLB)	10.48%
Federal Home Loan Mortgage Corporation	26.13%
Federal National Mortgage Association	20.42%
Money Market Fund	5.98%

(e) Securities Lending

Nevada Revised Statute (NRS) §355.178 authorizes the County to participate in securities lending transactions, where the County's securities are loaned to brokers, dealers, and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102 percent of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year end. The collateral for the loans is maintained at 102 percent, and the value of the securities borrowed is determined on a daily basis.

In FY 2013, the County terminated all securities lending transactions, under the direction of the Treasurer. The final transaction was completed on June 20, 2013. The decision to terminate all securities lending transactions was based on an analysis of cost effectiveness and risk. As of June 30, 2013, there are no plans to enter into any securities lending transactions.

The fair value of the securities on loan allocated to the Department in FY 2013 and FY 2012 was $0.0 and $87.1 million, respectively. The Department was allocated cash collateral with a value of $0.0 in FY 2013 and $89.3 million in FY 2012. Prior to June 30, 2013, the County adjusted the investments in the Treasurer Investment Pool to market and allocated the adjustment to the various participants based on each participant's share in the Treasurer Investment Pool. For FY 2013 and FY 2012, the Department's allocated portion of the market adjustment was $(891) thousand and $2.1 million, respectively.

(f) 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. Consistent with the County's securities lending policy, there were no funds held by the counterparty that was acting as the County's agent in securities lending transactions.

(g) Trustee Cash

In accordance with the Master Indenture of Trust dated May 3, 2003, as amended, between the County and the Bank of New York Mellon ("Trustee"), the Department uses the Trustee to retain all debt service reserve funds and to make all annual debt service payments to bondholders. As of June 30, 2013 and 2012, the Trustee held $501.6 million and $510.5 million, respectively, of the Department's cash and investments restricted for debt service reserves, bond proceeds, and annual debt service payments.

As of June 30, 2013, of the $501.6 million held by the Trustee, $175.1 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $326.6 million was invested in short- and long-term investments with the following entities:

		Investment Maturities (in Years)				
Investment Type	Fair Value FY 2013 (000)	Less Than 1	1 to 3	3 to 5	5 to 10	Over 10
US Treasury Notes	$ 129,794	$ 110,810	$ 18,984	$ -	$ -	$ -
Federal Home Loan Mortgage Corporation Discounts	63,133	63,133	0	-	-	-
Federal Home Loan Mortgage Corporation Non-Callables	31,623	31,623	0	-	-	-
Federal National Mortgage Association Discounts	31,496	31,496	0	-	-	-
Federal National Mortgage Association Non-Callables	20,014	0	20,014	-	-	-
FSA Collateralized Investment Agreement*	14,868	0	0	-	-	14,868
Federal Home Loan Mortgage Corporation Callables	9,868	0	0	9,868	-	-
Federal Farm Credit Bank Floaters	8,004	8,004	0	-	-	-
Federal Home Loan Bank Discounts	7,900	7,900	0	-	-	-
Federal Home Loan Bank Non-Callables	5,000	5,000	0	-	-	-
Federal National Mortgage Association Callables	4,861	0	0	4,861	-	-
	$ 326,561	$ 257,966	$ 38,998	$ 14,729	$ -	$ 14,868

Investment Ratings	Moody's	Standard & Poor's
US Treasury Notes	Aaa	AA+
Federal Home Loan Mortgage Corporation Discounts	P-1	A-1+
Federal Home Loan Mortgage Corporation Non-Callables	Aaa	AA+
Federal National Mortgage Association Discounts	P-1	A-1+
Federal National Mortgage Association Non-Callables	Aaa	AA+
FSA Collateralized Investment Agreement*	A2	AA-
Federal Home Loan Mortgage Corporation Callables	Aaa	AA+
Federal Farm Credit Bank Floaters	Aaa	AA+
Federal Home Loan Bank Discounts	P-1	A-1+
Federal Home Loan Bank Non-Callables	Aaa	AA+
Federal National Mortgage Association Callables	Aaa	AA+

* Series 2007A Debt Service Reserve Fund invested through the life of the bond issue, July 1, 2040.

As of June 30, 2012, of the $510.5 million held by the Trustee, $253.5 million in cash and cash equivalents was invested in United States Government Money Market Funds, $36.9 million was invested in Federal Agency Discounts with a maturity of less than three months from the date of acquisition, and $220.0 million was invested in short- and long-term investments with the following entities:

Investment Type	Fair Value FY 2012 (000)	Investment Maturities (in Years) Less Than 1	1 to 3	3 to 5	5 to 10	Over 10
Federal Home Loan Mortgage Corporation Discounts	$ 81,872	$ 81,872	$ -	$ -	$ -	$ -
Federal Home Loan Mortgage Corporation Debentures	63,391	31,714	31,677	-	-	-
US Treasury Notes	59,903	572	59,331	-	-	-
FSA Collateralized Investment Agreement*	14,868	-	-	-	-	14,868
	$ 220,034	$ 114,158	$ 91,009	$ -	$ -	$ 14,868

Investment Ratings	Moody's	Standard & Poor's
Federal Home Loan Mortgage Corporation Discounts	P-1	A-1
Federal Home Loan Mortgage Corporation Debentures	Aaa	AA+
US Treasury Notes	Aaa	AA+
FSA Collateralized Investment Agreement*	Aa	AA

* Series 2007A Debt Service Reserve Fund invested through the life of the bond issue, July 1, 2040.

3.) GRANTS RECEIVABLE

Grants receivable include FAA grants in the amount of $3.3 million at June 30, 2013. Grants receivable at June 30, 2012, include FAA grants in the amount of $6.2 million.

4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included Passenger Facility Charges and Jet A fuel tax revenue-related assets as restricted assets because these assets have been pledged for capital projects and debt service. Restricted assets reported in the financial statements consist of the following:

For the Fiscal Years Ended June 30, 2013 and 2012

	June 30, 2013 (000)	June 30, 2012 (000)
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	$ 172,830	$ 166,102
Cash and investments - PFC	17,467	15,542
Accounts receivable - PFC	12,202	12,262
Other receivable - project cost reimbursement	856	-
Grant reimbursements receivable	2,749	1,049
Interest receivable	1,587	252
Subtotal restricted for capital projects	207,691	195,207
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	51,950	53,466
Cash and investments - Other bonds	185,747	240,402
Subtotal restricted for bond funds	237,697	293,868
Debt service reserves:		
Cash and investments - PFC bonds	80,320	89,182
Cash and investments - Other bonds	89,343	90,540
Subtotal restricted for debt service reserves	169,663	179,722
Subordinate and other debt coverage reserves:		
Cash and investments	35,300	24,094
Interest receivable	4	5
Other receivable - Jet A fuel taxes	1,598	1,338
Subtotal restricted for subordinate and other debt coverage reserves	36,902	25,437
Subtotal restricted for debt service	444,262	499,027
Other restricted assets:		
Cash and investments - Working capital and contingency	19,439	18,664
Cash and investments - Capital fund	31,174	20,765
Securities lending collateral	-	87,070
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	63,631	139,517
Total restricted assets	$ 715,584	$ 833,751
Restricted assets by class:		
Total current assets	$ 633,971	$ 714,857
Total capital assets	13,018	13,018
Total non-current assets	68,595	105,876
	$ 715,584	$ 833,751

Restricted assets for FY 2013 decreased $118.2 million over FY 2012 due to reductions in debt service amounts and the termination of securities lending transactions by the Treasurer.

5.) RETIREMENT PLAN

(a) Pension Plan

The Department contributes to the Public Employees' Retirement System ("PERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Nevada Public Employees' Retirement System. PERS provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS was established by legislation in 1947 and is governed by a board that is responsible for the administration and management of the fund. The autonomous, seven-member board is appointed by the Governor. PERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Public Employees' Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Contribution rates are established by NRS §286.410. The statute provides for increases in odd-numbered years to an actuarially determined rate sufficient to amortize the unfunded liability of PERS to zero over a 30-year amortization period. The Department is obligated to contribute all amounts due under PERS. The PERS contribution rates in effect for the fiscal years ended June 30, 2013, 2012, and 2011 were 23.75 percent, 23.75 percent, and 21.50 percent of annual covered payroll, respectively. The Department's contributions to PERS, which were equal to the required contribution, for the years ended June 30, 2013, 2012, and 2011 were $18.3 million, $17.1 million, and $16.0 million, respectively.

(b) Other Postemployment Benefits

Plan Information

Retirees of the Department may continue insurance coverage through the Clark County Retiree Health Program ("County Plan"), an agent multiple-employer defined benefit plan, if enrolled as an active employee at the time of retirement. Within the County Plan, retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan ("Self-Funded Plan") and Health Plan of Nevada ("HPN"), a fully insured health maintenance organization plan.

Some retired employees are also enrolled in the State program of insurance. This program, the Public Employees' Benefits Program ("PEBP"), is an agent multiple-employer, defined benefit plan.

Each plan provides medical, dental, prescription, and vision benefits to eligible active and retired employees and beneficiaries. Except for the PEBP, benefit provisions are established and amended through negotiations between the County and the employee union. PEBP benefit provisions are established by the Nevada State Legislature.

The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The Self-Funded Plan is included in the Clark County Comprehensive Annual Financial Report as an internal service fund, the Self-Funded Group Insurance fund, as required by NRS.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the plans at the following addresses or phone number:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, Nevada 89701
(800) 326-5496

Funding Policy and Annual Other Postemployment Benefit (OPEB) Cost

For the Self Funded Plan and HPN, contribution requirements of plan members and the employer are established and may be amended through negotiations between the various unions and the governing bodies of the employers.

The Department pays approximately 90 percent of premiums for active employee coverage, an average of $7,074 per active employee for the year ended June 30, 2013. Retirees pay the entire cost of their premium. Active and retiree loss experience is combined to create a single, blended premium for each level of coverage (member only, member plus spouse, member plus children, or family), as required by State law. This combining of loss experience creates an implicit subsidy to the retirees who would otherwise pay higher premiums if their loss experience were rated separately.

The Department is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who have enrolled in this plan. In 2013, retirees were eligible for a $118 per month subsidy after five years of service and up to $650 per month after 20 years of service with a Nevada state or local government entity. The subsidy is set by the State Legislature.

The annual OPEB cost for each program is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Department’s annual OPEB cost for the current year and the related information for each plan are as follows:

	Self-Funded/Health Plan of Nevada (HPN)	PEBP
Contribution rates	Actuarially determined, premium sharing determined by union contracts.	Set by State Legislature.
Department	Implicit subsidy through blending of active and retiree loss experience.	$118 per month after 5 years of service up to $650 per month after 20 years.
Plan Members	From $161 per month for individual coverage to $1,428 per month for family coverage, depending on plan.	From $602 to $2,008, depending on level of coverage and subsidy earned.

	Self-Funded/HPN FY 2013	Self-Funded/HPN FY 2012	PEBP FY 2013	PEBP FY 2012
Annual Required Contribution (ARC)	$ 11,905,343	$ 11,180,671	$ 962,692	$ 1,009,303
Interest on Net OPEB obligation	1,469,495	989,279	118,928	94,990
Adjustment to ARC	(2,124,525)	(1,498,440)	(171,941)	(79,359)
Annual OPEB Cost	11,250,313	10,671,510	909,679	1,024,934
Contributions made	(1,783,577)	(1,276,192)	(235,979)	(243,401)
Increase (decrease) in net OPEB obligation	9,466,736	9,395,318	673,700	781,533
Net OPEB obligation, beginning of FY	34,344,613	24,949,295	2,268,310	1,486,777
Net OPEB obligation, end of FY	$ 43,811,349	$ 34,344,613	$ 2,942,010	$ 2,268,310

The Department's net OPEB obligation is included on the Statements of Net Position under other non-current liabilities. The Department's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligations for 2013, 2012, and 2011 were as follows:

	Year-ended	Annual OPEB cost	% of OPEB cost contribution	Net OPEB obligation
Self-funded/HPN	June 30, 2011	$ 10,870,893	13.2%	$ 24,949,295
Self-funded/HPN	June 30, 2012	10,671,510	12.0%	34,344,613
Self-funded/HPN	June 30, 2013	11,250,313	15.9%	43,811,349
PEBP plan	June 30, 2011	$ 979,946	28.3%	$ 1,486,777
PEBP plan	June 30, 2012	1,024,934	23.7%	2,268,310
PEBP plan	June 30, 2013	909,679	25.9%	2,942,010

Funded status and funding progress

The funded status of the plans as of the most recent actuarial date, July 1, 2012, was as follows:

	Self funded/ HPN	PEBP
Actuarial accrued liability (a)	$ 109,026,574	$ 19,890,957
Funded ratio	0.0%	0.0%
Covered payroll (c)	$ 75,184,165	$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) / (c)]	145.0%	N/A*

*PEBP no longer has active employees effective 9/1/08.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows, in future years, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Department and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

	Self-funded HPN	PEBP
Actuarial valuation date	7/1/2012	7/1/2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions:		
Investment rate of return	4.00%	4.00%
Projected salary increase	N/A	N/A
Healthcare inflation rate	8.5% initial	8.5% initial
	5% ultimate	5% ultimate

6.) CHANGES IN CAPITAL ASSETS

The following schedule details the additions, retirements, and transfers of capital assets during FY 2013 and FY 2012. The schedule also details the changes in accumulated depreciation for FY 2013 and FY 2012.

	Balance July 1, 2012 (000)	Additions and Reclasses (000)	Deletions and Reclasses (000)	Balance June 30, 2013 (000)
Capital assets, not being depreciated:				
Land	$ 595,138	$ 310	$ (134)	$ 595,314
Avigation easement	294,284	38,129	-	332,413
Construction in progress	42,155	50,241	(40,503)	51,893
Total capital assets, not being depreciated:	931,577	88,680	(40,637)	979,620
Capital assets, being depreciated:				
Land Improvements	1,593,072	18,523	-	1,611,595
Buildings and improvements	3,501,197	23,760	(3,133)	3,521,824
Machinery and equipment	455,637	9,913	(1,536)	464,014
Furniture and fixtures	48,093	1,156	-	49,249
Total capital assets being depreciated:	5,597,999	53,352	(4,669)	5,646,682
Less accumulated depreciation:				
Land improvements	(608,453)	(65,925)	6	(674,372)
Buildings and improvements	(573,910)	(96,171)	2,210	(667,871)
Machinery and equipment	(185,071)	(31,490)	1,507	(215,054)
Furniture and fixtures	(15,157)	(3,156)	-	(18,313)
Total accumulated depreciation	(1,382,591)	(196,742)	3,723	(1,575,610)
Total capital assets being depreciated, net	4,215,408	(143,390)	(946)	4,071,072
Governmental activities capital assets, net	$ 5,146,985	$ (54,710)	$ (41,583)	$ 5,050,692

	Balance July 1, 2011 (000)	Additions and Reclasses (000)	Deletions and Reclasses (000)	Balance June 30, 2012 (000)
Capital assets, not being depreciated:				
Land	$ 584,845	$ 10,293	$ -	$ 595,138
Avigation easement	294,284	-	-	294,284
Construction in progress	2,060,656	293,510	(2,312,011)	42,155
Total capital assets, not being depreciated:	2,939,785	303,803	(2,312,011)	931,577
Capital assets, being depreciated:				
Land Improvements	1,305,501	294,320	(6,749)	1,593,072
Buildings and improvements	1,752,707	1,820,129	(71,639)	3,501,197
Machinery and equipment	294,532	170,161	(9,056)	455,637
Furniture and fixtures	17,347	30,798	(52)	48,093
Total capital assets being depreciated:	3,370,087	2,315,408	(87,496)	5,597,999
Less accumulated depreciation:				
Land improvements	(558,605)	(56,345)	6,497	(608,453)
Buildings and improvements	(558,914)	(54,582)	39,586	(573,910)
Machinery and equipment	(171,146)	(22,297)	8,372	(185,071)
Furniture and fixtures	(14,191)	(1,007)	41	(15,157)
Total accumulated depreciation	(1,302,856)	(134,231)	54,496	(1,382,591)
Total capital assets being depreciated, net	2,067,231	2,181,177	(33,000)	4,215,408
Governmental activities capital assets, net	$ 5,007,016	$ 2,484,980	$ (2,345,011)	$ 5,146,985

7.) DEFERRED CHARGES

Deferred charges for fiscal years 2013 and 2012 are as follows:

	June 30, 2013 (000)	June 30, 2012 (000)
Bond or swap issuance costs:		
1998 PFC	$ -	$ 530
2002 PFC	-	4
2003 Series B General Obligation	-	343
2003 Series C Jet A Fuel Tax	-	1,541
2004 Series A-1	941	1,098
2004 Series A-2	2,960	3,124
2005 Series A Senior	802	834
2006 Series A	385	415
2007 Series A-1	1,138	1,274
2007 Series A-2	658	685
2007 Series A-1 PFC	889	976
2007 Series A-2 PFC	795	854
2008 Series A PFC	299	410
2008 Series A General Obligation	212	227
2008 Series A-2	321	399
2008 Series B-2	321	399
2008 Series C	910	981
2008 Series D-1	167	200
2008 Series D-2	745	799
2008 Series D-3	410	438
2008 Series E	58	105
2009 Series A and 2009 Swaps	4,222	4,445
2009 Series B Build America Bonds	2,929	3,046
2009 Series C	969	1,057
2010 Interest Swap Contract Cost	1,316	1,365
2010 Series A PFC	4,206	4,392
2010 Series B	2,164	2,251
2010 Series C Build America Bonds	3,802	3,931
2010 Series D	609	695
2010 Series F-1 PFC	285	420
2010 Series F-2 PFC	351	401
2011 Interest Swap Contract Cost	1,672	1,748
2011 Series B-1	273	339
2011 Series B-2	229	285
2012 Series A-1	43	23
2012 Series A-2	29	16
2012 Series B PFC	629	50
2013 Series A Jet A Fuel Tax	618	-
2013 Series B General Obligation	349	-
Total bond or swap issuance costs	36,706	40,100
Unamortized Consolidated Car Rental Center lease cost	10,575	13,396
Deferred loss on imputed debt (see Note 9)	27,211	30,234
	$ 74,492	$ 83,730

8.) LONG-TERM DEBT

(a) Summary of Long-Term Debt Transactions for the Fiscal Years Ended June 30, 2013 and 2012

Long-term Debt as of June 30, 2013

	Balance June 30, 2012 (000)	Additions (000)	Refunding (000)	Pay downs (000)	Balance June 30, 2013 (000)	
SENIOR LIEN BONDS:						
1993 Series A	$ 34,400	$ -	$ -	$ 34,400	$ -	*
2005 Series A	69,590	-	-	-	69,590	†
2008 Series E	42,750	-	-	14,915	27,835	†
2009 Series B Build America Bonds	300,000	-	-	-	300,000	†
2010 Series C Build America Bonds	454,280	-	-	-	454,280	†
2010 Series D	132,485	-	-	-	132,485	†
Sub-Total Senior Lien Bonds	1,033,505	-	-	49,315	984,190	
SUBORDINATE LIEN BONDS:						
2004 Series A-1	128,430	-	-	7,250	121,180	†
2004 Series A-2	232,725	-	-	-	232,725	†
2006 Series A	32,585	-	-	400	32,185	†
2007 Series A-1	150,400	-	-	16,080	134,320	†
2007 Series A-2	56,225	-	-	-	56,225	†
2008 Series A-2	50,000	-	-	-	50,000	*
2008 Series B-2	50,000	-	-	-	50,000	*
2008 Series C-1	122,900	-	-	-	122,900	*
2008 Series C-2	71,550	-	-	100	71,450	*
2008 Series C-3	71,450	-	-	-	71,450	*
2008 Series D-1	58,920	-	-	-	58,920	*
2008 Series D-2A	100,000	-	-	-	100,000	*
2008 Series D-2B	99,605	-	-	-	99,605	*
2008 Series D-3	122,865	-	-	-	122,865	*
2009 Series C	168,495	-	-	-	168,495	†
2010 Series B	350,000	-	-	-	350,000	†
2011 Series B-1	100,000	-	-	-	100,000	*
2011 Series B-2	100,000	-	-	-	100,000	*
Sub-Total Subordinate Lien Bonds	2,066,150	-	-	23,830	2,042,320	
BOND ANTICIPATION NOTES:						
2010 Series E	200,000	-	200,000	-	-	‡
2012 Series A-1	-	180,000	-	-	180,000	‡
2012 Series A-2	-	120,000	-	-	120,000	‡
Sub-Total Bond Anticipation Notes	200,000	300,000	200,000	-	300,000	
PFC BONDS:						
1998 Series A	81,690	-	81,690	-	-	†
2002 Series A	5,645	-	-	4,765	880	†
2007 Series A-1	112,205	-	-	1,225	110,980	†
2007 Series A-2	105,475	-	-	-	105,475	†
2008 Series A	100,345	-	-	8,045	92,300	†
2010 Series A	450,000	-	-	-	450,000	†
2010 Series F-1	90,065	-	-	13,950	76,115	†
2010 Series F-2	100,000	-	-	-	100,000	*
2012 Series B	-	64,360	-	-	64,360	†
Sub-Total PFC Bonds	1,045,425	64,360	81,690	27,985	1,000,110	
THIRD LIEN BONDS:						
2003 General Obligation Series B	37,000	-	37,000	-	-	†
2003 Jet A Fuel Tax Series C	89,405	-	85,000	4,405	-	†
2008 General Obligation Series A	43,105	-	-	-	43,105	*
2013 General Obligation Series B	-	32,915	-	-	32,915	†
2013 Jet A Fuel Tax Series A	-	70,965	-	-	70,965	†
Sub-Total Third Lien Bonds	169,510	103,880	122,000	4,405	146,985	
Total principal outstanding	4,514,590	468,240	403,690	105,535	4,473,605	
Add:						
Unamortized premiums	53,082				64,364	
Imputed debt from termination of hedges	30,234				27,211	
Less:						
Current portion of long-term debt	105,535				188,625	
Unamortized deferred amount on refundings	39,395				34,071	
Unamortized discount	30,326				27,467	
Total long-term debt outstanding	$ 4,422,650				$ 4,315,017	

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

Long-term Debt as of June 30, 2012

	Balance June 30, 2011 (000)	Additions (000)	Refunding (000)	Pay downs (000)	Balance June 30, 2012 (000)	
SENIOR LIEN BONDS:						
1993 Series A	$ 66,600	$ -	$ -	$ 32,200	$ 34,400	*
2005 Series A	69,590	-	-	-	69,590	†
2008 Series E	51,970	-	-	9,220	42,750	†
2009 Series B Build America Bonds	300,000	-	-	-	300,000	†
2010 Series C Build America Bonds	454,280	-	-	-	454,280	†
2010 Series D	132,485	-	-	-	132,485	†
Sub-Total Senior Lien Bonds	1,074,925	-	-	41,420	1,033,505	
SUBORDINATE LIEN BONDS:						
2004 Series A-1	128,430	-	-	-	128,430	†
2004 Series A-2	232,725	-	-	-	232,725	†
2006 Series A	50,940	-	-	18,355	32,585	†
2007 Series A-1	150,400	-	-	-	150,400	†
2007 Series A-2	56,225	-	-	-	56,225	†
2008 Series A-2	150,000	-	100,000	-	50,000	*
2008 Series B-2	150,000	-	100,000	-	50,000	*
2008 Series C-1	122,900	-	-	-	122,900	*
2008 Series C-2	71,650	-	-	100	71,550	*
2008 Series C-3	71,450	-	-	-	71,450	*
2008 Series D-1	58,920	-	-	-	58,920	*
2008 Series D-2A	100,000	-	-	-	100,000	*
2008 Series D-2B	99,605				99,605	*
2008 Series D-3	122,865	-	-	-	122,865	*
2009 Series C	168,495	-	-	-	168,495	†
2010 Series B	350,000	-	-	-	350,000	†
2011 Series B-1	-	100,000	-	-	100,000	*
2011 Series B-2	-	100,000	-	-	100,000	*
Sub-Total Subordinate Lien Bonds	2,084,605	200,000	200,000	18,455	2,066,150	
BOND ANTICIPATION NOTES:						
2010 Series E	200,000	-	-	-	200,000	‡
2011 Series A	100,000	-	-	100,000	-	‡
Sub-Total Bond Anticipation Notes	300,000	-	-	100,000	200,000	
PFC BONDS:						
1998 Series A	81,690	-	-	-	81,690	†
2002 Series A	8,605	-	-	2,960	5,645	†
2007 Series A-1	113,510	-	-	1,305	112,205	†
2007 Series A-2	105,475	-	-	-	105,475	†
2008 Series A	109,585	-	-	9,240	100,345	†
2010 Series A	450,000	-	-	-	450,000	†
2010 Series F-1	104,160	-	-	14,095	90,065	†
2010 Series F-2	100,000	-	-	-	100,000	*
Sub-Total PFC Bonds	1,073,025	-	-	27,600	1,045,425	
THIRD LIEN BONDS:						
2003 General Obligation Series B	37,000	-	-	-	37,000	†
2003 Jet A Fuel Tax Series C	93,195	-	-	3,790	89,405	†
2008 General Obligation Series A	43,105	-	-	-	43,105	*
Sub-Total Third Lien Bonds	173,300	-	-	3,790	169,510	
Total principal outstanding	4,705,855	200,000	200,000	191,265	4,514,590	
Add:						
Unamortized premiums	68,614				53,082	
Imputed debt from termination of hedges	11,681				30,234	
Less:						
Current portion of long-term debt	191,265				105,535	
Unamortized deferred amount on refundings	42,487				39,395	
Unamortized discount	32,186				30,326	
Total long-term debt outstanding	$ 4,520,212				$ 4,422,650	

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

(b) 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 ("Indenture") dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A.

Senior 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. 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 the fiscal year and (2) to provide an amount not less than 125 percent of the aggregate debt service requirement ("Coverage") for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for FY 2013 and FY 2012 were 4.19 and 4.63, respectively. In FY 2013 and FY 2012, the County did not issue any new senior lien bonds. As of June 30, 2013, the Department has $1.0 billion in outstanding senior lien bonds.

(c) 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 Master Indenture of Trust ("Indenture") dated May 1, 2003, 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 percent of the aggregate debt service requirement ("Coverage") for all the senior lien and subordinate lien bonds then outstanding for the fiscal year. The actual subordinate lien coverage ratios for FY 2013 and 2012 were 1.42 and 2.05, respectively.

In August 2011, the Department issued $100 million of Series 2011 B-1 AMT and $100 million of Series 2011 B-2 AMT Airport System Subordinate Lien Revenue Bonds to refund $100 million of Series 2008 A-1 AMT and $100 million of 2008 B-1 AMT Subordinate Lien Revenue Bonds, respectively.

On February 20, 2013, the County elected to effect a mandatory tender for purchase of the Series 2008 A-2 and B-2 bonds. On this date, the existing standby bond purchase agreements securing the tender for purchase of these bonds were terminated, and letters of credit securing the payment of the principal of and interest on these bonds whenever any amount is payable were issued by State Street Bank and Trust Company.

In addition, upon the mandatory tender for purchase of the Series 2008 A-2 and B-2 Bonds and the issuance of the letters of credit by State Street Bank and Trust Company, the County terminated a municipal bond insurance policy and a reserve fund surety issued concurrently with the initial delivery of these bonds by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.). On and after February 20, 2013, the scheduled payment of principal of and interest on these bonds has not been supported by a municipal bond insurance policy or by a reserve fund surety.

As of June 30, 2013, the Department has $2.0 billion in outstanding subordinate lien bonds.

(d) 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 Master Indenture of Trust ("Indenture") dated May 1, 2003, 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 net revenues of the Airport System subordinate and junior to the claim on net revenues by outstanding senior lien bonds. PFC bonds are secured by and are payable from a claim on net revenues of the Airport System on a parity with the claim on net revenues by outstanding subordinate lien bonds. For FY 2008, the Department collected a PFC of $4.00 per qualifying enplaned passenger. Effective October 1, 2008, the PFC rate increased to $4.50 per qualifying enplaned passenger.

In FY 2013 and FY 2012, the Department earned $79.9 million and $79.7 million, respectively, in PFC revenues and earned $225 thousand and $1.0 million, again respectively, in interest. In FY 2013 and FY 2012, the Department pledged $76.4 million and $76.6 million, respectively, toward debt service payments associated with outstanding PFC bonds and pledged $3.8 million and $4.1 million, again respectively, toward debt service payments on certain subordinate lien bonds that were used to fund PFC projects approved by the FAA. No coverage is required for the PFC Bonds.

On July 1, 2012, the Department issued $64.3 million of Series 2012B Non-AMT PFC Refunding Revenue Bonds to refund the outstanding series 1998A PFC Refunding Revenue Bonds for the purpose of achieving future cash flow savings.

As of June 30, 2013, the Department has $1.0 billion in outstanding PFC pledged bonds.

(e) Bond Anticipation Notes

At the beginning of FY 2011, the Department had outstanding, for the purpose of funding the Terminal 3 (“T3”) project, a $100.0 million, one-year Series 2010 E-1 Junior Subordinate Lien Note, with a stated interest rate of 2.50 percent and a yield of 0.63 percent, and a $200.0 million, two-year Series 2010 E-2 Junior Subordinate Lien Note, with a stated interest rate of 5.00 percent and a yield of 1.78 percent. Both these notes were secured by a subordinate lien on the net revenues of the Airport System. On May 15, 2011, the Department issued a $100.0 million, one-year Series 2011A Junior Subordinate Lien Revenue Note to refund the Series 2010 E-1 Junior Lien Revenue Note and to pay certain issuance costs. The Series 2011A Junior Subordinate Lien Revenue Note had a stated interest rate of 2.00 percent and a yield of 0.60 percent.

On June 19, 2012, the Department paid down the Series 2011A Note. On July 1, 2012, the Department refunded the $200.0 million Series 2010 E-2 Notes by issuing the Series 2012 A-1 Subordinate Lien Revenue Notes for $180.0 million, along with a contribution by the Department of $23 million. The Series 2012 A-1 Note had a stated interest rate of 2.00 percent and a yield of 0.42 percent. On that same date, the Department also obtained $120.0 million in new proceeds with the issuance of the Series 2010 A-2 Subordinate Lien Revenue Note, which bore stated interest rate of 2.00 percent and a yield of 0.35 percent.

On July 1, 2013, the Department issued a $174.3 million, two-year Series 2013 C-1 Junior Subordinate Lien Revenue Note to refund the Series 2012 A-1 Junior Lien Revenue Note and to pay certain issuance costs. The Series 2013 C-1 Note has a stated interest rate of 2.50 percent and a yield of 0.70 percent. On that same date, the Department also issued a $118.3 million, one-year Series 2013 C-2 Junior Subordinate Lien Revenue Note to refund the Series 2012 A-2 Junior Lien Revenue Note and to pay certain issuance costs. The Series 2013 C-2 Note has a stated interest rate of 2.00 percent and a yield of 0.35 percent. Refer to Note 15, "Subsequent Events," for further details.

(f) Third Lien Bonds

The issuance of third 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 third lien bonds are issued in accordance with the Master Indenture of Trust ("Indenture") dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A.

The third lien 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 third lien bonds are also secured by and are payable from a claim on net revenues of the Airport System subordinate and junior to the claim on net revenues by the senior lien bonds, the subordinate lien bonds, and the PFC bonds. Pursuant to the Indenture, the Department 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, and the PFC bonds.

In May of 2003, the County issued the Clark County, Nevada, General Obligation (Limited Tax) Series 2003B (Non-AMT) Airport Bonds in the amount of $79.6 million for the purpose of refunding certain 1993 General Obligation Airport Bonds. To refund these bonds, as well as to pay certain costs of issuance, on April 2, 2013, the County issued the Series 2013B General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Revenue Bonds (Non-AMT).

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of the three-cent-per-gallon tax in FY 2013 and the two-cent-per-gallon tax in FY 2012 collected by the County on jet aviation fuel sold, distributed, or used in the County. These bonds are also secured by and payable from a claim on the net revenues of the Airport System subordinate and junior to the claim on the net revenues by the senior lien bonds, the subordinate lien bonds, and the PFC bonds, making them on a parity with the other outstanding third lien bonds in terms of being secured by and are payable from a claim on the net revenues of the Airport System. The Jet A Bonds do not constitute a 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 of these Jet A Bonds. Shortages in debt service from fuel tax collections are funded with Airport System revenues. On May 1, 2012, the Board approved an increase to the Jet Aviation Fuel Tax from two cents per gallon to three cents per gallon. This increase became effective at the beginning of FY 2013 on July 1, 2012, and it is expected to cover the debt service on the Jet A Bonds. The Jet Aviation Fuel Tax revenues during FY 2013 and FY 2012 were $11.3 million and $7.4 million, respectively. For FY 2013 and FY 2012, the debt service on the Jet A Bonds totaled $10.5 million and $9.2 million, respectively.

In May 2003, the County issued $105.4 million of Jet Aviation Fuel Tax Revenue Bonds ("Jet A Bonds") to finance certain improvements to the Airport System. On April 2, 2013, the County issued the Series 2013A Jet Aviation Fuel Tax Refunding Revenue Bonds (AMT) for the purpose of refunding the outstanding Series 2003C (AMT) Jet Aviation Fuel Tax Revenue Bonds and paying certain costs of issuance.

(g) 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.

During FY 2013, the Department did not make any arbitrage payments and is current on all required arbitrage payments. As of June 30, 2013, the Department has estimated its potential arbitrage rebate liability and has accrued $135.9 thousand to cover such estimated liability. As of June 30, 2012, the Department had accrued $15.4 thousand to cover such estimated liability. In FY 2012, the Department paid $1.7 million in arbitrage payments for the Series 2007A Subordinate Lien Revenue Bonds.

(h) Description of Bond Series Issued

Senior Lien Bonds

Series 1993A

In September 1991, the County entered into a swap financing agreement. Under the terms of the swap agreement, in May 1993 the County issued $339 million of Non-AMT variable rate twenty-year Airport Revenue Bonds, Series 1993A. Upon issuance of the 1993A bonds, $318 million of the 1983 Airport Revenue Bonds were refunded. Furthermore, the County swapped with a counterparty its variable rate debt for a fixed rate debt service payment based on a fixed rate of 6.69 percent. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1. Annual debt service payments ranged from $25.5 million to $37.2 million through July 1, 2012. At the time of the refunding of the 1983 bonds, future cash flow savings amounted to $110 million and had a discounted present value of over $65 million. The previously applicable accounting principles required the recognition of an extraordinary loss of $24.7 million on the refunding. The stand-by bond purchase agreement ("SBPA") for the 1993A bonds was with the Dexia Group and had a term through 2012. The annual fee for the SBPA was 25 basis points. The bonds were insured by Municipal Bond Investors Assurance Corp. ("MBIA"). On July 1, 2012, the outstanding balance of the Series 1993A, both principal and interest, was paid in full with debt service reserves.

Series 2005A:

In September 2005, the County issued $69.6 million in Non-AMT fixed rate Airport System Senior Lien Revenue Bonds. $25.9 million of the term bonds matures in 2037 and have a stated interest rate of 4.50 percent with a yield of 4.62 percent. The remaining $43.7 million of the term bonds matures in 2040 and have a stated interest rate of 5.00 percent with a yield of 4.42 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2005A bonds were issued to finance the cost of certain capital improvements to the Airport System, to purchase a reserve fund insurance policy, and to pay certain costs of issuance. The bonds are insured by Ambac Assurance Corp ("Ambac").

Series 2008E:

On May 15, 2008, the County issued $61.4 million in Non-AMT fixed rate Airport System Senior Lien Revenue Bonds. The bonds mature in 2017. The stated interest rates range from 4.00 to 5.00 percent, and the yields range from 2.33 to 4.01 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2008E bonds were issued for the purpose of refunding a portion of the outstanding Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 1998A, to fund a deposit to the reserve fund for the Series 2008E bonds, and to pay certain costs of issuance. The bonds are uninsured.

Series 2009B:

On September 16, 2009, the Department became the first airport in the nation to issue fixed rate Taxable Direct Payment Build America Bonds under the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). The interest on these bonds is not excluded from gross income for the purpose of federal income taxation. Under the provisions of ARRA, the Department is to receive, on or about the date of each interest payment, a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2009B Bonds. The Series 2009B Bonds have an interest rate of 6.88 percent; however when the 35 percent rebate is factored in, the effective interest rate is 4.47 percent. The bonds have staggered scheduled maturities through 2042. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to fund height restriction settlements and the construction of T3. No debt service reserve fund was required, and the bonds were not insured.

During FY 2013, the U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payment for Build America Bonds was reduced. For the 2009B Bonds, this reduction amounted to $0.3 million in the course of FY 2013.

Series 2010C:

On February 9, 2010, the County issued $454.3 million of fixed rate Taxable Direct Payment Build America Bonds under the provisions of the ARRA. The interest on these bonds is not excluded from gross income for the purpose of federal income taxation. Under the provisions of ARRA, the Department is to receive, on or about the date of each interest payment, a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2010C Bonds. The Series 2010C Bonds have an interest rate of 6.82 percent; however, when the 35 percent rebate is factored in, the effective interest rate is 4.43 percent. The bonds have staggered scheduled maturities through 2045. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to fund the construction of T3. No debt service reserve fund was required, and the bonds were not insured.

During FY 2013, the U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payment for Build America Bonds was reduced. For the 2010C Bonds, this reduction amounted to $0.5 million in the course of FY 2013.

Series 2010D:

On February 9, 2010, the County issued $132.5 million of fixed rate Senior Lien Non-AMT Private Activity Airport System Revenue Bonds to finance a portion of the T3 project. The bonds have a stated interest rate between 3.00 percent and 5.00 percent, and the yields range from 2.50 percent and 4.37 percent. The bonds mature in 2024. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were uninsured, and no debt service reserve fund is required.

Subordinate Lien Bonds

Series 2004A:

In July 2004, the County issued $361.2 million of fixed rate Airport System Subordinate Lien Revenue Bonds, Series 2004A. Under this issuance, $128.4 million (2004 A-1) was AMT and $232.7 million (2004 A-2) was Non-AMT. Interest rates for Series 2004 A-1 range from 5.00 percent to 5.25 percent, and the yield varies from 4.18 to 5.13 percent. The Series 2004 A-1 matures in 2024. The Series 2004 A-2 has a fixed interest rate of 5.125 percent through 2027 and 5.00 percent to maturity at 2036. The yield ranges from 4.93 to 5.22 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1 commencing on July 1, 2012, for the 2004 A-1 series and commencing on July 1, 2024 for the 2004 A-2 series. The Series 2004 bonds were issued to finance the cost of certain capital improvements, to refund the $38.8 million in outstanding Series 1999 B-2 bonds, to fund capitalized interest, and to pay certain issuance costs. The bonds are insured by Financial Guarantee Insurance Company.

Series 2006A:

In August 2006, the County issued $100.0 million in fixed rate Non-AMT Airport System Subordinate Lien Revenue Bonds. The bonds have fixed interest rates ranging from 4.00 percent to 5.00 percent, and the yield varies from 3.58 to 4.70 percent. The 2006A bonds have staggered scheduled maturities through July 1, 2040. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2006A bond proceeds were used to finance certain runway and apron improvements at the Airport. The bonds are insured through Ambac.

Series 2007 A-1 and A-2:

In May 2007, the County issued $206.7 million in fixed rate Airport System Subordinate Lien Revenue Bonds, $150.4 million as the 2007 A-1 AMT Bonds and $56.3 million as the 2007 A-2 Non-AMT Bonds. Both bonds have a fixed interest rate of 5.00 percent, and the yields range from 3.96 to 4.43 percent. The 2007 A-1 Bond have staggered scheduled maturities through July 1, 2027, and the 2007 A-2 Bonds have staggered scheduled maturities through July 1, 2040. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2007A Bond proceeds were used to finance the early civil package associated with the T3 project. The bonds are insured by Ambac.

Series 2008 A-2 and B-2:

In June 2008, the County issued $300.0 million in AMT weekly variable rate debt obligations. In particular, the Series 2008A and 2008B bonds were issued to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes Series 2006 B-1 and to pay certain costs of issuance. The 2008A and B Series consisted of the Series 2008 A-1 bonds ($100.0 million), the Series 2008 A-2 bonds ($50.0 million), the Series 2008 B-1 bonds ($100.0 million), and the Series 2008 B-2 bonds ($50.0 million). In August 2011, the Series 2008 A-1 bonds were refunded by Series 2011 B-1 bonds, and the Series 2008 B-1 bonds were refunded by the Series 2011 B-2 bonds. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The SBPA for the Series 2008 A-2 and B-2 Bonds had a term through 2013. The annual commitment fee payable to Banco Bilbao Vizcaya Argentaria ("BBVA") is 30 basis points. The bonds are insured by Financial Security Assurance, Inc. ("FSA"). The Series 2008 A-2 and B-2 bonds mature on July 1, 2022.

On February 20, 2013, the County elected to effect a mandatory tender for purchase of the Series 2008 A-2 and B-2 bonds. On this date, the existing SBPA securing the tender for purchase of these bonds was terminated, and letters of credit securing the payment of the principal of and interest on these bonds whenever any amount is payable on these bonds were issued by State Street Bank and Trust Company.

Series 2008 C, 2008 D-1, and 2008 D-2:

In March 2008, the County issued $524.5 million in weekly variable rate debt obligations, comprising $266.0 million in AMT debt and $258.5 in Non-AMT debt. The Series 2008C, 2008 D-1, and 2008 D-2 bonds were issued for the purpose of refunding the outstanding Clark County, Nevada Adjustable Rate Airport System Subordinate Lien Revenue Bonds, Series 2005B; the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005 C-1A Series 2005 C-1B, Series 2005 C-2, Series 2005 C-3; the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005 D-1, Series 2005 D-2, Series 2005 D-3; and the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005 E-1, Series 2005 E-2, Series 2005 E-3; and for the purpose of paying the cost of issuance. Final maturity for the 2008 C-1 bond issue is July 1, 2040; final maturities for the 2008 C-2 and C-3 bonds are July 1, 2029; final maturity for the 2008 D-1 bond is July 1, 2036; and final maturity for the for the 2008 D-2 bond is July 1, 2040. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1.

On March 18, 2011, a re-offering occurred on the series 2008 C-1, 2008 D-1, and 2008 D-2 bonds. Concurrent with this re-offering, the letters of credit for the 2008 C-1, 2008 D-1, and 2008 D-2 bonds were replaced. The new letters of credit expire on March 17, 2014, while the existing letters of credit for the 2008 C-2 and 2008 C-3 bonds remain in effect and expire on March 17, 2015. Also, as a result of the re-offering, the 2008 D-2 bond was split into the 2008 D-2A and 2008 D-2B bonds with $100 and $99.6 million principal value, respectively. The remarketing agreements pertaining to these bonds were also replaced. The commitment fees associated with obtaining the replacement letters of credit were $136 thousand for the 2008 C-1 bond, $60 thousand for the 2008 D-1 bond, and $181 thousand for the 2008 D-2 bond. The annual liquidity fee to JP Morgan for the 2008 C-1 bond is 105 basis points. The annual liquidity fee to Citibank, N.A. for the series 2008 D-1 is 85 basis points. The annual liquidity fee to Citibank, N.A. for the series 2008 D-2A is 85 basis points. The annual liquidity fee to RBC for the series 2008 D-2B is 85 basis points. The remarketing agreements for said series are all through Citibank Global Markets Inc. except for the 2008 D-2B, which is through RBC Capital Markets, LLC. The annual liquidity fees on the 2008 C-2 & 2008 C-3 are 34 basis points from Landesbank Baden-Wurttemberg ("LBBW"). The remarketing agent for the 2008 C-2 is JP Morgan. The remarketing agent for the 2008 C-3 is Citigroup Global Markets Inc. The bonds are not insured.

Series 2008 D-3:

In March, 2008, the County issued $122.9 million in Non-AMT weekly variable rate debt obligations. The Series 2008 D-3 bonds were issued for the purpose of refunding the outstanding Clark County, Nevada, 2001C bonds. The bonds have staggered scheduled maturities through July 1, 2029. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. On March 18, 2011, a re-offering occurred on the series 2008 D-3 bonds. Concurrent with this re-offering, the letter of credit for the 2008 D-3 was replaced. The new letter of credit associated with the 2008 D-3 bonds bears a term through 2015. The commitment fee associated with the replacement letter of credit on the 2008 D-3 bonds was $127 thousand. The annual fee to Bank of America for the series 2008 D-3 bonds is 105 basis points. The remarketing agent for the 2008 D-3 is Citigroup Global Markets, Inc. The bonds are not insured.

Series 2009C:

On September 16, 2009, the County issued $168.5 million of fixed rate Non-AMT, Private Activity Airport System Subordinate Lien Revenue Bonds. The bonds have an interest rate of 5.00 percent, and the yield varies from 4.12 to 4.45 percent. The bonds have staggered scheduled maturities through July 1, 2026, and are insured by Financial Security Assurance Inc. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to pay for the construction costs of a portion of the T3 project, to fund a capitalized interest account, and to purchase a reserve fund surety policy.

Series 2010B:

On January 22, 2010, the County issued $350.0 million of fixed rate Non-AMT Private Activity Airport System Subordinate Lien Revenue Bonds. The bonds bear stated interest rates from 5.00 percent to 5.75 percent with yields that vary from 5.125 to 5.35 percent. The bonds have staggered scheduled maturities through 2042. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to pay for a portion of the T3 project, to fund capitalized interest during construction, and to make a cash deposit in the debt service reserve fund. The bonds were not insured.

Series 2011B:

In August 2011, the County issued $200.0 million in AMT weekly variable rate debt obligations. The Series 2011 B-1 bonds and the Series 2011 B-2 bonds each were issued for $100.0 million in principal to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Bonds, Series 2008 A-1 bonds and 2008 B-1 bonds, each of which had been issued for $100.0 million in principal. The bonds have staggered scheduled maturities through July 1, 2022. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The irrevocable, transferable letter of credit for the 2011 B-1 bonds carries a term through 2014, and the annual commitment fee to Citibank, N.A. is 85 basis points. The direct pay letter of credit for the 2011 B-2 bonds has a term through 2014, and the annual commitment fee to Royal Bank of Canada is 85 basis points.

Passenger Facility Charge Revenue Bonds

Series 1998A:

In April 1998, the County issued $214.3 million of Non-AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 1998A, at a discount of $5.4 million. Interest rates on the bonds ranged from 4.10 percent to 5.50 percent. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1. Annual debt service payments ranged from $10.8 million to $22.9 million through 2022. These Series 1998A bonds refunded $202.5 million of the 1992 PFC bonds. The refunding resulted in a loss of $17.2 million, which represented the difference between the refunded bonds adjusted for both amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of $11.6 million, with a present value savings of $10.6 million. The Department pledged all its PFC proceeds to pay the debt service on all Department PFC Revenue Bonds. The bonds are insured by MBIA.

In June 2008, the County refunded $119.2 million of the Series 1998A PFC Bonds with the Series 2008A Bonds to realize interest rate savings. On July 1, 2012, the County refunded the remaining outstanding principal of the Series 1998A PFC bonds by issuing the Series 2012B Passenger Facility Charge Refunding Revenue Bonds. The outstanding balance of the Series 1998A PFC bonds as of June 30, 2013 and 2012, was $0.0 million and $81.7 million, respectively.

Series 2002A:

In November 2002, the County issued $34.5 million of AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2002A, at a premium of $1.6 million. Interest on the bonds ranges from 2.32 percent to 5.25 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. Annual debt service payments range from $0.9 million to $7.0 million through 2013. The bonds refunded $33.7 million of Series 1992B PFC bonds. The refunding resulted in a loss of $2.0 million, which represents the difference between the refunded bonds adjusted for both amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of $2.7 million, with a present value savings of $2.1 million. The Department has pledged all of its PFC proceeds to pay the debt service on all the Department's PFC Revenue Bonds. The bonds are insured by MBIA.

Series 2007A:

In April 2007, the County issued $219 million of fixed rate Airport Passenger Facility Charge Revenue Bonds, Series 2007 A-1 AMT and 2007 A-2 Non-AMT, in the amounts of $113.5 million and $105.5 million, respectively. The bonds have a interest rates in the range of 4.00 to 5.00 percent with yields that vary from 4.02 to 4.52 percent. The 2007 A-1 Bonds have staggered scheduled maturities through July 1, 2026, and the 2007 A-2 Bonds have staggered scheduled maturities through July 1, 2027. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bond proceeds are being used to reimburse the Department for certain capital improvements at the Airport. The bonds are insured by Ambac.

Series 2008A:

In June 2008, the County issued $115.9 million of fixed rate Non-AMT Airport Passenger Facility Charge Revenue Bonds, Series A. The bonds have interest rates of 5.00 to 5.25 percent and yields ranging from 3.06 to 4.52 percent. The bonds have staggered scheduled maturities through July 1, 2018. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued for the purpose of refunding a portion of the Non-AMT Airport Passenger Facility Charge Revenue Bonds Series 1998A and to pay for certain costs of issuance. The bonds are not insured but have a debt service reserve requirement, which was properly funded upon the refunding of the 1998A PFC bonds with 2012 Passenger Facility Charge Refunding Revenue Bonds.

Series 2010A:

On January 22, 2010, the County issued $450.0 million of fixed rate Non-AMT Private Activity Passenger Facility Charge Revenue Bonds Series 2010A. The bonds interest rates range between 3.00 percent and 4.625 percent, and the yields vary from 2.02 to 5.42 percent. The bonds have staggered scheduled maturities through July 1, 2042. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to finance the costs of the T3 project and to make a deposit in the debt service reserve fund. A portion of the Series 2010A bonds in the amount of $158.7 million is insured by Assured Guaranty Municipal Corp.

Series 2010F:

On November 4, 2010, the County issued $204.2 million of Non-AMT Private Activity Passenger Facility Charge Refunding Revenue Bonds, comprising the 2010 F-1 bonds with a principal of $104.2 million and the 2010 F-2 bonds with a principal of $100.0 million. The bonds were issued at a premium of $9.8 million and resulted in a loss on refunding of $10.8 million. The 2010 F-1 bonds have stated fixed interest rates ranging between 2.00 and 5.00 percent, and the 2010 F-2 bonds have a weekly variable rate; yields vary from 0.54 to 2.63 percent. The F-1 series have staggered scheduled maturities through July 1, 2017, and the F-2 series matures on July 1, 2022. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued for the purpose of refunding the 2005A PFC bonds and to pay certain costs of their issuance. This refunding resulted in a net present value savings of $2.4 million. The remarketing agent on the series F-2 bonds is Citigroup Global Markets, Inc., and the letter of credit provider is Union Bank, N.A.

Series 2012B:

On July 1, 2012, the County issued $64.4 million of Non-AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B, at a premium of $9.0 million. The interest rate on the bond is fixed at 5.00 percent. The bonds have staggered scheduled maturities through July 1, 2033. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. Annual debt service payments range from $3.2 million to $7.8 million through 2033. The Department has pledged all its PFC proceeds to pay the debt service on all Department PFC Revenue Bonds. These Series 2012B Bonds refunded $81.7 million of the Series 1998A PFC Bonds. The refunding resulted in a deferred loss of $5.0 million, which represents the difference between the refunded bonds adjusted for both amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of $10.2 million, with a present value savings of $5.5 million. The bonds are insured by MBIA.

General Obligation Airport Bonds

Series 2003B General Obligation Airport Bonds:

In May 2003, the County issued $37 million in Series 2003B Non-AMT General Obligation (Limited Tax) Airport Bonds at a premium of $933 thousand. The proceeds of the 2003B bonds were used to refund the 1993 General Obligation (limited tax) Airport Bonds. This transaction resulted in a deferred loss of $2.9 million, which represents the total funds required for the retirement of the 1993 bonds less the face value of the retired bonds adjusted for unamortized costs of issuance and related accrued interest. The Series 2003B Bonds had fixed interest rates ranging from 4.75 percent to 5.00 percent. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1 beginning 2022. The Series 2003B Bonds were refunded in April 2013 by the Series 2013B General Obligation Airport Bonds.

Series 2003C Jet A Bonds:

In May 2003, the County issued $105.4 million of the Series 2003C fixed rate AMT Jet Aviation Fuel Tax Revenue Bonds at a premium of $8 million. Interest on the bonds ranged from 5.00 percent to 5.375 percent, and the yield varies from 1.87 to 3.93 percent. The bonds had staggered scheduled maturities through July 1, 2022. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1. Annual debt service payments ranged from $7.2 million to $13.8 million. Proceeds from the bond issue were used to design and construct the in-line baggage system at the Airport. Proceeds from the Jet A Fuel Tax have been projected to be sufficient to pay all debt service payments relating to the 2003C bonds with the new Jet A Fuel tax rate. The bonds were insured by Ambac. The 2003C Bonds were refunded in April 2013 by the Series 2013A Jet A Bonds.

Series 2008A General Obligation Bonds:

In February 2008, the County issued $43.1 million in Series 2008A AMT variable rate General Obligation (Limited Tax) bonds. The bonds were issued as weekly variable rate debt obligations. The bonds mature on July 1, 2027. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to refund the outstanding principal amount of General Obligation (Limited Tax) Airport Bonds, Series 2003A, and to pay certain costs of issuance. The letter of credit associated with the 2008A bonds has a term through 2015. The commitment fee for the letter of credit totaled $5,500. The annual liquidity fee to Landesbank Baden-Wurttemberg ("LBBW") to maintain the letter of credit is 14 basis points. The bonds are not insured.

Series 2013A Jet A Bonds:

In April 2013, the County issued $70.9 million of the Series 2013A AMT Jet Aviation Fuel Tax Revenue Bonds at a premium of $9.6 million. Interest on the bonds is 5.00 percent, and the yield varies from 2.15 to 3.77 percent. The bonds have staggered scheduled maturities through July 1, 2029. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. Annual debt service payments range from $877 thousand to $8.2 million. The Series 2013A Bonds were issued for the purpose of refunding the outstanding 2003C Jet A Bonds.

Series 2013B General Obligation Airport Bond:

In April 2013, the County issued $32.9 million in the Series 2013B Non-AMT General Obligation (Limited Tax) Airport Bond at a premium of $4.5 million. The Series 2013B Bond has a fixed interest rate of 5.00 percent. Interest payments are due on January 1 and July 1 of each year, and the repayment of principal payments is due on July 1, 2033. The County issued the Series 2013B Bond for the purpose of refunding the Series 2003B General Obligation Airport Bonds and paying certain costs of issuance.

(i) The approximate maturities and interest of the long-term debt follow.

Maturities of Long-Term Debt

	Total		Senior		Subordinate		PFC		Third lien	
Fiscal Year Ended June 30,	Principal (000)	Interest (000)	Principal (000)	Interest * (000)	Principal (000)	Interest (000)	Principal (000)	Interest (000)	Principal (000)	Interest (000)
FY2014	$ 70,315	$ 155,744	$ 8,285	$ 44,542	$ 25,030	$ 57,445	$ 29,595	$ 45,116	$ 7,405	$ 8,641
FY2015	179,440	154,979	8,155	44,131	22,060	56,257	30,915	43,684	118,310	10,907
FY2016	239,025	148,544	17,030	43,501	15,270	55,392	32,440	42,106	174,285	7,545
FY2017	76,835	143,243	14,610	42,737	28,160	54,692	34,065	40,448	-	5,366
FY2018	83,615	140,129	12,055	42,114	35,805	53,899	35,755	38,749	-	5,366
FY2019-2023	652,930	664,604	65,340	201,711	422,565	255,390	143,390	182,228	21,635	25,275
FY2024-2028	779,855	554,896	34,845	186,290	453,645	197,390	214,545	153,172	76,820	18,044
FY2029-2033	521,255	435,180	35,875	181,423	326,105	142,543	143,660	106,612	15,615	4,602
FY2034-2038	676,900	330,949	140,975	167,292	352,280	95,261	150,730	68,259	32,915	137
FY2039-2043	887,370	176,915	340,955	108,254	361,400	43,386	185,015	25,276	-	-
FY2044-2048	306,065	20,744	306,065	20,744	-	-	-	-	-	-
Total	$ 4,473,605	$ 2,925,927	$ 984,190	$ 1,082,738	$ 2,042,320	$ 1,011,655	$ 1,000,110	$ 745,650	$ 446,985	$ 85,884

*Interest payments on the 2009B and 2010C Build America Bonds are presented net of the projected 35.0 percent rebate payments from the U.S. Treasury.

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.

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

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

With regard to credit risk, potential exposure is mitigated through the use of an ISDA credit support annex ("CSA"). Under the terms of master agreements between the Department and the swap counterparties, each swap counterparty is required to post collateral with a third party when the counterparty's credit rating falls below the trigger level defined in each master agreement. This protects the Department from credit risks inherent in the swap agreements. As long as the Department retains insurance, the Department is not required to post any collateral; only the counterparties are required to post collateral. However, as of June 30, 2013 and 2012, none of the counterparties are required to post collateral.

As summarized in the table below, the Department has 21 outstanding swap transactions as of June 30, 2013 and 2012, with initial notional amounts totaling $3,137.2 million and $3.137.2 million, respectively. The outstanding notional total as of June 30, 2013, was $2,363.2 million, comprising $1,458.9 million in floating-to-fixed swaps, $395.7 million in fixed-to-fixed swaps, and $508.6 million in basis swaps. The outstanding notional total as of June 30, 2012, was $2,410.7 million, comprising $1,493.3 million in floating-to-fixed swaps, $400.4 million in fixed-to-fixed swaps, and $517.0 million in basis swaps.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Fiscal Years Ended June 30, 2013 and 2012

Interest Rate Swap Analysis
as of June 30, 2013 and 2012

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional Amount (000)	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Outstanding Notional June 30, 2013 (000)	Outstanding Notional June 30, 2012 (000)
01	Floating-to-Fixed	1993A	6.6900%	Bond Rate	6/1/1993	7/1/2012	$ 259,700	AIG Financial Products Corp.	N/A	N/A	N/A	$ -	$ -
02	Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	185,855	Citigroup Financial Products Inc	Baa2	A-	A	128,025	135,663
03 *	Floating-to-Fixed	N/A	5.4900% to 7/2010, 3.0000% to maturity	69.0% of USD LIBOR + 0.350%	4/4/2005	7/1/2022	259,900	Citigroup Financial Products Inc	Baa2	A-	A	-	-
04	Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc	Baa2	A-	A	300,000	300,000
05 *	Floating-to-Fixed	N/A	4.9700% to 7/2010, 3.0000% to maturity	62.6% of USD LIBOR + 0.330%	3/19/2008	7/1/2025	60,175	Citigroup Financial Products Inc	Baa2	A-	A	150,000	150,000
06	Basis Swap	N/A	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010, 62.2% of USD LIBOR + 1.052% to maturity	9/1/2004	7/1/2025	300,000	Citigroup Financial Products Inc	Baa2	A-	A	151,200	151,200
07A ‡	Floating-to-Fixed	2008 A-2, 2011 B-2	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.	Aa3	A+	A+	150,000	150,000
07B ‡	Floating-to-Fixed	2008 B-2, 2011 B-1	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	A2	A	A	-	-
08A	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc	Baa2	A-	A	31,975	31,975
08B	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	31,975	31,975
08C	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	31,975	UBS AG	A2	A	A	41,330	41,330
09A	Floating-to-Fixed	2008D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc	Baa2	A-	A	8,795	8,795
09B	Floating-to-Fixed	2008D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	8,795	8,795
09C	Floating-to-Fixed	2008D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	8,795	UBS AG	A2	A	A	100,000	100,000
10A *	Floating-to-Fixed	N/A	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	139,735	Citigroup Financial Products Inc	Baa2	A-	A	29,935	29,935
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	29,935	29,935
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	UBS AG	A2	A	A	-	-
11 *	Floating-to-Fixed	N/A	4.7420% to 7/2010, 1.2120% to maturity	62.0% of USD LIBOR + 0.280%	4/4/2008	7/1/2029	122,865	Citigroup Financial Products Inc	Baa2	A-	A	200,000	200,000
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B, 2008 D-3	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc	Baa2	A-	A	250,000	250,000
12B †	Floating-to-Fixed	2008C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	6.0000% to 7/2017, 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2038	350,000	Citigroup Financial Products Inc	Baa2	A-	A	68,545	68,545
13 *	Floating-to-Fixed	N/A	6.0000% to 7/2017, 1.9130% to maturity	61.9% of USD LIBOR + 0.270%	7/1/2010	7/1/2040	150,000	Citigroup Financial Products Inc	Baa2	A-	A	4,480	4,480
14A **	Floating-to-Fixed	2008A G.O.	3.8860%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2030	73,025	UBS AG	A2	A	A	201,975	201,975
14B **	Floating-to-Fixed	2008A G.O., 2012 A-1, 2012 A-2	3.8810%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2037	201,975	Citigroup Financial Products Inc	Baa2	A-	A	1,016,325	1,050,725
Remaining portions of swaps after April 6, 2010 terminations													
15	Fixed-to-Fixed	swap #03 (amended and restated)	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	4/6/2010	7/1/2022	N/A	Citigroup Financial Products Inc	Baa2	A-	A	50,650	50,750
16	Fixed-to-Fixed	swap #05 (amended and restated)	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	4/6/2010	7/1/2025	N/A	Citigroup Financial Products Inc	Baa2	A-	A	139,735	139,735
17	Fixed-to-Fixed	swap #10A (amended and restated)	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	4/6/2010	7/1/2040	N/A	Citigroup Financial Products Inc	Baa2	A-	A	150,000	150,000
18	Fixed-to-Fixed	swap #13 (amended and restated)	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	4/6/2010	7/1/2040	N/A	Citigroup Financial Products Inc	Baa2	A-	A	1,346,828	1,359,960
							$ 3,137,170					$ 4,590,503	$ 4,645,773

Source: The PFM Group

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2M of $229.9M notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

† On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds and became an investment instrument. The remaining $250 million was re-associated with the 2008 C and 2008 D-3 bonds along with the 2010 E-2 notes. The 2010 E-2 notes were subsequently refinanced by the 2012 A-2 notes, which in turn were subsequently refinanced by the 2013 C-2 notes.

‡ 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 #7B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 bonds, and swap #7A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 bonds.

** On July 1, 2011, forward swaps 14A and 14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap 14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap 14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds remaining after the association of swap 14A and with the 2010 E-2 notes and 2011A notes, which were subsequently refinanced by the 2012 A-1 and 2012 A-2 notes, respectively, which in turn were subsequently refinanced with the 2013 C-1 and 2013 C-2 notes. Although the 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 were classified as investment derivatives.

(b) Derivative Instruments

As indicated in the previous section, the Department entered into various interest rate swap agreements to hedge financial risks associated with the cost of borrowing and the cash flows associated with the Department's variable interest rate debt. In accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department is required to report the fair value of all derivative instruments on the Statements of Net Position. In addition, GASB Statement No. 53 requires that all derivatives be classified into two basic categories: (1) hedging and (2) investment. Hedging derivatives are derivative instruments that significantly reduce an identified financial risk by substantially offsetting changes in the cash flows or fair values of an associated hedgeable item. Hedging derivatives are required to be tested for their effectiveness. Effectiveness of hedging derivatives is first tested using the consistent critical terms method. If critical terms analysis fails because the critical terms of the hedged item and the hedging instrument do not match, a quantitative method is employed, typically regression analysis. On an annual basis and consistent with the fiscal year end, the Department uses an external consulting firm to perform this evaluation. Investment derivatives are either derivative instruments entered into primarily for income or profit purposes or derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in the fair value of hedging derivative instruments are presented as deferred inflows of resources or deferred outflows of resources on the Statements of Net Position, and changes in the fair value of investment derivative instruments are recognized as gains or losses on the Statements of Revenues, Expenses, and Changes in Net Position.

The tables below provide the fair values and the changes in fair value of the Department's interest rate swap agreements for the fiscal years ended June 30, 2013 and 2012. For the fiscal year ended June 30, 2013, no derivative instruments were reclassified from hedging derivative instruments to investment derivative instruments. The valuation of all outstanding swap agreements as of June 30, 2013 and 2012, being $(56.5) million and $(197.6) million, respectively.

For the Fiscal Years Ended June 30, 2013 and 2012

Interest Rate Swap Fair Value and Changes in Fair Values
for the fiscal year ended June 30, 2013

		Outstanding Notional, Classification, and Fair Value as of June 30, 2013			Changes in Fair Value for the Twelve Months Ended June 30, 2013		
Swap#	Description	Outstanding Notional (000)	Derivative Instrument Classification	Fair Value (000)	Increase (Decrease) in Deferred Inflows (000)	Increase (Decrease) in Deferred Outflows (000)	Net Change (000)
Hedging derivative instruments							
01	Floating-to-Fixed Interest Rate Swap	$ -		$ -	$ -	$ (11)	$ 11
03 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
05 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
07A ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(5,508)	-	(5,777)	5,777
07B ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(5,499)	-	(5,779)	5,779
10A *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
10B	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(743)	-	(3,602)	3,602
10C	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(743)	-	(3,602)	3,602
11 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
12A	Floating-to-Fixed Interest Rate Swap	200,000	Non-current liability	(7,390)	-	(17,661)	17,661
12B †	Floating-to-Fixed Interest Rate Swap	250,000	Non-current liability	(15,455)	-	(40,831)	40,831
13 *	Forward Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
14A **	Floating-to-Fixed Interest Rate Swap	4,480	Non-current liability	(769)	-	(305)	305
14B **	Floating-to-Fixed Interest Rate Swap	201,975	Non-current liability	(39,740)	-	(19,692)	19,692
Total hedging derivative activities		1,016,325		(75,847)	-	(97,260)	97,260
Investment derivative instruments					Gain (Loss) on Investment (000)	Deferred Inflows (Outflows) Included in Gain (Loss) (000)	
02	Basis Rate Swap	80,542	Non-current liability	(3,677)	$ 490	$ -	490
04	Basis Rate Swap	128,025	Non-current asset	934	(55)	-	(55)
06	Basis Rate Swap	300,000	Non-current asset	13,798	(3,759)	-	(3,759)
08A	Floating-to-Fixed Interest Rate Swap	151,200	Non-current liability	(10,924)	18,690	-	18,690
08B	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(2,311)	3,952	-	3,952
08C	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(2,311)	3,951	-	3,951
09A	Floating-to-Fixed Interest Rate Swap	41,330	Non-current asset	2,887	4,899	-	4,899
09B	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	614	1,042	-	1,042
09C	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	614	1,042	-	1,042
12B †	Floating-to-Fixed Interest Rate Swap	100,000	Non-current asset	1,008	465	-	465
14A **	Floating-to-Fixed Interest Rate Swap	68,545	Non-current liability	(14,272)	7,507	-	7,507
14B **	Floating-to-Fixed Interest Rate Swap	-	Non-current liability	(6,888)	7,105	-	7,105
*Remaining portions of swaps after April 6, 2010 terminations							
15	Fixed-to-Fixed Swap (formerly Swap #03)	55,261	Non-current asset	3,685	(815)	-	(815)
16	Fixed-to-Fixed Swap (formerly Swap #05)	50,650	Non-current asset	3,026	(369)	-	(369)
17	Fixed-to-Fixed Swap (formerly Swap #10A)	139,735	Non-current asset	14,788	(267)	-	(267)
18	Fixed-to-Fixed Swap (formerly Swap #13)	150,000	Non-current asset	18,333	(101)	-	(101)
Total investment derivative activities		1,346,828		19,304	43,777	-	43,777
Total		$ 2,363,153		$ (56,543)			$ 141,037

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, th Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2M of $229.9M notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

† Hedging component or investment component, as applicable. On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bo with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds and became an instrument. The remaining $250 million was re-associated with the 2008 C and 2008 D-3 bonds along with the 2010 E-2 notes. The 2010 E-2 notes were subsequently refinanced by the 2012 A-2 notes, which in turn were subsequently refinanced by the 2013 C-2 notes.

‡ 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 #7B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 bonds, and swap #7A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 bonds.

** Hedging component or investment component, as applicable. On July 1, 2011, forward swaps 14A and 14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap 14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance classified as an investment. The entire notional amount of swap 14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds re after the association of swap 14A and with the 2010 E-2 notes and 2011A notes, which were subsequently refinanced by the 2012 A-1 and 2012 A-2 notes, respectively, which in turn were subsequently refinanced with the 2013 C-1 and 2013 C-2 notes. Although the 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 were classified as investment derivatives.

For the Fiscal Years Ended June 30, 2013 and 2012

Interest Rate Swap Fair Value and Changes in Fair Values
for the fiscal year ended June 30, 2012

		Outstanding Notional, Classification, and Fair Value as of June 30, 2012			Changes in Fair Value for the Twelve Months Ended June 30, 2012		
Swap#	Description	Outstanding Notional (000)	Derivative Instrument Classification	Fair Value (000)	Increase (Decrease) in Deferred Inflows (000)	Increase (Decrease) in Deferred Outflows (000)	Net Change (000)
Hedging derivative instruments							
01	Floating-to-Fixed Interest Rate Swap	$ 34,400	Non-current liability	$ (11)	$ -	$ (2,199)	$ (2,199)
03 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
05 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
07A ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(11,285)	-	(332)	(332)
07B ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(11,278)	-	(331)	(331)
10A *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
10B	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(4,345)	(239)	4,345	4,584
10C	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(4,345)	(239)	4,345	4,584
11 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
12A	Floating-to-Fixed Interest Rate Swap	200,000	Non-current liability	(25,051)	-	13,666	13,666
12B †	Floating-to-Fixed Interest Rate Swap	250,000	Non-current liability	(56,285)	-	43,746	43,746
13 *	Forward Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
14A **	Floating-to-Fixed Interest Rate Swap	4,480	Non-current liability	(1,074)	-	(10,092)	(10,092)
14B **	Floating-to-Fixed Interest Rate Swap	201,975	Non-current liability	(59,432)	-	26,274	26,274
Total hedging derivative activities		1,050,725		(173,106)	(478)	79,422	79,900
					Gain (Loss) on Investment (000)	Deferred Inflows (Outflows) Included in Gain (Loss) (000)	
Investment derivative instruments							
02	Basis Rate Swap	81,318	Non-current liability	(4,167)	$ (232)	$ -	(232)
04	Basis Rate Swap	135,663	Non-current asset	989	918	-	918
06	Basis Rate Swap	300,000	Non-current asset	17,557	6,700	-	6,700
08A	Floating-to-Fixed Interest Rate Swap	151,200	Non-current liability	(29,613)	(33,315)	-	(33,315)
08B	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(6,262)	(7,046)	-	(7,046)
08C	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(6,262)	(7,046)	-	(7,046)
09A	Floating-to-Fixed Interest Rate Swap	41,330	Non-current liability	(2,012)	(6,552)	-	(6,552)
09B	Floating-to-Fixed Interest Rate Swap	8,795	Non-current liability	(428)	(1,394)	-	(1,394)
09C	Floating-to-Fixed Interest Rate Swap	8,795	Non-current liability	(428)	(1,394)	-	(1,394)
12B †	Floating-to-Fixed Interest Rate Swap	100,000	Non-current asset	543	(628)	-	(628)
14A **	Floating-to-Fixed Interest Rate Swap	68,545	Non-current liability	(21,779)	(21,779)	-	(21,779)
14B **	Floating-to-Fixed Interest Rate Swap	-	Non-current liability	(13,993)	(13,993)	-	(13,993)
*Remaining portions of swaps after April 6, 2010 terminations							
15	Fixed-to-Fixed Swap (formerly Swap #03)	59,879	Non-current asset	4,500	(589)	-	(589)
16	Fixed-to-Fixed Swap (formerly Swap #05)	50,750	Non-current asset	3,395	75	-	75
17	Fixed-to-Fixed Swap (formerly Swap #10A)	139,735	Non-current asset	15,055	5,150	-	5,150
18	Fixed-to-Fixed Swap (formerly Swap #13)	150,000	Non-current asset	18,434	12,137	-	12,137
Total investment derivative activities		1,359,960		(24,471)	(68,988)	-	(68,988)
Total		$ 2,410,685		$ (197,577)			$ 10,912

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2M of $229.9M notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

† Hedging component or investment component, as applicable. On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds and became an instrument. The remaining $250 million was re-associated with the 2008 C and 2008 D-3 bonds along with the 2010 E-2 notes. The 2010 E-2 notes were subsequently refinanced by the 2012 A-2 notes.

‡ 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 #7B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 bonds, and swap #7A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 bonds.

** Hedging component or investment component, as applicable. On July 1, 2011, forward swaps 14A and 14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap 14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance classified as an investment. The entire notional amount of swap 14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds remaining after the association of swap 14A and with the 2010 E-2 notes and 2011A notes, which were subsequently refinanced by the 2012 A-1 and 2012 A-2 notes. Although the 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 were classified as investment derivatives.

On April 6, 2010, the Department terminated the "on-market" (at-market coupon) portion of its floating-to-fixed swaps #3, #5, #10A, #11, and #13, with then-current notional amounts totaling $693.4 million. To fund the terminations, the Department fully terminated $122.9 million of the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2 million of $229.9 million of the "off-market" (step-coupon) portion of swap #3. The net termination payment was $0. As a result of this transaction, the agreements relating to swaps #3, #5, #10A, and #13 were amended and restated, and the remaining "off-market" (step-coupon) portion, with then-current notional totaling $408.2 million, is presented in the tables above as swaps #15, #16, #17, and #18, respectively.

On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Prior to the refunding, swap #12B served as a hedge to the cash flows associated with $100 million in principal of the Series 2005 A-1 PFC bonds. Upon execution of the refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds, and the fair value of swap #12B was revalued using the forward rates in effect at the time of the refunding. This created an asset, a deferred loss on imputed debt, and an offsetting liability, imputed debt from termination of hedges, in the amount of $12.4 million, and this deferred loss on imputed debt and corresponding imputed debt from termination of hedges are amortized against each other on a straight-line basis over the remaining life of the swap. In addition, the term life of the cash flows associated with $100 million in outstanding notional for swap #12B exceeded the term life of the cash flows associated with the outstanding principal of the Series 2010 F-2 PFC bonds; therefore, the portion of the fair value of swap #12B whose term life matched that of the Series 2010 F-2 PFC bonds was classified as a hedging derivative, and the remaining portion of the fair value of swap #12B was classified as an investment derivative. Specifically, $1.2 million of swap #12B was reclassified from being a hedging derivative to being an investment derivative.

On July 1, 2011, forward floating-to-fixed swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap #14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance of $68.545 million classified as an investment derivative. The entire notional amount of swap #14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds remaining after the association of swap #14A and with the 2010 E-2 Note and 2011A Note. Although these two notes are deemed to mature in perpetuity, the 2008A general obligation bonds mature on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities were classified as investment derivatives. On June 19, 2012, the Department paid down the 2011A Note.

On August 3, 2011, the Department refunded the Series 2008 B-1 bonds and the Series 2008 A-1 bonds with the Series 2011 B-2 bonds and the Series 2011 B-1 bonds, respectively. At the time of the refunding, swap #7A, with a notional amount of $150 million, hedged both the 2008 A-2 bonds, with principal of $50 million, and the 2008 B-1 bonds, with principal of $100 million. Also at the time of the refunding, swap #7B, with a notional amount of $150 million, hedged both the 2008 B-2 bonds, with principal of $50 million, and the 2008 A-1 bonds, with principal of $100 million. Upon refunding, the $100 million notional component of swap #7A and the $100 million notional component of swap #7B were re-associated with the 2011 B-2 bonds and the 2011 B-1 bonds, respectively. This re-association resulted in a revaluation of swaps #7A and #7B to adjust the overall swap rates of each swap to the market rate, which created an asset, a deferred loss on imputed debt, and an offsetting liability, imputed debt from termination of hedges, in the amount of $10.7 million for swap #7A and in the amount of $10.7 million for swap #7B. This deferred loss on imputed debt and corresponding imputed debt are amortized against each other on a straight-line basis over the remaining lives of the swaps.

On July 1, 2012, the Department refunded the $200 million 2010 E-2 Note by issuing the 2012 A-1 Subordinate Lien Revenue Notes for $180 million, along with a contribution by the Department of $23 million, and obtained $120 million in new proceeds with the issuance of the Series 2012 A-2 Subordinate Lien Revenue Notes. When this refunding occurred, the notional components of swaps #12B and #14B that were associated with the 2010 E-2 Note and the 2011A Note were re-associated with the 2012 A-1 Note and the 2012 A-2 Note.

(c) Hedging Derivative Instruments

On June 30, 2013 and 2012, the Department had eight and nine outstanding floating-to-fixed interest rate swap agreements, respectively, considered to be hedging derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Objective

As a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance, the Department executed floating-to-fixed interest rate swaps in connection with its issuance of variable rate bonds. The intention of implementing these swaps was to convert the Department's variable interest rates on the bonds to synthetic fixed rates. As of June 30, 2013 and 2012, the Department had six outstanding hedging swaps that had been structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

Forward Starting Swap Agreements

On January 3, 2006, the Department entered into five swap agreements (swaps #7A, #7B, #12A, #12B, and #13) to hedge future variable rate debt as a means to lower its borrowing costs and to provide favorable synthetically fixed rates for financing the construction of T3 and other related projects. Swap #7A, with a notional amount of $150 million, hedged both the 2008 A-2 bonds, with principal of $50 million, and the 2008 B-1 bonds, with principal of $100 million, while swap #7B, with a notional amount of $150 million, hedged both the 2008 B-2 bonds, with principal of $50 million, and the 2008 A-1 bonds, with principal of $100 million. Swaps #12A and #12B, with notional amounts totaling $550 million, became effective July 1, 2009; and swap #13, with a notional amount totaling $150 million, was scheduled to become effective July 1, 2010. Due to the attractive market rates for fixed rate bonds, together with the favorable provisions of ARRA, the Department chose to refinance its outstanding bond anticipation notes and issue fixed rate bonds to complete financing for the construction of T3. As a result, the planned $550 million of 2009 Series A and B variable rate bonds was not issued on July 1, 2009. In addition, to better match its outstanding notional of floating-to-fixed interest rate swaps to the cash flows associated with its outstanding variable rate bonds, on April 6, 2010, the Department terminated $543.3 million in notional amounts of its outstanding floating-to-fixed interest rate swaps (swaps #3, #5, #10A, and #11) and $150 million in the notional amount of the July 1, 2010, forward starting swap #13. On April 17, 2007, the Department entered into two additional forward starting swaps, swaps #14A and

#14B, with notional amounts totaling $275 million, which became effective on July 1, 2011, as scheduled.

Terms, Notional Amounts, and Fair Values

The terms, notional amounts, and fair values of the Department's hedging derivatives at June 30, 2013 and 2012, are included in the table below. The notional amounts of the swap agreements match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reductions in principal of the associated debt, except as discussed in the section on rollover risk.

Hedging Derivative Instruments - Terms, Notional Amounts, and Fair Values
As of June 30, 2013

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional Amount (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
07A	Floating-to-Fixed	2008 A-2, 2011 B-2	7/1/2008	$ 150,000	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	$ (5,508)	7/1/2022
07B	Floating-to-Fixed	2008 D-2, 2011 B-1	7/1/2008	150,000	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(5,499)	7/1/2022
10B	Floating-to-Fixed	2008 D-2A, 2008 D-28	3/19/2008	29,935	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(743)	7/1/2040
10C	Floating-to-Ffixed	2008 D-2A, 2008 D-28	7/1/2009	29,935	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(743)	7/1/2040
12A	Floating-to-Ffixed	2008 D-2A, 2008 D-2B, 2008 D-3	7/1/2009	200,000	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(7,390)	7/1/2026
12B †	Floating-to-Ffixed	2008 C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	7/1/2011	250,000	6.0000% to 7/2017, 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	(15,455)	7/1/2038
14A **	Floating-to-Ffixed	2008A G.O.	7/1/2011	4,480	3.8860%	64.4% of USD LIBOR + 0.280%	(769)	7/1/2030
14B **	Floating-to-Ffixed	2008 A G.O., 2012 A-1, 2012 A-2	7/1/2011	201,975	3.8810%	64.4% of USD LIBOR + 0.280%	(39,740)	7/1/2037
				$ 1,016,325			$ (75,847)	

† Hedging component only
** Hedging component only

Hedging Derivative Instruments - Terms, Notional Amounts, and Fair Values
As of June 30, 2012

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional Amount (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
01	Floating-to-Fixed	1993A Non-AMT	6/1/1993	$ 34,400	6.6900%	Bond Rate	$ (11)	7/1/2012
07A	Floating-to-Fixed	2008 A-2 AMT / 2008 B-2 AMT	7/1/2008	150,000	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,285)	7/1/2022
07B	Floating-to-Fixed	2008 B-2 AMT / 2011 B-1 AMT	7/1/2008	150,000	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,278)	7/1/2022
10B	Floating-to-Fixed	2008 D-2 AMT	3/19/2008	29,935	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(4,345)	7/1/2040
10C	Floating-to-Fixed	2008 D-2 AMT	3/19/2008	29,935	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(4,345)	7/1/2040
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B AMT / 2008 D-3 AMT	7/1/2009	200,000	5.6260% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(25,051)	7/1/2026
12B †	Floating-to-Fixed	2008C / 2008 D-2 / 2010 F-2 / 2010 E-2 / 2011A	7/1/2009	250,000	6.0000% to 7/2017; 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	(56,286)	7/1/2038
14A **	Floating-to-Fixed	2008A	7/1/2011	4,480	3.8860%	64.4% of USD LIBOR + 0.280%	(1,074)	7/1/2030
14B **	Floating-to-Fixed	2008A / 2010 E-2 / 2011A	7/1/2011	201,975	3.8810%	64.4% of USD LIBOR + 0.280%	(59,432)	7/1/2037
				$ 1,050,725			$ (173,107)	

† Hedging component only
** Hedging component only

Due to a decrease in variable rates during FY 2013, none of the Department's hedging derivatives had positive fair values as of June 30, 2013. The fair values are estimated using the methodology discussed above under Subnote (a), "Interest Rate Swaps."

Associated Debt Cash Flows

The net cash flows for the Department's hedging derivative instruments for the year ended June 30, 2013, are provided in the table below.

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Counterparty Swap Interest (000) (Pay)	Counterparty Swap Interest (000) Receive	Counterparty Swap Interest (000) Net	Interest to Bondholders (000)	Net Interest Payments (000) 2013	Net Interest Payments (000) 2012
01	Floating-to-Fixed	1993A	$ -	$ -	$ -	$ (211)	$ (211)	$ (2,616)
03 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
05 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
07A	Floating-to-Fixed	2008 A-2, 2011 B-2	(6,459)	663	(5,796)	(554)	(6,350)	(6,408)
07B	Floating-to-Fixed	2008 B-2, 2011 B-1	(6,459)	664	(5,795)	(559)	(6,354)	(6,462)
10A *	Floating-to-Fixed	N/A	-	-	-	-	-	-
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(1,198)	131	(1,067)	(49)	(1,116)	(1,104)
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(1,198)	131	(1,067)	(49)	(1,116)	(1,104)
11 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B, 2008 D-3	(11,252)	886	(10,366)	(340)	(10,706)	(10,662)
12B †	Floating-to-Fixed	2008C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	(15,000)	1,107	(13,893)	(6,847)	(20,740)	(24,353)
13 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
14A **	Floating-to-Fixed	2008A G.O.	(145)	17	(128)	(29)	(157)	(688)
14B **	Floating-to-Fixed	2008A G.O., 2012 A-1, 2012 A-2	(6,881)	761	(6,120)	(1,874)	(7,994)	(3,445)
			$ (48,592)	$ 4,360	$ (44,232)	$ (10,512)	$ (54,744)	$ (56,842)

* Terminated on April 6, 2010
† Hedging component only, pro-rated over swap notional
** Hedging component only, pro-rated over swap notional

Credit Risk

The Department is exposed to credit risk in the amount of the hedging derivatives' positive fair values. Since none of the hedging derivatives had a positive fair value as of June 30, 2013, the Department was exposed to no credit risk for these derivatives. Nonetheless, as described earlier, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The counterparty credit ratings for the Department's hedging derivative instruments at June 30, 2013, are included in the table below.

Swap#	Interest Rate Swap Description	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Credit Risk Exposure (000)
03 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	$ -
05 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
07A	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	-
07B	Floating-to-Fixed	UBS AG	A2	A	A	-
10A *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
10B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	-
10C	Floating-to-Fixed	UBS AG	A2	A	A	-
11 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
12B †	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
13 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
14A **	Floating-to-Fixed	UBS AG	A2	A	A	-
14B **	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
						$ -

* Terminated April 6, 2010
† Hedging component only
** Hedging component only

Basis and Interest Rate Risk

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

Tax Policy Risk

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

Termination Risk

The Department is exposed to termination risk if either the credit rating of the bonds associated with the swap or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, i.e. if an ATE occurs. If at the time of the ATE the swap has a negative fair value, the Department would be liable to the counterparty for a payment equal to the swap’s fair value. For all swap agreements, except for swaps #06, #08A, and #09A, the Department is required to designate a day between 5 and 30 days to provide written notice following the ATE date. For the exceptions, the designated date is 30 days after the ATE date.

Rollover Risk and Other Risk

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

(d) Investment Derivative Instruments

As of June 30, 2013 and 12, the Department has 13 outstanding interest rate swaps considered to be investment derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. In addition to these 13 swaps, components of swaps #12B, #14A, and #14B are designated as investment derivatives in accordance with the provisions of GASB Statement No. 53.

Terms, Notional Amounts, and Fair Values

The terms, notional amounts, and fair values of the Department's investment derivatives at June 30, 2013 and 2012, are included in the table below.

Investment Derivative Instruments - Terms, Notional Amounts, and Fair Values

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
02	Basis Swap	N/A	8/23/2001	$ 80,542	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	$ (3,677)	7/1/2036
04	Basis Swap	N/A	7/1/2003	128,025	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	934	7/1/2025
06	Basis Swap	N/A	9/1/2004	300,000	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010, 62.2% of USD LIBOR + 1.052% to maturity	13,798	7/1/2025
08A	Floating-to-Fixed	2008C	3/19/2008	151,200	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	(10,924)	7/1/2040
08B	Floating-to-Fixed	2008C	3/19/2008	31,975	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	(2,311)	7/1/2040
08C	Floating-to-Fixed	2008C	3/19/2008	31,975	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	(2,311)	7/1/2040
09A	Floating-to-Fixed	2008D-1	3/19/2008	41,330	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	2,887	7/1/2036
09B	Floating-to-Fixed	2008D-1	3/19/2008	8,795	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	614	7/1/2036
09C	Floating-to-Fixed	2008D-1	3/19/2008	8,795	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	614	7/1/2036
12B †	Floating-to-Fixed	2008C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	7/1/2009	100,000	6.0000% to 7/2017, 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	1,008	7/1/2038
14A **	Floating-to-Fixed	2008A G.O.	7/1/2011	68,545	3.8860%	64.4% of USD LIBOR + 0.280%	(14,272)	7/1/2030
14B **	Floating-to-Fixed	2008A G.O., 2012 A-1, 2012 A-2	7/1/2011	-	3.8810%	64.4% of USD LIBOR + 0.280%	(6,888)	7/1/2037
Remaining portions of swaps after April 6, 2010 terminations								
15	Fixed-to-Fixed	swap #03 (amended and restated)	4/6/2010	55,261	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	3,685	7/1/2022
16	Fixed-to-Fixed	swap #05 (amended and restated)	4/6/2010	50,650	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	3,026	7/1/2025
17	Fixed-to-Fixed	swap #10A (amended and restated)	4/6/2010	139,735	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	14,788	7/1/2040
18	Fixed-to-Fixed	swap #13 (amended and restated)	4/6/2010	150,000	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	18,333	7/1/2040
				$ 1,346,828			$ 19,304	

† Investment component only
** Investment component only

Investment Derivative instruments - Terms, Notional Amounts, and Fair Values
As of June 30, 2012

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
02	Basis Swap	2004B AMT	8/23/2001	$ 81,318	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	$ (4,167)	7/1/2036
04	Basis Swap	2001B / 1998A / 2003B Non-AMT	7/1/2003	135,663	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	989	7/1/2025
06	Basis Swap	2004 A-1 AMT, 2004 A-2 Non-AMT	9/1/2004	300,000	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010; 62.2% of USD LIBOR +1.052% to maturity	17,557	7/1/2025
08A	Floating-to-Fixed	2008C AMT	3/19/2008	151,200	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	(29,613)	7/1/2040
08B	Floating-to-Fixed	2008C AMT	3/19/2008	31,975	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	(6,262)	7/1/2040
08C	Floating-to-Fixed	2008C AMT	3/19/2008	31,975	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	(6,262)	7/1/2040
09A	Floating-to-Fixed	2008D-1 AMT	3/19/2008	41,330	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	(2,011)	7/1/2036
09B	Floating-to-Fixed	2008D-1 AMT	3/19/2008	8,795	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	(428)	7/1/2036
09C	Floating-to-Fixed	2008D-1 AMT	3/19/2008	8,795	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	(428)	7/1/2036
12B †	Floating-to-Fixed	2008C / 2008 D-2 / 2010 F-2 / 2010 E-2 / 2011A	7/1/2009	100,000	6.0000% to 7/2017; 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	543	7/1/2038
14A **	Floating-to-Fixed	2008A	7/1/2011	68,545	3.8860%	64.4% of USD LIBOR + 0.280%	(21,779)	7/1/2030
14B **	Floating-to-Fixed	2008A / 2010 E-2 / 2011A	7/1/2011	-	3.8810%	64.4% of USD LIBOR + 0.280%	(13,993)	7/1/2037
Remaining portions of swaps after April 6, 2010 terminations								
15	Fixed Rate Basis Swap	swap #03 (amended and restated)	4/6/2010	59,879	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	4,500	7/1/2022
16	Fixed Rate Basis Swap	swap #05 (amended and restated)	4/6/2010	50,750	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	3,395	7/1/2025
17	Fixed Rate Basis Swap	swap #10A (amended and restated)	4/6/2010	139,735	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	15,054	7/1/2040
18	Fixed Rate Basis Swap	swap #13 (amended and restated)	4/6/2010	150,000	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	18,434	7/1/2040
				$ 1,359,960			$ (24,471)	

† Investment component only
** Investment component only

Credit Risk

The Department is exposed to credit risk on the ten interest rate swaps with positive fair values totaling $59.7 million. The Department is not exposed to credit risk on the remaining interest rate swaps with negative fair values. Should forward interest rates change such that the fair values of those swaps become positive, the Department would then be exposed to credit risk in the amount of those derivatives' fair values. As described earlier, a CSA is in place to provide collateral to protect the value of the swap under specific circumstances. The counterparty credit ratings for the Department's investment derivative swaps at June 30, 2013, are included in the table below.

Swap#	Interest Rate Swap Description	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Credit Risk Exposure (000)
02	Basis Swap	Citigroup Financial Products Inc.	Baa2	A-	A	$ -
04	Basis Swap	Citigroup Financial Products Inc.	Baa2	A-	A	934
06	Basis Swap	Citigroup Financial Products Inc.	Baa2	A-	A	13,798
08A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
08B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	-
08C	Floating-to-Fixed	UBS AG	A2	A	A	-
09A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	2,887
09B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	614
09C	Floating-to-Fixed	UBS AG	A2	A	A	614
12B †	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	1,008
14A **	Floating-to-Fixed	UBS AG	A2	A	A	-
14B **	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
Remaining portions of swaps after April 6, 2010 terminations						
15	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	3,685
16	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	3,026
17	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	14,788
18	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	18,333
						$ 59,687

† Investment component only
** Investment component only

Interest Rate Risk

Swaps #02, #04, and #06 are subject to interest rate risk should the relationship between the LIBOR rate and the SIFMA rate converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

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

Swaps #12B, #14A, and #14B are subject to interest rate risk should the relationship between the LIBOR rate and the Department's variable bond rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

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

Foreign Currency Risk

None of the Department's interest rate swaps are subject to foreign currency risk.

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

Using the rates effective on June 30, 2013, the approximate maturities and interest payments of the Department's variable rate debt and bond anticipation notes plus the net payment projections on the floating-to-fixed interest rate swaps are presented in the following table.

	Variable Rate Bonds		Bond Anticipation Notes			
Due for the Fiscal Year Ended June 30,	Principal (000)	Interest (000)	Principal (000)	Interest (000)	Net Swap Payments (000)	Total (000)
FY2014	$ 100	$ 1,273	$ 7,405	$ 5,179	$ 62,787	$ 76,744
FY2015	100	1,273	118,310	5,540	62,787	188,010
FY2016	3,865	1,269	174,285	2,179	60,012	241,610
FY2017	14,130	1,247	-	-	57,032	72,409
FY2018	23,620	1,217	-	-	37,599	62,436
FY2019-2023	419,925	4,900	-	-	91,149	515,974
FY2024-2028	191,815	3,066	-	-	89,242	284,123
FY2029-2033	165,325	1,230	-	-	69,633	236,188
FY2034-2038	167,065	634	-	-	27,098	194,797
FY2039-2043	104,350	79	-	-	1,920	106,349
Total	$ 1,090,295	$ 16,188	$ 300,000	$ 12,898	$ 559,259	$ 1,978,640

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 its actual cost. The total amounts billed for these services were $31.5 million and $29.2 million for the fiscal years ended June 30, 2013 and 2012, respectively.

11.) COMMITMENTS AND CONTINGENCIES

(a) Federal Grants

As of June 30, 2013, the County has remaining commitments from the FAA for grant awards of $18.3 million for land acquisitions and certain other airport improvements. Such funds are generally available for reimbursement upon the acquisition of the specific asset and are generally accrued as receivables at the time the acquisition costs are incurred.

(b) Construction in Progress

As of June 30, 2013, the Department's management estimates that construction in progress will require an additional outlay of approximately $201.4 million to bring related projects to completion.

(c) Litigation and Claims

General Litigation

There is no controversy of any nature now pending against the County or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the ability to offer notes or bonds or in any way contesting or affecting the validity of existing notes or bonds, nor are there any proceedings against the County with respect to existing notes or bonds.

Resolved Inverse Condemnation Litigation

The County is a party to actions concerning Airport System operations in which inverse condemnation damages and other damages are being sought against the County. Although the facts and circumstances of each case differ, the County believes the ultimate outcomes of all cases summarized below will be affected by the decision rendered by the Nevada Supreme Court case *McCarran Int'l Airport v. Sisolak*, 122 Nev. 645, 137 P.3d 1110 (2006), affirming *Steve Sisolak v. McCarran Int'l Airport and Clark County*, Clark County Eighth Judicial District Case No. A434337.

In *Sisolak*, the District Court found for plaintiff's inverse condemnation claim, holding that a "per se taking" had occurred as a result of the County's enactment of airport height zoning ordinances. On appeal, the Nevada Supreme Court, on July 13, 2006, affirmed the District Court's ruling that a "per se taking" had occurred as a result of the County's airport height zoning ordinance. The County petitioned the U.S. Supreme Court for a writ of certiorari based on federal law, but the petition was denied. 459 U.S. 1206 (2007). *Sisolak* is currently the controlling law in Nevada.

The County also believes that the ultimate outcomes of all cases summarized below will be affected by the Nevada Supreme Court's 2010 rulings on the statute of limitations in *David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport and Clark County* and *70 Limited Partnership, Tertia Dvorchak as Special Administratrix of the Estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County*, discussed below.

In both *Johnson* and *Dvorchak*, plaintiffs filed complaints alleging that the imposition of zoning height restrictions over the plaintiffs' properties constituted a "per se taking." The County successfully filed motions to dismiss each case based upon the statute of limitations. The Nevada Supreme Court upheld both lower court decisions that per se regulatory takings claims filed more than 15 years after the adoption of airport-related zoning regulations were time-barred. In both *Johnson* and *Dvorchak*, all seven Supreme Court Justices unanimously decided in favor of affirmance. In particular, the Nevada Supreme Court found that its decision in *White Pine Lumber v. City of Reno*, 106 Nev. 778, 801 P.2d 1370 (1990), which recognized a fifteen-year limitations period in inverse condemnation cases, was applicable and that the per se regulatory takings claims accrued upon the adoption of airport-related zoning regulations.

Because these decisions were decided unanimously by all seven Supreme Court Justices, there is a strong likelihood that the Nevada Supreme Court would continue to uphold dismissals of other inverse condemnation airspace takings cases that were filed more than 15 years after the adoption of Clark County Ordinance 1221 (adopted August 1, 1990), Clark County Ordinance 1599 (adopted July 6, 1994), or any other airport-related zoning regulation. Nonetheless, because the orders of affirmance in *Johnson* and *Dvorchak* were not selected for publication, it must be noted that the orders may not be cited as precedent or legal authority under Nevada Supreme Court Rule 123, making it impossible to predict the legal effect of these orders of affirmance.

Pending Inverse Condemnation Litigation

70 Limited Partnership, Tertia Dvorchak as Special Administratrix of the Estate of Thomas T. Beam, Deceased v. McCarran Int'l Airport and Clark County, Case No. A572739. Outside counsel is handling this litigation on behalf of the County. This case was filed on October 1, 2008, alleging that the imposition of zoning height restrictions over the plaintiff's property constitutes a "per se taking." Two ordinances were involved in this case, Ordinance 1221 and Ordinance 1599. The County succeeded in having claims under Ordinance 1221 dismissed based upon the 15-year statute of limitations applicable to inverse condemnation taking claims. Following the decision on the motion to dismiss in the County's favor, the only ordinance that remained as the subject of litigation at the district court level was Ordinance 1599, a claim which belonged to plaintiff 70 Limited Partnership. At the district court level, experts were retained, and the County contended that there was no damage in this case. Once discovery commenced, the plaintiffs located an expert to enhance their damages claims under Ordinance 1599. Utilizing that expert, the plaintiffs then claimed damages in excess of $2.7 billion by Ordinance 1599 alone. Near the close of discovery, the County moved for summary judgment on all claims. The court granted this motion at the March 30, 2010, hearing on dispositive motions. Plaintiff 70 Limited Partnership appealed this action to the Nevada Supreme Court on July 16, 2010. On January 25, 2013, the Nevada Supreme Court filed an unpublished Order of Reversal and Remand which reversed the grant of summary judgment in favor of the County and instructed the trial court to enter partial summary judgment on the issue of liability in favor of the plaintiff. On October 15, 2013, the Board authorized settlement of the case for $38.0 million. Refer to Note 15, "Subsequent Events," for further details.

North American Properties, a Business Entity Formerly Known as Woodbridge Apartments v. McCarran Int'l Airport and Clark County, Case No. A-09-594649. Outside counsel is handling this litigation on behalf of the County. This case was filed July 6, 2009. The plaintiff alleges that the County used airport expansion and the imposition of height restrictions to lower the value of, or take part of, property the plaintiff owns. The County filed a motion to dismiss the plaintiff's amended complaint on January 14, 2011. On February 24, 2011, the district court dismissed the plaintiff's Ordinance 1221 airspace takings claims on the basis that the plaintiff was barred by the 15-year limitations period applicable to inverse condemnation takings claims. The plaintiff and the County continued to litigate the plaintiff's Ordinance 1599 airspace takings claims, which were not barred by the 15-year statute of limitations. The County filed numerous pre-trial motions, including, but not limited to, motions for summary judgment regarding the plaintiff's lack of standing to maintain the inverse condemnation claim and a motion to preclude the plaintiff's proposed expert from opining on a "profit entitlement theory." On September 21, 2012, the district court granted summary judgment in the County's favor, finding, among other things, that the plaintiff lacked standing to maintain the action against the County. On October 24, 2012, the plaintiff appealed this action to the Nevada Supreme Court. As is standard, the Nevada Supreme Court assigned the appeal to the settlement conference program. A settlement judge has been assigned, and a settlement conference is expected to be scheduled soon. The County believes that it has strong legal and factual arguments on appeal, but it cannot predict the outcome of the appeal. The settlement conference has yet to be scheduled. The County has filed for an order granting an extension of time for a status report.

Other Possible Inverse Condemnation/Taking Litigation

It is possible that other litigation will be filed by landowners who are affected by the County's airport height zoning ordinance. It is impossible to predict at this time whether any such litigation will be filed or its ultimate outcome.

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. Three particular cases of note follow.

Williams Brother, Inc. v. Clark County, Case No. A-10-630397-B. Outside counsel is handling this litigation on behalf of the County. The plaintiff filed a complaint against the County on December 2, 2010, alleging that the County's wrongful conduct caused the plaintiff delays and monetary damages in its efforts to complete the Contract 2367–Reconstruction of Taxiway G project at the Airport. The plaintiff also alleges that the County did not pay the retention amounts as required by Nevada's Prompt Payment law, but, for over 18 months, it failed and refused to produce a claim or identify the amount of damages it was claiming. The County obtained an order from the court compelling the plaintiff to produce requested discovery. In July 2012, the plaintiff submitted a 157-page "claim" for $9.2 million (on a $12.0 million contract), but the purported backup does not sufficiently support either the merit or the amount of damages in the claim. The plaintiff filed bankruptcy, and the plaintiff's surety, Travelers Casualty and Surety Company of America ("Travelers"), filed a motion to substitute into the case as the real party in interest. On October 5, 2012, the court entered an order granting Travelers' motion. To date, neither Travelers nor Williams Brother has produced a claim with any identification of the basis for the claim, but they are required to do so within the next month. Discovery is expected to commence in an orderly manner. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is impossible to predict the outcome of this case at this juncture given the current stage of the present litigation. Judge Denton scheduled a trial date of August 12, 2014.

National Federation of the Blind, et al. vs. Clark County, Nevada, et al., U.S. District Court Case No. 2:11-cv-0474. Outside counsel is handling this litigation on behalf of the County. The plaintiffs filed suit claiming the County has violated federal law by owning and operating common use ticketing kiosks at the Airport which do not provide for access by visually impaired persons. The matter is before the court on a pending motion to dismiss. By court order, the motion to dismiss has recently been amended due to the fact that an amended complaint had been filed. The County has taken the position that this matter will be resolved by regulation through the federal Department of Transportation. In the event that there is ultimately an adverse ruling, the County, through the Department, would be compelled to convert the ticket kiosks at the Airport to be accessible to the blind. Potential costs could be in the range of millions of dollars in retrofitting costs if the technology available to make access to the various participating airlines works on the County's kiosks. The County's other alternative in the event of an adverse ruling would be to remove the kiosks in their entirety so that no one would have access. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is too early to determine the range of liability with respect thereto, if any.

Bombardier Transportation (Holdings) USA, Inc. v. Clark County, Nevada. On or about June 1, 2008, Bombardier Transportation (Holdings) USA, Inc. ("Bombardier") and the County entered into a "Contract for Maintenance of Automated Transit System Equipment CBE-552" ("Contract"), whereby Bombardier agreed to provide maintenance services for the Automated Transit System ("ATS") equipment at the Airport. In early 2010, the Department conducted an analysis to determine whether the County would save money by performing in-house maintenance services on the ATS equipment. The Department's analysis demonstrated that the County could save hundreds of thousands of dollars each year by doing so. As a result, on June 1, 2010, the County's Board of Commissioners voted to exercise the termination for convenience right granted to the County by the Contract. While the County and Bombardier were transitioning the work in-house, Bombardier submitted a termination claim to the County asserting that Bombardier was entitled to termination costs in the amount of $1.0 million, including $0.7 million in alleged lost profits. Subsequently, Bombardier sent a revised termination claim to the County that totaled $5.5 million, including $1.6 million in alleged lost profits. The County acknowledged its responsibility to reimburse Bombardier for legitimate and documented costs which resulted from the termination, but declined to pay to Bombardier any additional costs, including any alleged lost profits. Unable to resolve their differences, the parties agreed to mediate Bombardier's claims. A mediation session was held on December 5, 2012. At the mediation session, the parties reached a tentative agreement which had to be approved or rejected by the Board and by Bombardier on or before January 25, 2013. Pursuant to the tentative agreement, the parties agreed that, among other things, the County would reimburse Bombardier for certain substantiated expenses and that the parties would submit the sole issue of the lost profits that Bombardier would have received had the contract continued in effect through the contract's termination date of June 2013 to binding arbitration conducted by a former judge. Both parties have now approved the agreement, and arbitration is in the process of being established.

There are a number of civil actions alleging personal injury and property damage pending against the Department. Pursuant to the Department's liability insurance coverage, the Department has retained counsel to defend these actions. Any monetary exposure above the deductible in those cases of which the Department is aware would be covered by insurance.

12.) RENTALS AND OPERATING LEASES

The Department derives a substantial portion of its revenue from fees and charges to air carriers and concessionaires. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the Lease or with the provisions of the applicable County ordinance. The Department leases land, buildings, and terminal space to various tenants and concessionaires under operating agreements that expire at various times through 2063. Under the terms of these agreements, concession fees are based principally either on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater, or on other land and building rents that are based on square footage rental rates. The Department received $173.1 million and $105.8 million in the years ended June 30, 2013, and 2012, respectively, for contingent rental payments in excess of the stated annual minimum guarantees.

The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2013.

Fiscal Year	Minimum Future Rents (000)
2014	$ 254,784
2015	240,404
2016	73,634
2017	54,705
2018	34,919
Thereafter	389,174

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 any 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 are not presented in this financial report.

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

14.) AIRPORT LAND TRANSFERS

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

1. Valid existing rights;

2. The land must be managed in accordance with the law, with Section 47504 of Title 40 of the United States Code (relating to airport noise compatibility planning), and with regulations promulgated pursuant to that section;

3. If any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall contain a limitation that requires uses be compatible with the law and with Airport Noise Compatibility Planning provisions; and

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

Due to the uncertainty of any future benefit to the Department, a value has not been assigned to, nor was income reported relating to, land not yet sold or leased under the Southern Nevada Public Land Management Act of 1998. Gross proceeds from the sale and lease of Co-operative Management Area ("CMA") land for the year ended June 30, 2013, were $6.6 million, and from inception to that date were $119.6 million. The Department's share of these proceeds was $661.0 thousand for the year ended June 30, 2013, and from inception to that date was $12.0 million. As of June 30, 2013, the Department has paid the BLM and the State of Nevada all amounts due.

15.) SUBSEQUENT EVENTS

Subsequent to June 30, 2013, the following significant events have occurred.

1. On July 1, 2013, the County issued Series 2013 C-1 Note and 2013 C-2 Note for $174.3 million and $118.3 million, respectively. The 2013 C-1 Note is an AMT Fixed Rate Airport System Junior Subordinate Lien Revenue Note, and the 2013 C-2 Note is a Non-AMT Fixed Rate Airport System Junior Subordinate Lien Revenue Note. The 2013 C-1 and C-2 Note proceeds were used to satisfy the outstanding principal and interest balance of the 2012 A-1 and A-2 Airport System Junior Subordinate Lien Notes. The 2013 C-1 Note matures on July 1, 2015, and bears an annual interest rate of 2.50 percent. The 2013 C-2 Note matures on July 1, 2014, and bears an annual interest rate of 2.00 percent.

2. The Governmental Accounting Standards Board ("GASB") has issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“Statement”), which becomes effective for accounting periods beginning after December 15, 2012. The Statement is to be applied retroactively. The Statement requires all line items previously classified as either deferred assets or deferred liabilities to be evaluated as either an asset, a liability, a deferred outflow of resources, a deferred inflow of resources, an outflow of resources, or an inflow of resources. As a result, some assets and liabilities will be reclassified as deferred outflows of resources or deferred inflows of resources, and some assets and liabilities will now be treated as outflows of resources or inflows of resources. The reclassifications between assets and deferred outflows of resources and between liabilities and deferred inflows of resources will not have an impact on net position. However, the reclassifications between assets and outflows of resources and between liabilities and inflows of resources will have an impact on net position and, because the Statement applies retroactively, this impact will be retroactive. The most significant impact involves deferred charges for bond issuance costs and for swap issuance costs. Pursuant to the Statement, these costs are now to be recognized in the period in which they are incurred, except for costs related to bond insurance, which are amortized over the term of the insurance policy. The retroactive impact to net position as of June 30, 2013, would have been a restatement of net position by reducing net investment in capital assets by $33.8 million and increasing the change in net position by $0.9 million.

3. As of June 30, 2013, the Clark County, Nevada, Passenger Facility Charge Refunding Revenue Bonds Series 2010 F-2 were supported by an irrevocable, direct-pay Letter of Credit (“LOC”) agreement with Union Bank. This LOC agreement was scheduled to terminate on November 4, 2013. Effective on August 9, 2013, the Department amended the LOC agreement to extend the terms to August 9, 2016.

4. In September 2013, the Board authorized a settlement of $38.0 million for the plaintiff in *70 Limited Partnership, Tertia Dvorchak as Special Administratrix of the Estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County*, Case No. A572739 in the Eighth Judicial District Court of Nevada. This settlement relates to litigation regarding Ordinance 1599 (see Subnote (c), "Litigation and Claims," under Note 11, "Commitments and Contingencies," above). On October 15, 2013, the Board approved the formal settlement agreement. In exchange for the settlement amount, the Department received aerial rights of way to the parcels outlined in the agreement. The settlement amount has been accrued as of June 30, 2013, as an increase in current liabilities under avigation acquisition liability and an increase in capital assets under perpetual avigation easement.

5. The U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payments for Build America Bonds were reduced.

   On September 30, 2013, the Internal Revenue Service, a division of the U.S. Department of the Treasury, announced for federal fiscal year 2014 a sequestration of funds for Build America Bonds, continuing the federal sequestration of funds applicable to federal fiscal year 2013 and reducing the federal subsidy of these bonds by 7.2 percent. The Department has two outstanding senior lien bonds (Series 2009B and Series 2010C) which are receiving this subsidy and which are subject to both federal fiscal years’ sequestrations. For FY 2014, the estimated impact to the Series 2009B and Series 2010C bonds will be a reduction in subsidy payments of $0.5 million and $0.8 million, respectively.

Required Supplementary Information

Clark County Department of Aviation
Clark County, Nevada

Schedule of Other Postemployment Benefits Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Self-funded/HPN						
7/1/2008	$ -	$ 60,047,814	$ 60,047,814	$ -	$ 77,526,127	77.5%
7/1/2010	-	95,469,098	95,469,098	-	76,755,580	124.4%
7/1/2012	-	109,026,574	109,026,574	-	75,184,165	145.0%
PEBP plan						
7/1/2008	$ -	$ 17,290,402	$ 17,290,402	$ -	$ -	N/A*
7/1/2010	-	17,417,513	17,417,513	-	-	N/A*
7/1/2012	-	19,890,957	19,890,957	-	-	N/A*

*PEBP no longer has active employees effective 9/1/08.

Supplementary Information

Clark County Department of Aviation
Clark County, Nevada

Schedule of Insurance Coverage
As of June 30, 2013

Amount of Coverage	Description	Limits ($)	Insurer	Expiration
$750M	Airport Liability	$100M	Ace	10/01/2013
	Excess Airport Liability	$650M	Westchester Fire Ins	10/01/2013
$100M	Third Party War Liability	$100M	Ace	10/01/2013
$1.5B	Airport Property Liability	$1.5B	Lexington	10/01/2013
$250M	Terrorism	$250M	Lexington	10/01/2013
$300M	Construction Liability	$300M	Lloyds of London	07/01/2014
$98M	Builder's Risk	$98M	Travelers	07/01/2014
$40M	Pollution and Remediation	$40M	Indian Harbor	03/27/2018
$5M	EPLI	$5M	Zurich	10/01/2013

Clark County Department of Aviation
Clark County, Nevada

Schedule of Airport Revenue Bond Debt Service Coverage
For the Fiscal Years Ended June 30, 2013 and 2012

	Reference	FY 2013 (000)	FY 2012 (000)
Operating revenue		$ 496,572	$ 355,411
Build America Bond subsidy payments received		17,282	-
Interest income		505	5,622
Total revenue	1	514,359	361,033
Other available funds:			
Senior lien coverage		17,776	7,918
Subordinate lien coverage	2	14,980	4,205
Total other available funds		32,756	12,123
Total revenue and other available funds		547,115	373,156
Operating expenses	3	(234,098)	(222,336)
Net revenues available for debt service	4	313,017	150,820
PFC revenue		79,933	79,648
PFC fund interest income		225	1,040
Total PFC revenue	5	80,158	80,688
Senior lien debt service	6	71,102	31,670
Subordinate lien debt service		153,560	46,155
Shortfall / (excess) pledged PFC revenue*		(3,756)	(4,102)
Total subordinate lien debt service	7	149,804	42,053
Senior and subordinate lien debt service	8	220,906	73,723
Subordinate PFC debt service	9	76,402	76,586
(Shortfall) / excess pledged PFC revenue*		3,756	4,102
Total subordinate PFC debt service		$ 80,158	$ 80,688
Coverage achieved:			
Net revenue (informational only)	(1-3)/6	3.94	4.38
Senior lien including other available funds (1.25 required)	(4-2)/6	**4.19**	**4.63**
Senior and subordinate lien including other available funds (1.10 required)	4/8	**1.42**	**2.05**
Subordinate lien after payment of senior lien	(4-6)/7	1.61	2.83
Subordinate PFC bonds (informational only)	5/9	1.05	1.05

* PFC pledged excess revenues are used for subordinate lien debt service on bonds whose proceeds were used for approved PFC projects.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Cash Receipts and Disbursements - Restricted Accounts
As of and for the yearended June 30, 2013

	Construction (000)	Passenger Facility Charge (000)	Current Debt Service (000)	Debt Service Reserve (000)	Working Capital and Contingency Reserve (000)	Capital and Rate Stabilization Reserve (000)	Total (000)
Cash and investments, beginning of fiscal year	$ 166,102	$ 15,542	$ 293,868	$ 203,816	$ 18,664	$ 20,765	$ 718,757
Cash Receipts:							
Passenger Facility Charges	-	79,994	-	-	-	-	79,994
Jet Aviation Fuel Tax	-	-	-	11,008	-	-	11,008
FAA Grants	7,125	-	-	-	-	-	7,125
Bond proceeds	120,000	-	-	-	-	-	120,000
Interest received	52	38	2,735	1,046	45	53	3,969
Proceeds from capital asset disposal	-	134	-	-	-	-	134
Transfers in	-	-	381,415	-	828	10,411	392,654
Total Receipts	127,177	80,166	384,150	12,054	873	10,464	614,884
Total cash and investments available	293,279	95,708	678,018	215,870	19,537	31,229	1,333,641
Cash disbursements:							
Deposits to refunding escrow	-	-	88,176	-	-	-	88,176
Bond issuance costs	-	-	2,328	-	-	-	2,328
Project costs	101,627	-	-	-	-	-	101,627
Principal payments	-	-	105,535	-	-	-	105,535
Interest payments	-	-	244,282	-	-	-	244,282
Transfers out	18,822	78,241	-	10,907	98	55	108,123
Total cash disbursements	120,449	78,241	440,321	10,907	98	55	650,071
Cash and investments, end of fiscal year	$ 172,830	$ 17,467	$ 237,697	$ 204,963	$ 19,439	$ 31,174	$ 683,570

Clark County Department of Aviation
Clark County, Nevada

Schedule of Operating Revenues and Expenses by Cost Center
Actual and Budget for Fiscal Year Ended June 30, 2013
(With Comparative Totals for the Fiscal Year Ended June 30, 2012)

	Terminal Building (000)	Airfield Area (000)	Apron Area (000)	Other Buildings and Areas (000)	Heliport (000)	Ivanpah Airport (000)	Terminal Area (000)	Reliever Airports (000)	Consolidated Car Rental Facility (000)	General and Administrative (000)	Year Ended June 30, 2013 Actual Total (000)	Year Ended June 30, 2013 Budgeted Total (000)	Actual Year Ended June 30, 2012 (000)
Operating Revenues:													
Landing fees	$ -	$ 53,451	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,451	$ 56,910	$ 38,460
Other aircraft fees	-	5,990	-	-	-	-	-	4,842	-	-	10,832	15,499	11,219
Building rentals	181,207	170	28,151	2,610	-	-	-	602	36,166	-	248,906	243,813	130,620
Land rentals	-	7,050	1,663	9,505	-	-	-	1,352	187	-	19,757	16,741	18,852
Ground transportation fees	-	-	-	-	-	-	15,419	68	29,563	-	45,050	45,162	43,371
Gaming revenue	23,624	-	-	-	-	-	-	-	241	-	23,865	28,272	25,719
Terminal concessions	59,839	105	1,950	-	-	-	-	145	133	-	62,172	59,226	56,634
Parking	-	-	-	-	-	-	30,432	28	81	-	30,541	30,544	28,778
Other	136	24	-	27	-	-	116	379	147	1,169	1,998	1,608	1,758
Total Operating Revenues	264,806	66,790	31,764	12,142	-	-	45,967	7,416	66,518	1,169	496,572	497,775	355,411
Operating Expenses:													
Salaries, wages and benefits	54,027	9,258	11,242	3,404	-	-	16,786	6,334	1,372	16,278	118,701	118,267	111,195
Professional fees	20,352	5,991	1,562	6,174	-	-	5,188	134	8,091	6,467	53,959	54,981	51,130
Repairs and maintenance	14,481	441	21	1,154	-	-	1,509	657	2,118	589	20,970	23,239	21,424
Utilities and communication	9,345	944	744	2,288	-	-	5,590	805	1,503	1,782	23,001	27,922	20,970
Materials and supplies	8,836	530	337	12	-	-	336	215	1,657	568	12,491	12,357	12,806
Administrative	313	33	-	106	-	-	599	555	6	835	2,447	2,911	2,528
Insurance	1,133	340	158	155	-	-	276	71	157	239	2,529	2,840	2,283
Total Operating Expenses	108,487	17,537	14,064	13,293	-	-	30,284	8,771	14,904	26,758	234,098	242,517	222,336
Allocation percentage of general and administrative	52.3%	8.5%	6.8%	6.4%	0.0%	0.0%	14.6%	4.2%	7.2%		100.0%		100%
Allocation of general and administrative costs	14,001	2,263	1,815	1,716	-	-	3,908	1,132	1,923	(26,758)	-		
Total Operating Expenses After Allocation	122,488	19,800	15,879	15,009	-	-	34,192	9,903	16,827	-	234,098	242,517	222,336
Loss or Gain from Operations	$ 142,318	$ 46,990	$ 15,885	$ (2,867)	$ -	$ -	$ 11,775	$ (2,487)	$ 49,691	$ 1,169	$ 262,474	$ 255,258	$ 133,075

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STATISTICAL SECTION COVER

Overview of Information Provided in Statistical Section

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

Financial trend data has been provided to assist users in understanding and assessing how the Department's financial position has changed over time. The financial trend data provided includes summaries of trends in operating revenues, expenses, and changes in net positions for the last ten years of the Department's operations. This section also includes detailed information on operating income before depreciation and non-operating income and expenses. Also included in this section is detailed information on operating expenses by type such as wages, maintenance, professional services, security and fire services, utilities, materials and supplies, insurance, and other expenses.

Revenue capacity information has been provided to assist users in understanding and assessing the factors affecting the Department's ability to generate its own source revenues. Revenue capacity information provided includes revenues by type such as rentals, fees, and airport concessions as well as summary information on restricted revenues for the same period.

Debt capacity information has been provided to assist users in understanding and assessing the Department's debt burden as well as its ability to service existing debt and issue additional debt. Schedules of bond debt service coverage are included to provide trends in coverage for senior lien, subordinate lien, and passenger facility charge revenue bonds issued by the Department.

Demographic and economic information has been provided to assist users in understanding the socioeconomic environment within which the Department operates and to provide information that facilitates comparisons of financial statement information over time. Demographic and economic indicators provided include schedules of metropolitan service area visitor volume, room occupancy rates, and convention attendance statistics as well as population, labor source, and unemployment rates of the surrounding community.

Operating information has been provided to assist users with contextual information about the Department's operations and resources and to assist the reader in using financial statement information to understand and assess the Department's economic condition. Included in this section is passenger enplanement statistics, cargo tonnage, and aircraft landed weights for the last ten years of the Department's operations; airline market share information by airline for the last three years of airport operations; and an analysis of per passenger concession revenues, expenses, bond debt service coverage, and airline costs for the last ten years of the Department's operations.

This section is intended to be viewed in conjunction with the financial statements as a whole and to enhance the usefulness of the financial information contained therein.

Clark County Department of Aviation
Clark County, Nevada

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

Fiscal Year	Operating Revenue (000)	Percentage of Increase/ Decrease	Operating Expenses (000)	Percentage of Increase/ Decrease	Income Before Depreciation (000)	Percentage of Increase/ Decrease	Depreciation (000)	Percentage of Increase/ Decrease	Operating Income (000)	Percentage of Increase/ Decrease	Net Non-Operating Income (expense) (000)	Percentage of Increase/ Decrease	Income before Capital Conributions (000)	Percentage of Increase/ Decrease	Capital Contributions (000)	Percentage of Increase/ Decrease	Change in Net Position (000)	Percentage of Increase/ Decrease
2004	$243,043	8.0%	$122,947	-1.4%	$120,096	19.6%	$ 64,850	2.8%	$ 55,246	48.2%	$ (18,099)	-268.9%	$ 37,147	-22.6%	$ 20,846	-5.1%	$ 57,993	-17.1%
2005	261,566	7.6%	140,347	14.2%	121,219	0.9%	66,048	1.8%	55,171	-0.1%	2,200	-112.2%	57,371	54.4%	62,335	199.0%	119,706	106.4%
2006	290,979	11.2%	156,977	11.8%	134,002	10.5%	70,853	7.3%	63,149	14.5%	35,587	1517.6%	98,736	72.1%	116,187	86.4%	214,923	79.5%
2007	323,418	11.1%	207,443	32.1%	115,975	-13.5%	85,821	21.1%	30,154	-52.2%	50,097	40.8%	80,251	-18.7%	25,057	-78.4%	105,308	-51.0%
2008	375,888	16.2%	247,726	19.4%	128,162	10.5%	81,014	-5.6%	47,148	56.4%	34,338	-31.5%	81,486	1.5%	22,316	-10.9%	103,802	-1.4%
2009	379,215	0.9%	244,396	-1.3%	134,819	5.2%	122,688	51.4%	12,131	-74.3%	(40,369)	-217.6%	(28,238)	-134.7%	41,235	84.8%	12,997	-87.5%
2010	362,451	-4.4%	227,694	-6.8%	134,757	0.0%	134,369	9.5%	388	-96.8%	(40,236)	-0.3%	(39,848)	41.1%	22,914	-44.4%	(16,934)	-230.3%
2011	392,554	8.3%	217,353	-4.5%	175,201	30.0%	136,104	1.3%	39,097	9976.5%	(25,597)	-36.4%	13,501	-133.9%	16,761	-26.9%	30,262	-278.7%
2012	355,411	-9.5%	222,336	2.3%	133,075	-24.0%	137,052	0.7%	(3,977)	-110.2%	(165,645)	547.1%	(169,622)	-1356.4%	36,752	119.3%	(132,870)	-539.1%
2013	496,572	39.7%	234,098	5.3%	262,474	97.2%	199,528	45.6%	62,946	-1682.8%	(96,469)	-41.8%	(33,523)	-80.2%	10,467	-71.5%	(23,056)	-82.6%
Average of Annual Increase (Decrease)		8.9%		7.1%		13.7%		13.6%		807.9%		139.7%		-157.7%		25.2%		-110.2%

This summary includes information on operating revenues and expenses, operating income before depreciation, non-operating income and changes in net position. It provides a summary of trends in operating revenues, expenses and changes in Net Position for the last ten years of the Departments operations.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position
Budget vs. Actual for Fiscal Year Ended June 30, 2013
(with Comparative Totals for Fiscal Year Ended June 30, 2012)

	FY 2013			FY 2012
	Budget (000)	Actual (000)	Variance-Positive (Negative) (000)	Actual (000)
Operating Revenues				
Landing fees	$ 56,909	$ 53,451	$ (3,458)	$ 38,460
Other aircraft fees	7,000	5,997	(1,003)	6,459
Terminal concessions fees	59,226	62,047	2,821	56,550
Building rental	243,814	248,210	4,396	130,078
Public and employee parking fees	30,544	30,540	(4)	28,778
Gaming fees	28,272	23,865	(4,407)	25,719
Rental car concession fees	31,180	29,957	(1,223)	29,848
Land rental	20,360	20,119	(241)	18,817
Ground transportation fees	13,982	15,092	1,110	13,524
Other	6,488	7,294	806	7,178
Total Operating Revenue	497,775	496,572	(1,203)	355,411
Operating Expenses				
Salaries and wages	81,497	77,395	4,102	72,296
Employee benefits	41,170	41,306	(136)	38,899
Contracted and professional services	59,981	53,959	6,022	51,130
Repairs and maintenance	23,239	20,970	2,269	21,424
Utiliites and communications	30,922	23,001	7,921	20,970
Materials and supplies	25,731	12,491	13,240	12,806
Administrative expenses	5,751	4,976	775	4,811
Total Operating Expenses	268,291	234,098	34,193	222,336
Operating income before depreciation	229,484	262,474	32,990	133,075
Depreciation/Amortization	204,648	199,528	5,120	137,052
Operating income or (loss)	24,836	62,946	38,110	(3,977)
Non-operating Revenues (Expenses)				
Passenger Facility Charges	81,139	79,933	(1,206)	79,648
Jet A Fuel Taxes	7,447	11,268	3,821	7,425
Interest and investment income	(12,500)	48,248	60,748	(59,272)
Interest expense	(249,075)	(235,311)	13,764	(160,446)
Capital contributions	22,000	10,467	(11,533)	36,752
Net loss from disposition of capital assets	(3,500)	(607)	2,893	(33,000)
Total non-operating revenues (expenses)	(154,489)	(86,002)	68,487	(128,893)
Change in net position	(129,653)	(23,056)	106,597	(132,870)
Net position, beginning of year	1,411,698	1,411,698	-	1,544,568
Net position, end of year	$ 1,282,045	$ 1,388,642	$ 106,597	$ 1,411,698

Clark County Department of Aviation
Clark County, Nevada

Summary of Non-operating Income and Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Passenger Facility Charges (000)	Percentage of Increase/ Decrease	Customer Facility Charges (000)	Percentage of Increase/ Decrease	Jet - A Fuel Taxes (000)	Percentage of Increase/ Decrease	Interest and Investment Income (000)	Percentage of Increase/ Decrease	Interest Expense (000)	Percentage of Increase/ Decrease	Gain/(loss) Disposition of Assets (000)	Percentage of Increase/ Decrease	Other Income (Expense) (000)	Percentage of Increase/ Decrease	Total Non-operating Inc. / (Exp.) (000)	Percentage of Increase/ Decrease
2004	$ 50,758	12.9%	$ -	0.0%	$ 9,530	-19.0%	$ 14,694	-63.8%	$ 89,720	2.2%	$ -	0.0%	$ (3,361)	-376.4%	$ (18,099)	-268.9%
2005	73,390	44.6%	-	0.0%	9,362	-1.8%	26,866	82.8%	105,806	17.9%	-	0.0%	(1,612)	-52.0%	2,200	-112.2%
2006	85,969	17.1%	11,413	100.0%	9,271	-1.0%	36,129	34.5%	113,460	7.2%	-	0.0%	6,265	-488.6%	35,587	1517.6%
2007	89,358	3.9%	10,470	-8.3%	9,310	0.4%	54,323	50.4%	112,533	-0.8%	-	0.0%	(831)	-113.3%	50,097	40.8%
2008	79,475	-11.1%	50,844	385.6%	9,498	2.0%	60,636	11.6%	157,604	40.1%	(8,693)	100.0%	182	-121.9%	34,338	-31.5%
2009	75,335	-5.2%	-	-100.0%	8,388	-11.7%	22,405	-63.1%	137,254	-12.9%	(8,921)	2.6%	(322)	-276.9%	(40,369)	-217.6%
2010	77,309	2.6%	-	0.0%	7,799	-7.0%	45,777	104.3%	164,499	19.9%	(6,622)	-25.8%	-	-100.0%	(40,236)	-0.3%
2011	77,949	0.8%	-	0.0%	7,318	-6.2%	51,334	12.1%	162,162	-1.4%	(35)	-99.5%	-	0.0%	(25,597)	-36.4%
2012	79,648	2.2%	-	0.0%	7,425	1.5%	(59,272)	-215.5%	160,446	-1.1%	(33,000)	94185.7%	-	0.0%	(165,646)	547.1%
2013	79,933	0.4%	-	0.0%	11,268	51.8%	48,248	-181.4%	235,311	46.7%	(607)	-98.2%	-	0.0%	(96,469)	-41.8%
Average of Annual Increase (Decrease)		6.8%		N/A		0.9%		-22.8%		11.8%		N/A		N/A		N/A

This summary includes information on non-operating income and expenses by source and/or activity.

Clark County Department of Aviation
Clark County, Nevada

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

Fiscal Year	(1) Total Revenue Available for Senior Debt Service (000)	(2) Total Revenue Available for Subordinate Debt Service (000)	(3) Less: Operating and Maintenance Expenses (000)	(4) (1) minus (3) Net Revenue Available for Senior Debt Service (000)	(5) (2) minus (3) Net Revenue Available for Subordinate Debt Service (000)	(6) Senior Lien Debt Service (000)	(4)/(6) Senior Lien Coverage (1.25 Required *)	(7) Subordinate Lien Debt Service (000)	(5)/(7) Senior and Subordinate Lien Coverage (1.10 Required*)
2004	$ 243,334	$ 245,581	$ 122,947	$ 120,387	$ 122,634	$ 35,010	3.44	$ 22,469	2.13
2005	276,862	280,155	140,347	136,515	139,808	34,958	3.91	32,930	2.06
2006	322,650	326,726	156,977	165,673	169,749	42,807	3.87	40,760	2.03
2007	358,586	363,336	207,443	151,143	155,893	40,371	3.74	47,505	1.77
2008	412,806	418,566	256,419	156,387	162,147	39,934	3.92	57,602	1.66
2009	408,260	413,052	244,396	163,864	168,656	43,066	3.80	47,919	1.85
2010	385,465	390,260	227,694	157,771	162,566	60,674	2.60	47,950	1.50
2011	413,762	419,503	217,353	196,409	202,150	63,194	3.16	57,407	1.68
2012	368,951	373,156	222,336	146,615	150,820	31,670	4.63	42,053	2.05
2013	532,135	547,115	234,098	298,037	313,017	71,102	4.19	149,804	1.42
Average Annual Increase (Decrease)	9.1%	9.3%	7.4%	10.6%	11.0%	8.2%	3.73	23.5%	1.81

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

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

Fiscal Year	PFC Revenue (000)	PFC Debt Service (000)	PFC Coverage (none Required)
2004	$ 51,709	$ 54,984	0.94
2005	73,390	43,756	1.68
2006	90,442	50,442	1.79
2007	93,756	79,970	1.17
2008	95,079	95,204	1.00
2009	81,271	89,456	0.91
2010	81,805	81,804	1.00
2011	78,997	82,187	0.96
2012	80,688	76,586	1.05
2013	80,158	76,402	1.05
Average Annual Increase (Decrease)	5.0%	3.7%	1.16

This schedule provides trends in coverage requirements for senior lien and subordinate lien debt service as are defined in the Master Indenture of Trust, dated May 1, 2003.
For illustration purposes, this analysis also provides calculated coverage for passenger facility charge revenue bonds issued by the Department.

Clark County Department of Aviation
Clark County, Nevada

Summary of Operating Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Operating Revenue (000)	Percentage of Increase/ Decrease	Other: Landing Fees (000)	Percentage of Increase/ Decrease	Other: Aircraft Fees (000)	Percentage of Increase/ Decrease	Other: Building Rentals (000)	Percentage of Increase/ Decrease	Other: Land Rentals (000)	Percentage of Increase/ Decrease	Concessions: Transport (000)	Percentage of Increase/ Decrease	Concessions: Gaming (000)	Percentage of Increase/ Decrease	Concessions: Terminal (000)	Percentage of Increase/ Decrease	Concessions: Parking (000)	Percentage of Increase/ Decrease	Misc (000)	Percentage of Increase/ Decrease
2004	$ 225,042	3.4%	$ 27,619	-2.6%	$ 4,162	3.8%	$ 66,683	0.5%	$ 13,460	33.9%	$ 26,809	3.8%	$ 32,881	2.3%	$ 30,696	3.7%	$17,469	2.1%	$ 5,263	27.2%
2005	243,043	8.0%	29,878	8.2%	4,677	12.4%	68,356	2.5%	13,119	-2.5%	29,871	11.4%	37,560	14.2%	34,349	11.9%	19,077	9.2%	6,156	17.0%
2006	261,566	7.6%	32,496	8.8%	4,617	-1.3%	70,466	3.1%	13,992	6.7%	34,883	16.8%	37,608	0.1%	39,132	13.9%	22,317	17.0%	6,057	-1.6%
2007	290,977	11.2%	23,947	-26.3%	10,164	120.1%	88,037	24.9%	15,132	8.1%	38,375	10.0%	39,624	5.4%	45,111	15.3%	26,261	17.7%	4,326	-28.6%
2008	375,888	29.2%	35,778	49.4%	28,681	182.2%	105,512	19.8%	15,753	4.1%	66,398	73.0%	38,470	-2.9%	54,490	20.8%	27,893	6.2%	2,872	-33.6%
2009	379,215	0.9%	51,422	43.7%	29,087	1.4%	123,557	17.1%	16,870	7.1%	40,443	-39.1%	30,573	-20.5%	53,349	-2.1%	27,490	-1.4%	6,424	123.7%
2010	362,451	-4.4%	51,722	0.6%	5,220	-82.1%	138,989	12.5%	17,985	6.6%	37,858	-6.4%	25,659	-16.1%	51,925	-2.7%	26,618	-3.2%	2,098	-67.3%
2011	392,554	8.3%	57,655	11.5%	5,619	7.6%	150,799	8.5%	17,693	-1.6%	40,614	7.3%	25,908	1.0%	53,023	2.1%	28,326	6.4%	2,845	35.6%
2012	355,411	-9.5%	38,460	-33.3%	6,459	14.9%	128,642	-14.7%	17,891	1.1%	43,371	6.8%	25,719	-0.7%	56,550	6.7%	28,778	1.6%	3,287	15.5%
2013	496,572	39.7%	53,451	39.0%	5,997	-7.1%	241,707	87.9%	19,134	6.9%	45,049	3.9%	23,865	-7.2%	62,047	9.7%	30,540	6.1%	3,343	1.7%
Average of Annual Increase (Decrease)		9.4%		9.9%		25.2%		16.2%		7.0%		8.8%		-2.4%		7.9%		6.2%		9.0%

This trend analysis provides operating income by revenue type: rentals, fees and concessions for the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Summary of Restricted Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Jet Aviation Fuel Tax (000)	Percentage of Increase/ Decrease	Jet A Fuel Tax Per Enplaned Passenger (000)	Passenger Facility Charge (000)	Percentage of Increase/ Decrease	PFC Per Enplaned Passenger (000)	Customer Facility Charge (000)	Percentage of Increase/ Decrease	CFC Per Enplaned Passenger (000)
2004	$ 9,530	-19.0%	$ 0.67	$ 50,758	12.9%	$ 2.55	$ -	-	$ -
2005	9,362	-1.8%	0.49	73,390	44.6%	2.61	-	-	-
2006	9,271	-1.0%	0.44	85,969	17.1%	3.42	11,413	100.00%	0.51
2007	9,310	0.4%	0.41	89,358	3.9%	3.96	10,470	-8.3%	0.46
2008	9,499	2.0%	0.40	79,475	-11.1%	3.36	50,844	385.6%	2.15
2009	8,388	-11.7%	0.36	75,335	-5.2%	3.78	-	-	-
2010	7,799	-7.0%	0.39	77,309	2.6%	3.87	-	-	-
2011	7,318	-6.2%	0.36	77,949	0.8%	3.85	-	-	-
2012	7,425	1.5%	0.35	79,648	2.2%	3.80	-	-	-
2013	11,268	51.8%	0.54	79,933	0.4%	3.83	-	-	-
Average of Annual Increase (Decrease)		0.9%			6.8%				

This schedule provides trends in restricted revenues for capital project funding collected from fuel taxes and passenger fees during the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

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

Fiscal Year	Senior Lien Debt Service (000)	Subordinate Lien Debt Service (000)	Total Debt Service (000)	Operating Revenues (000)	Ratio of Debt Service to Revenues	Operating Expenses (000)	Ratio of Debt Service to Expenses
2004	$ 35,010	$ 22,911	$ 57,921	$ 243,043	4.20	$ 122,947	2.12
2005	34,958	32,930	67,888	261,566	3.85	140,347	2.07
2006	42,807	40,760	83,567	290,977	3.48	156,977	1.88
2007	40,371	47,505	87,876	323,418	3.68	207,443	2.36
2008	39,934	57,602	97,536	375,888	3.85	247,726	2.54
2009	43,066	47,919	90,985	379,215	4.17	244,396	2.69
2010	60,674	47,950	108,624	362,451	3.34	227,694	2.10
2011	63,194	57,407	120,601	392,554	3.25	217,353	1.80
2012	31,670	42,053	73,723	355,411	4.82	222,336	3.02
2013	71,102	149,804	220,906	496,572	2.25	234,098	1.06
Average Annual Increase(Decrease)	8.2%	23.2%	16.0%	8.3%	-6.7%	7.4%	-7.4%

This schedule provides bond debt service ratio trends for operating revenue and operating expense for the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Summary of Operating Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total (000)	Percentage of Increase/ Decrease	Wages and Benefits (000)	Percentage of Increase/ Decrease	Professional Services (000)	Percentage of Increase/ Decrease	Utilities (000)	Percentage of Increase/ Decrease	Repairs, Supplies and Maintenance (000)	Percentage of Increase/ Decrease	Insurance (000)	Percentage of Increase/ Decrease	Other (000)	Percentage of Increase/ Decrease
2004	$ 122,947	-1.4%	$ 59,233	5.6%	$ 25,314	2.5%	$12,799	-3.8%	$ 16,954	-1.5%	$ 5,624	14.7%	$ 3,023	-64.3%
2005	140,346	14.2%	63,329	6.9%	32,346	27.8%	16,166	26.3%	20,802	22.7%	5,249	-6.7%	2,454	-18.8%
2006	156,977	11.8%	67,128	6.0%	33,535	3.7%	17,732	9.7%	30,943	48.8%	5,879	12.0%	1,760	-28.3%
2007	207,443	32.1%	82,254	22.5%	49,786	48.5%	22,622	27.6%	43,909	41.9%	5,889	0.2%	2,983	69.5%
2008	247,726	19.4%	98,753	20.1%	68,868	38.3%	22,526	-0.4%	47,004	7.0%	5,762	-2.2%	4,813	61.3%
2009	244,396	-1.3%	112,281	13.7%	64,085	-6.9%	22,222	-1.3%	39,716	-15.5%	4,686	-18.7%	1,406	-70.8%
2010	227,694	-6.8%	109,214	-2.7%	56,464	-11.9%	21,072	-5.2%	35,694	-10.1%	2,812	-40.0%	2,438	73.4%
2011	217,353	-4.5%	111,186	1.8%	49,203	-12.9%	20,199	-4.1%	31,128	-12.8%	2,314	-17.7%	3,323	36.3%
2012	222,336	2.3%	111,195	0.0%	51,130	3.9%	20,970	3.8%	34,230	10.0%	2,283	-1.3%	2,528	-23.9%
2013	234,098	5.3%	118,701	6.8%	53,959	5.5%	23,001	9.7%	33,461	-2.2%	2,529	10.8%	2,447	-3.2%
Average Annual Increase (Decrease)	7.4%		8.0%		8.8%		6.7%		7.8%		-8.5%		-2.3%	

The summary provides trends in operating expenses by type for wages, maintenance, independent services, security and fire, utilities, repairs and maintenance, insurance and other expenses for the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Passenger and Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Aircraft Operations (Departures)	Percentage of Increase/ Decrease	Landed Weight (Pounds per 000)	Percentage of Increase/ Decrease	Total Enplaned Passengers	Percentage of Increase/ Decrease	Cargo Tons	Percentage of Increase/ Decrease
2004	193,860	8.2%	24,878,724	7.8%	19,449,065	10.2%	92,857	3.8%
2005	213,035	9.9%	27,066,272	8.8%	21,439,652	10.2%	107,252	15.5%
2006	227,445	6.8%	27,526,493	1.7%	22,546,814	5.2%	112,352	4.8%
2007	257,743	13.3%	28,831,044	4.7%	23,628,484	4.8%	104,761	-6.8%
2008	260,343	1.0%	28,941,564	0.4%	23,525,862	-0.4%	100,929	-3.7%
2009	230,925	-11.3%	25,973,079	-10.3%	20,739,408	-11.8%	90,746	-10.1%
2010	218,706	-5.3%	24,306,053	-6.4%	19,952,800	-3.8%	90,248	-0.5%
2011	224,386	2.6%	24,288,033	-0.1%	20,266,091	1.6%	95,555	5.9%
2012	227,206	1.3%	24,855,800	2.3%	20,962,087	3.4%	96,173	0.6%
2013	221,755	-2.4%	24,314,564	-2.2%	20,872,526	-0.4%	105,100	9.3%
Average Annual Increase (Decrease)	1.5%		-0.3%		0.8%		1.4%	

Clark County Department of Aviation
Clark County, Nevada

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

Calendar Year	Total Visitor Volume	Percentage of Increase/ Decrease	Convention Attendance	Percentage of Increase/ Decrease	Total Available Hotel-Motel Rooms	Percentage of Increase/ Decrease	Occupancy Rates	Percentage of Increase/ Decrease	Labor Force	Percentage of Increase/ Decrease
2004	37,388,781	5.2%	5,724,864	1.2%	131,503	0.8%	88.6%	4.2%	830,951	3.1%
2005	38,566,717	3.2%	6,166,194	7.7%	133,186	1.3%	89.2%	0.7%	872,410	5.0%
2006	38,914,889	0.9%	6,307,961	2.3%	132,605	-0.4%	89.7%	0.6%	911,492	4.5%
2007	39,196,761	0.7%	6,209,253	-1.6%	132,947	0.3%	90.4%	0.8%	933,770	2.4%
2008	37,481,552	-4.4%	5,899,725	-5.0%	140,529	5.7%	86.0%	-4.9%	970,643	3.9%
2009	36,351,469	-3.0%	4,492,275	-23.9%	148,941	6.0%	81.5%	-5.2%	982,509	1.2%
2010	37,335,436	2.7%	4,473,134	-0.4%	148,935	0.0%	80.4%	-1.3%	998,437	1.6%
2011	38,928,708	4.3%	4,865,272	8.8%	150,161	0.8%	83.8%	4.2%	998,907	0.0%
2012	39,727,022	2.1%	4,944,014	1.6%	150,481	0.2%	84.4%	0.7%	992,403	-0.7%
2013	not available		not available		not available		not available		not available	
Average Annual Increase / (Decrease)	0.8%		-1.8%		1.7%		-0.6%		2.2%	

Source: *Las Vegas Convention and Visitors Authority*
Clark County Department of Comprehensive Planning
Nevada Employment Security Research Division

This analysis provides visitor, room and convention statistics for the Las Vegas metropolitan area for the last ten years of the Department operations. Forty-three percent of the visitors arriving in Las Vegas arrive through the Airport. In addition, prior to FY 2008 the Airport had seen a strong correlation between hotel room growth and the growth in total Airport passengers.

Clark County Department of Aviation
Clark County, Nevada

Market Share of Air Carriers
Last Three Fiscal Years
(Unaudited)

	FY 2013			FY 2012			FY 2011		
	Enplaned Passengers			Enplaned Passengers			Enplaned Passengers		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
Southwest	8,288,333	39.7%	3.1%	8,039,571	38.4%	0.7%	7,981,142	39.4%	2.5%
Delta	2,048,982	9.8%	-5.9%	2,177,895	10.4%	-3.6%	2,258,869	11.1%	21.0%
United	2,037,287	9.8%	81.5%	1,122,248	5.4%	-14.5%	1,311,957	6.5%	-7.9%
American	1,270,726	6.1%	4.4%	1,216,828	5.8%	1.7%	1,196,867	5.9%	-44.8%
Allegiant	1,132,607	5.4%	0.7%	1,124,930	5.4%	14.1%	985,576	4.9%	-12.8%
US Airways	956,276	4.6%	-17.2%	1,154,665	5.5%	-16.7%	1,385,557	6.8%	40.7%
Spirit	937,568	4.5%	15.6%	811,124	3.9%	196.2%	273,878	1.4%	-70.6%
Alaska	621,321	3.0%	-3.5%	643,730	3.1%	6.2%	606,341	3.0%	12.2%
JetBlue	515,254	2.5%	-4.3%	538,629	2.6%	27.7%	421,676	2.1%	10.8%
Virgin America	324,536	1.6%	8.9%	298,007	1.4%	22.3%	243,690	1.2%	-9.1%
Frontier	277,318	1.3%	-15.8%	329,260	1.6%	-1.9%	335,801	1.7%	-1.7%
Hawaiian Air	252,138	1.2%	-5.2%	265,989	1.3%	3.6%	256,849	1.3%	109.6%
AirTran	159,881	0.8%	-36.7%	252,658	1.2%	-10.4%	282,116	1.4%	100.0%
Sun Country †	80,230	0.4%	14.2%	70,243	0.3%	5.9%	66,337	0.3%	100.0%
Great Lakes	5,104	0.0%	-41.3%	8,702	0.0%	56.7%	5,552	0.0%	-97.5%
Continental *	-	0.0%	-100.0%	1,038,138	5.0%	4.3%	995,281	4.9%	344.0%
International Carriers	1,459,101	7.0%	7.2%	1,361,660	6.5%	20.4%	1,131,290	5.6%	4.6%
Charter Airlines	53,624	0.3%	-17.3%	64,878	0.3%	-14.0%	75,480	0.4%	17.5%
General Aviation & Other	452,240	2.2%	2.1%	442,932	2.1%	-2.0%	451,832	2.2%	8.6%
Total Enplanements	20,872,526	100.0%	-0.4%	20,962,087	100.0%	3.4%	20,266,091	100.0%	1.6%

* Merged with United in July 2012
† Independent from Delta beginning September 2010

This analysis provides market share information by Air Carrier for the last three years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Per Passenger Calculations
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Concessions				Concession Revenue per Enplanement	Operating Expenses per Enplanement	Airport Revenue Bond Debt Service	Airline Cost per Enplanement
	Ground Trsp.	Gaming	Terminal	Parking				
2004	$ 1.54	$ 1.93	$ 1.77	$ 0.98	$ 6.22	$ 6.32	$ 2.48	$ 4.76
2005	1.63	1.75	1.83	1.04	6.25	6.55	3.17	4.71
2006	1.70	1.76	2.00	1.16	6.62	6.96	3.71	4.62
2007	2.81	1.73	2.04	1.19	7.77	8.78	3.79	5.50
2008	3.08	1.64	2.32	1.19	8.23	10.90	4.46	6.22
2009	3.38	1.47	2.57	1.33	8.75	12.21	4.56	7.67
2010	3.26	1.29	2.60	1.33	8.48	11.41	5.44	7.54
2011	3.59	1.28	2.62	1.40	8.89	10.72	5.79	8.46
2012	3.69	1.23	2.70	1.37	8.99	10.61	3.52	8.51
2013	3.89	1.14	2.97	1.46	9.47	11.22	9.76	12.22
Average	$ 2.86	$ 1.52	$ 2.34	$ 1.25	$ 7.97	$ 9.57	$ 3.99	$ 7.02

This is a trend analysis of per enplaned passenger concession revenues, expenses, bond debt service coverage and airline costs for the last ten years of the Department's operations.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Net Position
Fiscal Years 2005 through 2013
(Unaudited)

Fiscal Year	Net investment in capital assets (000)	Restricted for capital projects (000)	Restricted for debt service (000)	Restricted for other (000)	Unrestricted net position (000)	Total net position (000)
2005	$ 95,981	$ 329,096	$ 329,192	$ -	$ 304,817	$ 1,059,086
2006	333,719	385,654	382,100	-	172,535	1,274,008
2007	(309,417)	1,101,867	426,797	-	160,068	1,379,315
2008	1,074,836	55,413	148,712	27,619	202,243	1,508,823
2009	1,096,995	39,432	163,390	34,570	214,584	1,548,971
2010	1,060,641	32,509	220,753	20,101	180,302	1,514,306
2011	1,021,835	25,881	197,681	29,423	269,748	1,544,568
2012	954,546	29,105	191,675	50,240	186,132	1,411,698
2013	893,519	34,861	152,972	63,631	243,659	1,388,642
Average Annual Increase/(Decrease)	32.2%	-24.5%	-9.1%	18.2%	-2.8%	3.4%

This is a trend analysis of the Department's net position: net investment in capital asset, restricted for capital projects, restricted for debt service, restricted for other, net position since the fiscal year ended June 30, 2005, as required by GASB 34.

Clark County Department of Aviation
Clark County, Nevada

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Clark County Population (1)	Percentage of Increase/ Decrease	Personal Income (2) (000)	Percentage of Increase/ Decrease	Per Capita Personal Income (2)	Percentage of Increase/ Decrease	School Enrollment (3)	Percentage of Increase/ Decrease	Unemployment Rates (4)	Percentage of Increase/ Decrease
2004	1,747,025	6.4%	$ 54,465,871	8.8%	$ 33,959	7.5%	268,357	5.1%	4.5%	-16.7%
2005	1,815,700	3.9%	64,181,422	17.8%	37,109	9.3%	280,795	4.6%	4.7%	4.4%
2006	1,912,654	5.3%	68,874,056	7.3%	38,183	2.9%	291,329	3.8%	4.3%	-8.5%
2007	1,996,542	4.4%	73,040,160	6.0%	39,105	2.4%	302,547	3.9%	4.7%	9.3%
2008	1,986,145	-0.5%	74,279,798	1.7%	38,842	-0.7%	308,745	2.0%	7.0%	48.9%
2009	2,006,347	1.0%	67,781,415	-8.7%	34,950	-10.0%	311,221	0.8%	11.9%	70.0%
2010	2,036,358	1.5%	67,738,308	-0.1%	34,668	-0.8%	309,442	-0.6%	14.2%	19.3%
2011	1,966,630	-3.4%	70,289,097	3.8%	35,680	2.9%	309,899	0.1%	13.5%	-4.9%
2012	2,008,654	2.1%	not available		not available		308,377 *	-0.5%	11.2%	-17.0%
2013	not available		not available		not available		not available			
Average Annual Increase (Decrease) to Latest Year of Availability	1.8%		3.7%		0.7%		1.8%		12.1%	

Source: *(1) Clark County Department of Comprehensive Planning*
(2) Bureau of Economic Analysis
*(3) Clark County School District (in fiscal year format) * estimated*
(4) Nevada Workforce

Clark County Department of Aviation
Clark County, Nevada

Principal Employers - Clark County Nevada
Current Year and Nine Years Ago
(Unaudited)

	2013			2004		
Principal Employer	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Clark County School District	35,000	1	3.91%	28,500	1	3.59%
Clark County, Nevada	8,250	2	0.92%	9,250	2	1.17%
Wynn Las Vegas, LLC	8,250	3	0.92%			
Bellagio, LLC	7,750	4	0.87%			
MGM Grand Hotel/Casino	7,750	5	0.87%			
Aria Resort and Casino, LLC	7,250	6	0.81%			
Mandalay Bay Resort and Casino	6,750	7	0.75%	6,750	3	0.85%
Caesars Palace	6,250	8	0.70%	4,750	8	0.60%
University of Nevada-Las Vegas	5,250	9	0.59%	5,250	6	0.66%
Las Vegas Metropolitan Police	4,750	10	0.53%	4,750	7	0.60%
The Mirage Casino Hotel				5,750	4	0.72%
Rio Suite Hotel				4,250	9	0.54%
State of Nevada				5,250	5	0.66%
Flamingo Hilton				3,750	10	0.47%
Total principal employers	97,250		10.86%	78,250		9.86%
Total employment	895,800			793,900		

Source: *State of Nevada - Department of Employment, Training and Rehabilitation*

Note: Number of employees estimated using midpoint range.

Clark County Department of Aviation
Clark County, Nevada

Full Time Equivalent Employees
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total
2004	962
2005	954
2006	1,143
2007	1,347
2008	1,363
2009	1,387
2010	1,365
2011	1,321
2012	1,469
2013	1,481
Average Annual Increase (Decrease)	4.9%

Clark County Department of Aviation
Clark County, Nevada

Nature, Volume, and Usage of Capital Assets
For the Fiscal Years Ended June 30,
(Unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Indicators of the level of demand for services										
Airlines:	44	39	36	35	36	38	39	36	37	34
Destinations served:	150 nonstop (including 27 international)	158 nonstop (including 26 international)	150 nonstop (including 21 international)	141 nonstop (including 20 international)	146 nonstop (including 22 international)	155 nonstop (including 21 international)	147 nonstop (including 19 international)	137 nonstop (including 18 international)	121 nonstop (including 17 international)	105 nonstop (including 15 international)
Daily flight operations:	1,429	1,465	1,423	1,383	1,453	1,685	1,667	1,688	1,658	1,429
Daily commercial operations:	929	959	942	943	1010	1117	1108	1098	1079	937
Annual passengers:	41,681,296	41,874,993	40,495,125	39,858,750	41,359,585	46,983,189	47,375,064	44,988,031	42,859,885	37,314,455
McCarran International Airport										
Site:	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres
Runways:	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped
Gates	110	110	104	104	104	94	94	94	94	83
Terminal buildings:										
Rentable Space	1,996,464	1,996,464	1,017,254	1,017,254	897,035	897,035	897,035	897,035	897,035	799,151
Public Space	1,273,671	1,273,671	767,805	767,805	732,752	732,752	732,752	732,752	732,752	689,768
Total Usable Space	3,270,135	3,270,135	1,785,059	1,785,059	1,629,787	1,629,787	1,629,787	1,629,787	1,629,787	1,488,919
Administration	394,807	394,807	381,530	381,530	364,991	364,991	364,991	364,991	364,991	339,374
Mechanical/Utilities	292,386	292,386	182,613	182,613	168,985	168,985	168,985	168,985	168,985	156,586
Total Space	3,957,328	3,957,328	2,349,202	2,349,202	2,163,763	2,163,763	2,163,763	2,163,763	2,163,763	1,984,879
Parking:										
Short-term	1,381	1,381	791	764	852	894	894	900	900	900
Valet	1,530	1,530	932	922	866	866	866	700	700	700
Long-Term	7,363	7,363	3,432	3,432	3,431	3,434	3,434	3,540	3,540	3,640
Surface Lot(s)	624	624	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Terminal 2 Public	N/A	N/A	272	272	225	272	272	272	272	270
Economy	5,100	5,100	5,100	5,100	5,100	-	-	4,082	4,082	3,644
Remote	1,954	1,954	1,984	1,954	1,954	4,007	4,007	N/A	N/A	N/A
Total Public Parking Spaces	17,952	17,952	12,511	12,444	12,428	9,473	9,473	9,494	9,494	9,154
Consolidated Car Rental Facility:										
Customer Service Building (Sq. Ft.)	111,000	111,000	111,000	111,000	111,000	111,000	111,000	N/A	N/A	N/A
Garage (Sq. Ft.)	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	N/A	N/A	N/A
Vehicle Capacity	5,000+	5,000+	5,000+	5,000+	5,000+	5,000+	5,000+	N/A	N/A	N/A
Shuttle Bus Fleet (units)	50	50	50	50	50	50	40	N/A	N/A	N/A

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Clark County Department of Aviation, Clark County, Nevada (the "Department"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
October 24, 2013

CLARK COUNTY DEPT OF AVIATION
CLARK COUNTY, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2013

CURRENT YEAR STATUTE COMPLIANCE

The Clark County Department of Aviation conformed to all significant statutory constraints on its financial administration during the year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Department of Aviation monitored all significant constraints during the year ended June 30, 2013.

PRIOR YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within the prior year report.

CURRENT YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within this report.