Reno-Tahoe
Airport Authority

Reno, NV

Comprehensive Annual Financial Report

For the year ended June 30, 2007

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

Prepared by
Finance & Administration Department

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RENO-TAHOE AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Reno-Tahoe International Airport
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November 16, 2007

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

This report is the Comprehensive Annual Financial Report (CAFR) of the Reno-Tahoe Airport Authority (RTAA) for the fiscal year July 1, 2006, through June 30, 2007. The staff of the RTAA prepared this report and is responsible for the information it contains. The purpose of this report is to fully and fairly present the financial position, operating results, and cash flows of the RTAA.

This CAFR contains financial statements and statistical data that fully disclose all the material financial operations of the RTAA. The financial statements and statistical information contained herein are the representations of the RTAA's management, which bears the responsibility for the accuracy, completeness, and fairness of this CAFR. A narrative overview and analysis of the financial activities of the RTAA that occurred during the year ended June 30, 2007 is presented in the Management's Discussion and Analysis (MD&A) found at the beginning of the Financial Section.

This Comprehensive Annual Financial Report has been prepared and organized based on guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards a Certificate of Achievement to those entities whose annual financial reports are judged to conform to the high standards of public financial reporting, including generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB). It is our belief that the accompanying 2007 CAFR meets program standards, and it will be submitted to the GFOA for review.

REPORTING ENTITY

RTAA is a quasi-municipal corporation that was created by the Nevada State Legislature and began operation on July 1, 1978. The act creating the RTAA provides that it will serve a public use and will facilitate safe and convenient air travel and transport to and from the Reno-Tahoe area. The RTAA is an independent entity that is not part of any other unit of local government and does not use local property or sales tax revenue to fund its operation. The RTAA owns and operates Reno-Tahoe International Airport and Reno-Stead Airport.

Reno-Tahoe International Airport (RTIA) is a medium hub airport as defined by the Federal Aviation Administration (FAA), that served over 5 million passengers last fiscal year. RTIA is home to Alaska/Horizon Airlines, Allegiant Air, Aloha Airlines, American Airlines, Continental, Delta/Delta Connection, Frontier, Mesa, SkyWest, Southwest Airlines, United Airlines, and US Airways. Together these airlines operate 89 daily departures to 23 non-stop and 19 one stop destinations throughout the United States and Canada. With 10,633 daily departure seats available, RTIA offers better air service than any other airport from a city of comparable size anywhere in the United States. RTIA is the 60^{th} busiest commercial airport in the U.S.

In December 2006, Southwest Airlines began service to Chicago-Midway and in March 2007, started two new daily flights to San Diego. Allegiant Air began scheduled service in June 2007 with flights to Bellingham, Washington three times per week. Upcoming air service additions include ExpressJet, that will fly twice daily to Long Beach, California and once daily to Ontario, California, Tucson, Arizona and Spokane, Washington.

Three major air cargo carriers, FedEx, United Parcel Service (UPS), and DHL (ABX) serve RTIA. Air cargo activity increased 11.65 percent from fiscal year 2005-06 to 2006-07. As the national economy improves, air cargo activity will increase due to the major warehousing and distribution facilities in the region. In addition, more companies such as Amazon.com, Barnes & Noble, and Dell Computers have established distribution centers in the Reno area that use air cargo to distribute their products. Growing local companies, such as gaming machine manufacturer International Gaming Technology, also use RTIA's air cargo carriers to distribute their product.

These companies not only affect the air cargo activity at the Airport, but also accomplish the community's goal of further diversifying the local economy. Passenger surveys also indicate a significant number of business passengers, as opposed to tourism travelers, with the growing economic diversity in the region. Thirty one percent of non-resident and 47 percent of resident travelers are traveling for business purposes.

The geographical area served by RTIA primarily encompasses the seven Nevada counties of Churchill, Douglas, Humboldt, Lyon, Pershing, Storey, and Washoe and the major cities of Reno, Sparks, and Carson City (the capital of the State of Nevada). The total air trade area for the Airport also includes the Lake Tahoe area and several communities in northeastern California.

As a reliever airport for RTIA, Reno-Stead Airport is a vital emergency asset to the community with a total land area of 5,045 acres. General aviation airports typically do not have scheduled air service, but do provide for military, helicopter, charter, and private aircraft operation. Aircraft owners or aviation related businesses lease land or buildings at Reno-Stead from the RTAA. Reno-Stead is home to Aviation Classics, a full service Fixed Base Operator (FBO), the Bureau of Land Management, the Nevada Army National Guard, Nevada Kart Club and the Reno Air Racing Association.

The nine-member Board of Trustees that governs the RTAA is appointed by the City of Reno, City of Sparks, Washoe County and the Reno-Sparks Convention & Visitors Authority. Four members are appointed by the City of Reno, two by the City of Sparks, two by Washoe County and a ninth board member is appointed by the Reno-Sparks Convention & Visitors Authority. The Board members' terms are staggered to ensure the presence of experienced members.

ECONOMIC CONDITION AND OUTLOOK

Today's RTAA is a dynamic organization that operates RTIA as well as the Reno-Stead Airport, home to 225 based aircraft including the Reno National Championship Air Races. Together, these airports have a $3.25 billion annual economic impact on the local economy. This sector provides close to 40,000 jobs to the local economy.

Contributing to the strong financial condition of the RTAA is an economically diverse air trade area with strong origination and destination markets.

The primary goal for RTIA is to increase air service. RTAA is constantly striving to add new airline service. Using a combination of detailed business analysis, case studies that are tailored to each airline and personal contacts, the air service marketing approach has been successful in acquiring new routes and seats. Furthermore, RTAA has earned a reputation for integrity when approaching airlines.

A spirit of partnership exists between the Airport and the airlines as new flights are added. Cooperative advertising programs and community sponsored incentives help establish new airlines and service. If a new flight is successful, the RTAA is successful.

To make air service more attractive for a current or new airline, RTAA has adopted an airline incentive program for any airline establishing service to a market not currently served. This program allows up to 12 months of free terminal building rent and landing fees, or other negotiated items, depending on the size of the new market. RTAA is a member of the Regional Marketing Committee (RMC) which offers advertising for air service to a new market. The RMC is made up of RTAA, Reno-Sparks Convention & Visitors Authority, Ski Lake Tahoe, the local Reno-Sparks hotel casinos and all the Convention and Visitors Bureaus in the region. Along with this advertising, RTAA also offers local advertising which may include a billboard ad, banners at the Airport and local print advertising. Through the use of incentives, RTAA demonstrates a willingness to share start up risks and affect a commitment to seeing that an airline is successful in offering new air service to Reno-Tahoe.

GOOD FOR BUSINESS

Reno, Sparks, and Lake Tahoe area developments have a significant impact on air service demand in this market. The Reno/Sparks/Lake Tahoe region has consistently ranked in the top 10 of the Best Midsized Cities for Doing Business as recognized by Inc. Magazine. The tax climate is pro-business and critical to a corporations' profit potential. Nevada's tax structure is designed to be less burdensome to both business and its employees. Nevada has no state corporate income tax, no personal income tax, no franchise tax, no capital gains tax and no inventory tax. Thirty-six of the top 100 Fortune 500 companies have businesses located in the Reno/Sparks area.

Several hotel-casino properties in Reno are undergoing major expansions. The Grand Sierra Resort and Casino, a group that purchased the Reno Hilton, has begun a $1.8 billion redevelopment of the facility. Hotel rooms are being converted to condominiums and plans are in place to increase the total number of rooms to 4,200, an increase of over 2,000 rooms. An additional 100,000 square feet of upscale retail space will be added along with the largest indoor water park in the United States. Charlie Palmer Steak House, Charlie Palmer Fin Fish and Dolce Enoteca e Ristorante offer the locals and tourists a fine dining experience. This project will be a high end resort, in which the hotel becomes the attraction as well as the lodging site for tourists. The resort complex has a five to seven year development plan. The Peppermill Hotel Casino is currently adding 600 rooms and a new 65,500 square foot convention center with a Tuscan theme. The $300 million expansion will also include a new upscale shopping area and is expected to be complete by late 2007. The Atlantis Casino Resort Spa has a $50 million expansion ongoing that will add an additional 116,000 square feet of space and 54,000 square feet of convention space. This expansion will also include the construction of an over head pedestrian walkway connecting to the Reno-Sparks Convention Center.

South Lake Tahoe is also upgrading its recreational facilities as a $1 billion redevelopment project nears completion that includes new lodging and timeshare properties, retail shopping, restaurants, and a new 2.5 mile gondola from South Lake Tahoe to the Heavenly Valley ski resort. The Ritz-Carlton Hotel Company will operate Lake Tahoe’s first five-star luxury hotel at a new hotel to be constructed at the Northstar ski resort. This new $300 million resort project is slated to open in late 2009. On the California side at the south end of the lake, small old motels and shops are being razed to become parks and open areas to enhance the perception of Lake Tahoe’s alpine setting. A $410 million proposal to build a 12-acre complex near Stateline at the south shore of Lake Tahoe is now making its way through the governmental review, and approval process. This complex would include a convention center, two condominium hotels, and retail space. These changes are designed to enhance the area’s visual, environmental and economic qualities.

Economic diversification also continues in the Reno-Sparks area. Several “Silicon Valley” companies have relocated to the region. Dell Computers, Cisco Systems, Intuit, Oracle, and Microsoft have been attracted by the favorable business climate and the livability of the northern Nevada region. The Reno-Sparks area is repeatedly ranked as one of the best places to live and do business in the United States. The Summit Sierra in Reno celebrated its grand opening this past year, which includes many national retailers. The most recent evidence of significant diversification is the opening of Cabela’s, an “outdoor gear” retailer, in November 2007. Their facility will be a 150,000 square foot super store. These stores have become major tourist destinations in other areas. Wal-Mart recently constructed a 1 million square foot distribution center in a nearby major industrial park.

The growth of the business community will ultimately increase the demand for higher yield business travel for the airlines.

REGIONAL RENOVATION

The City of Reno, surrounding regions and state are all experiencing growth. New residents are moving here for new opportunities and a superb quality of life.

The City of Reno's downtown redevelopment process is making visible progress. Old buildings in the core downtown area were acquired and demolished to make way for a new events center, a court house, a condominium tower, and a theater complex. One downtown block, adjacent to the Truckee River, is being left as open space through development as a park and ice skating rink. The Reno City Hall was relocated to the city center, adjacent to the park.

Construction was completed on a $264 million, 2.1 mile trench project that lowered railroad tracks 33 feet. The trench eliminated 11 grade crossings in the center of town and improved vehicle and pedestrian flow. It also eliminated a traffic interruption that would become more frequent as rail traffic from the expanding Port of Oakland increases.

The City of Reno is working on a plan to bring an AAA baseball team to downtown Reno. The proposed Baseball District would cover an area within downtown Reno and include not only a 10,000 capacity baseball stadium, but also new residential, restaurant and retail components.

Destination development is the latest trend in retail, and the City of Sparks is bringing it to the Sparks Marina. Legends at Sparks Marina is part of an overall vision for the area designed to draw more interest and tourism to Sparks. RED Development of Scottsdale, Arizona and Kansas City, Missouri will build a 1.3 million square-foot retail complex in Sparks that promises to bring tourists to the area from as far as 300 miles away. The anchor store will be Scheels, a full-line sporting goods store. It will feature 240,000 square feet of retail space including a wildlife mountain, a working Ferris wheel, an aquarium and shooting galleries. The development will also include a $500 million Olympia Gaming Casino. This high end spa will include 1,000 hotel rooms, fine dining and convention space.

SPECIAL EVENTS

The Reno-Tahoe region is described as "America's Adventure Place." With over 5.1 million annual visitors, Reno and Lake Tahoe events are growing substantially each year. In addition to the area's breath-taking beauty, Reno and Lake Tahoe offers an amazing mix of history, art, and culture. Tourism and conventions continue to be big business in the Reno-Sparks area. The Reno-Sparks Convention & Visitors Authority owns and operates several facilities designed to draw out of town visitors. The Convention Center houses 565,000 square foot of convention space. The Reno-Sparks Livestock Events Center is a 35,000 square feet exhibit space with an indoor arena seating 6,200 and a lighted outdoor arena seating 9,000. The Reno Rodeo holds its event in the arena as does the Nevada State Fair. The only facility of its kind in the world, the National Bowling Stadium is dedicated to the sport of bowling. The Reno Events Center hosts conventions and trade shows, and serves as a downtown entertainment venue. With 118,000 square feet available for events, this $65 million facility reflects the City's commitment to diversifying the downtown economy.

Two large events are hosted by the Reno-Sparks Convention & Visitors Authority, the Safari Club and an annual Volleyball Festival. Both have signed multi-year agreements. In January 2007, over 22,000 Safari Club International members got together in more than 650,000 square feet of exhibit space designed specifically for the hunter. Just slightly smaller in number of participants than the summer Olympics, the Volleyball Festival is the world's largest annual sporting event for women. The Volleyball Festival with approximately 20,000 attendees, produces more than 5,400 volleyball matches over a six-day period with all matches taking place in the Reno-Sparks area.

The Reno-Tahoe area draws hundreds of thousands of visitors to Northern Nevada for community-wide special events throughout the year. This year's special event season started with the Reno Rodeo, a nine-day event in its 88th year and a PRCA (Professional Rodeo Cowboys Association) sanctioned sporting event. The Reno Rodeo is a non-profit organization made up of over 550 volunteers with over 120,000 fans in attendance; it is the 3rd largest PRCA tour rodeo. The event impacts the Reno-Sparks area economy by approximately $34.5 million. The Reno Rodeo was nationally televised on OLN, ESPN, ESPN2 and CBS.

Enjoy the arts in Reno during the month of July. This annual event has become one of the area's most popular, drawing locals and visitors alike. Started in 1996, Artown is a yearly arts festival cited by the National Endowment of the Arts as one of the most comprehensive arts festivals nation-wide. In 2006, Artown attracted over 285,000 attendees and generated almost $13 million for the City of Reno.

The first week of August is reserved for Hot August Nights: a celebration of the 50's and 60's emphasizing the cars of the era. More than 200,000 people flock to the event. There are more than 5,000 classic cars from 36 states across the nation, including Alaska, Massachusetts and Florida and three Canadian provinces. Californians bring over 2,500 cars for this event. Nevadans have over 1,500 cars entered and registration from the Pacific Northwest is strong with more than 280 from Oregon and 220 from Washington.

There are many great events in the area in September, and starting things off is the Best of the West Rib Cook Off held in the City of Sparks and sponsored by John Ascuaga's Nugget. Following the Rib Cook Off are the Reno Balloon Races. The Balloon Races first got off the ground in 1982, with only 20 balloons participating. This year, the 25th anniversary saw record crowds and over 100 balloons. Throughout the event an estimated 175,000 spectators braved the early morning chill to celebrate. The mission of the Great Reno Balloon Race is to provide a premier, safe, family-oriented/tourist-attractive, visually dramatic event that celebrates the joy of flight while remaining free to the public.

The blue September skies of Reno are also the home of the National Championship Air Races (NCAR). The NCAR and Air Show have run at the Reno-Stead Airport every year since 1964. The National Championship Air Races bring together hundreds of aviation and sports enthusiasts from around the world, including many residents of Reno and the surrounding areas. Race and air show participants include astronauts, airline pilots, and military and civilian aviators.

Street Vibrations is the place to be for those in search of a celebration of music, metal and motorcycles. An official Northern California Harley-Davidson Dealers Association event, Street Vibrations offers tours, entertainment, parades, ride-in shows, Chrome Alley retail vendors, Camel Roadhouse, the Harley-Davidson Factory Store, concerts and more. The event attracts an estimated 40,000 people to the Reno/Tahoe/Carson City area and pumps $21 million into the local economy. Now ranked the 6th largest motorcycle event in the nation, Street Vibrations combines the best bikes the West has to offer with incredible bands on multiple stages throughout the community.

MAJOR INITIATIVES AND DEVELOPMENT

RTAA's future facility needs for both airports are projected in several documents, and are continually updated to reflect industry changes. These master plans include 20-year projections of passenger and aircraft activity, as well as the facilities needed to accommodate that activity. The terminal building needs are further refined in a Terminal Area Master Plan (TAMP) process.

Planning future expansion is performed to ensure phased development occurs in a coordinated fashion to maximize the limited resources available. The TAMP process provides guidance for the future expansion of the terminal building and changes to the surrounding facilities. The TAMP will also be useful in any future construction to meet the new airport security requirements. Estimates of the cost of new or upgraded terminal facilities will also be a useful benchmark in analyzing how much should be spent to modify the existing terminal.

An update of the RTIA TAMP is currently underway and includes alternative terminal building development plans. Based on the analysis thus far, a phased implementation plan is recommended to ensure terminal facilities are in balance with market demands. In Phase 1, a new terminal concourse will be constructed, replacing the undersized existing Lear (South) Concourse, and some minor expansions within the terminal building. As part of Phase 2, a new two-level replacement terminal building and a new third concourse to the north is also proposed. While the terminal building will not be expanded in the short term, projects are continually being evaluated to improve the effectiveness of the existing facility. Projects to expand and modernize the terminal building restrooms, and expand the passenger circulation areas of the concourses were recently completed to enhance customer service.

After the events of September 11th and due to security mandates, numerous baggage screening devices were installed in the ticket lobby by the Transportation Security Administration (TSA). These devices are in front of the ticket counters, and take up 33 percent of the ticketing lobby, severely limiting the passenger queuing area, passenger flow and visibility. To remedy this condition, the Airport has planned a major capital project for the benefit of customers to enhance safety and comply with new security directives. The Integrated In-Line Explosive Detection System Project , which includes a baggage handling system (behind the ticket counters), will modernize the baggage and security screening process, return the lobby for full air carrier utilization and improve passenger flow and circulation.

The RTAA has selected a consultant, Gresham, Smith & Partners, to design the Integrated In-Line Explosive Detection System. The design is complete. The RTAA is negotiating the construction contract with Q&D Construction, Inc. The Project is funded by $ 24 .9 million of RTAA Passenger Facility Charge revenue and $12 million from the TSA. In addition, the TSA will provide the specialized Explosive Detection System and Explosive Trace Detection equipment needed to perform screening duties, which is valued at approximately $10 million.

AT YOUR SERVICE

From award-winning welcoming events for conventions, to highly respected air service marketing—service is what the Reno-Tahoe Airport Authority is all about. The Airport team is constantly striving to add new airline service. And when people arrive and depart on that service, the Airport is determined to make the all important first and last customer service impression on them.

Reno-Tahoe International Airport has earned a reputation for integrity and professionalism when approaching airlines. Effectively using a combination of business analysis, tailored case studies and personal contacts has helped add non-stop flights to San Diego, Chicago and Bellingham in the past year.

While cooperative advertising programs and incentives help establish new airlines and service in our market, a spirit of partnership exists between the RTAA and the airlines that helps maintain existing service while supporting the community. With the help of the RTAA, Southwest Airlines was named the official airline of Ski Lake Tahoe. During the holidays, the RTAA worked closely with United Airlines to coordinate an event where Santa Claus flew in on a commercial jet to deliver toys to disabled children in the Reno-Tahoe region.

At RTAA, we believe the Airport serves as the gateway to our region. Operating that gateway brings a responsibility to provide a level of service that represents the best in the community. Free Wi-Fi service is a pleasant surprise for passengers looking to stay connected before and after they fly at RTAA. In addition to the dedicated customer service personnel, such as Passenger Aides and Security Specialists, the appearance of the facilities, ease of vehicle parking, the security experience, infrastructure condition and food and beverage and retail offerings all strive to create a positive experience for our customers.

NOISE REDUCTION AND ENVIRONMENTAL ISSUES

To mitigate the impact of aircraft noise on the local community, the RTAA updated its Federal Aviation Regulation (FAR) Part 150 Noise Compatibility Study in 2004. The FAR Part 150 program refers to a section of Federal regulations dealing with aircraft noise and an airport's plan for noise mitigation. This updated program, approved by the FAA, replaces an original 1991 study, and reflects current and future levels of aircraft noise. Despite quieter aircraft arriving and departing at Reno-Tahoe International Airport daily, the RTAA has remained committed to minimizing aircraft noise impacts on those surrounding areas most affected.

With the FAA's approval of the Noise Compatibility Plan, projects to implement the Part 150 Study are eligible for Federal grants. One such project that has had tremendous success throughout the years is the sound insulation program, which is a component of the Noise Compatibility Plan. The residential application of sound insulation generally consists of the installation of new acoustically rated doors, and windows in homes near the RTIA.

With the completion of Phase 15 in the summer of 2007, the total number of homes sound insulated by the RTAA is now more than 1,600. In fiscal year 2006-07, the FAA committed $4 million in grants to the RTAA for Phase 16 of the Airport's sound insulation program; the RTAA's 6.25 percent financial share of the project is $266,666. The Phase 16 project has been broken down into two groups for construction; group 16A consisting of 87 homes slated for construction in the fall of 2007 and group 16B consisting of approximately 85 homes slated for construction in the spring and summer of 2008.

The RTAA also received a $2 million grant in 2005-06 for a permanent noise and operations monitoring system. This is another noise mitigation measure that is part of the Noise Compatibility Plan. Noise measurement equipment will be installed in locations around the community replacing the portable monitoring devices currently used by the RTAA Planning and Environmental Services staff. This permanent system will give the staff more accurate and timely noise measurements, allowing real-time computer tracking of noise generated as aircraft are flying above specific areas. Deployment of the new system should be complete by the end of fiscal year 2007-08.

Authority staff is actively involved with the immediate environmental issues facing the aviation industry including Storm Water Pollution Prevention and the Environmental Protection Agency's Effluent Limitation Guidelines (ELGs), Spill Prevention Control and Countermeasures (SPCC) issues and air quality issues. Staff is also significantly involved in the development and implementation of a formal Environmental Management System (EMS) to identify and act upon environmental issues at RTIA. The EMS will serve as a proactive management system that is based on an environmental policy commitment made to everyday processes and activities. The EMS effectively establishes a formal process and RTAA Board Goals and Objectives for developing, communicating and acting on environmental information. The expected results are improved environmental awareness and accountability of operational activities, increases in the outreach and effectiveness of the environmental programs, better management and informed decision making. Additionally, implementing an EMS illustrates the RTAA's commitment to environmental protection, continual improvement, and sustainability in all aspects of business and operations. Staff has also begun to place more emphasis on "green initiatives", encouraging and working toward emissions reduction, recycling, energy conservation and green construction techniques because of their potentially significant impact on airports.

STEAD

The development of the Reno-Stead Airport is also continuing. A turn-key hangar complex, in which the Airport installed taxi lanes, and utility and fire protection stubs, was completed at the end of summer. A single tenant to develop the hangars will be selected this fall. The lighting system along runway 8-26 was completed in midsummer and a portion of taxiway B was reconditioned to provide a smoother, safer surface. The regular maintenance cycle for pavement maintenance and painting, weed abatement, mowing and grooming was accomplished in a cost effective manner thanks to the purchase and utilization of new equipment. Fiscal year 2007-08 will find the Reno-Stead Airport involved in a runway study for the Runway Protection Zones and Object Free Areas. A project to include more security cameras and access control is also underway. A road to connect the western most access to the Airport and a new maintenance storage building are also being engineered for the next construction season.

FINANCIAL INFORMATION

While the RTAA is a quasi-governmental entity, the generally accepted accounting principles applicable to an enterprise fund governmental entity are followed. RTAA's financial statements are prepared on an accrual basis. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid.

The Authority's financial policies are set to conform to generally accepted accounting principles and the accrual basis of accounting. Significant areas are presented below. There were no unusual financial policies or one time activities that have occurred in the current periods that would be affected by these established policies.

RTAA prepares, approves, and revises its budget pursuant to Nevada's Local Government Budget and Finance Act, airline agreements, and the RTAA's revenue bond resolutions. The RTAA staff prepares a tentative budget, for the fiscal year beginning July 1, that must be adopted by the Board of Trustees and filed with the State Department of Taxation before April 15. Pursuant to airline agreements, airlines that have signed agreements with RTAA must also review the budget.

The Local Government Budget and Finance Act further requires that public hearings regarding the tentative budget be held in May. The final budget must be adopted and filed with the State by June 1. Any changes to total budgeted revenues or expenses must be approved by a resolution of the Board of Trustees and filed with the State Department of Taxation. By virtue of legislation, the RTAA must also adhere to the requirements of the Local Government Purchasing Act.

Agreements with the airlines contain a formula for the calculation of the landing fee and rental rates charged by the RTAA. Fiscal year 2006-07 was the third and final year of a mutually agreed upon three-year extension of the previous airline agreement that expired June 30, 2004. The RTAA has entered into a further two year extension of the existing agreement. This Agreement is a revenue sharing agreement. Landing fees are calculated based on the expenses of the Airfield Cost Center, and rents are calculated on the expenses of the Terminal Building Cost Center. All revenues are assigned to a cost center with expenses netted against revenues for that cost center. The non-airline cost centers are Ground Transportation, Reno-Stead Airport and Other which include building and land rents and ground handling fees. Net revenues received from all cost centers are shared 50% by the signatory airlines and 50% by the RTAA in the following fiscal year. At year-end, a final reconciliation of actual expenses to budget expenses is completed and a settlement made with the airlines depending on whether fees were over or under collected.

The RTAA has several funds that accumulate money for specific and discretionary purposes. From a governmental accounting standpoint, the RTAA is an enterprise fund. These are not the governmental purpose type funds usually seen in governmental accounting, but bond trustee accounts. The funds mentioned in this section and their payment priority were established by the RTAA's revenue bond resolutions. These funds are common in the airport industry's revenue bond resolutions. The revenue bond resolutions are the RTAA's contract with the purchasers of the revenue bonds. This contract specifies how the RTAA will manage its money so that it will have sufficient funds to operate the airport system, and to pay the interest and principal due.

FIDUCIARY RESPONSIBILITIES

RTAA employees are part of the State of Nevada Public Employees Retirement System (the System). RTAA contributions are less than one percent of the total contributions made under the System. Under Nevada law, RTAA has no liability for any unfunded obligations of the System.

The RTAA also offers its employees a deferred compensation plan. This Plan allows employees to defer receiving a portion of their salary in a tax-exempt investment retirement fund. Under the Plan, the amounts deferred are held in trust by a third party administrator. These amounts are invested based on the instructions of the employees.

The RTAA also has an Internal Revenue Code Section 125 Plan. This Plan allows employees to pay for their insurance premiums and other unreimbursed medical and dependent care costs with pretax dollars. This results in tax savings to the employee, increasing their net pay. This was done to assist the employees in meeting their portion of past increases in group medical insurance premiums.

CASH MANAGEMENT

The RTAA has three checking accounts into which all revenues are deposited and from which checks are written. Two of these checking accounts are used to pay operation and maintenance expenses and payroll expenses. Transfers are made between these checking accounts and the bond trustee accounts as required by RTAA's revenue bond resolutions. The third checking account is RTAA's prebond funds. These are the funds RTAA had on hand the day before the first bond issue was sold and are not restricted as to use pursuant to the revenue bond resolutions.

The money held in the bond trustee accounts is invested by RTAA in securities guaranteed by the U. S. Government or investments guaranteed by such securities, pursuant to RTAA’s revenue bond resolutions. A small portion of these investments is of such a short term that it is not practical or customary to have physical custody of the actual investment document in Reno, Nevada. As such, a custodial bank takes possession for RTAA in the name of RTAA’s Revenue Bond Trustee. The balance of RTAA’s investment securities is held by a third party custodial bank, but in the name of the RTAA.

The investment interest earned is deposited in the bond trustee accounts. Interest earned by the revenue bond trustee accounts is deposited with the other RTAA revenues in the Revenue Fund to help pay the expenses and debts of the Airports. Earnings from RTAA’s pre-bond issue funds are deposited with the pre-bond funds to be used at a later date for Airport purposes.

RTAA’s investment earnings increased this year over the prior year. RTAA’s investment policy allows investments in instruments issued by the Federal Government, such as Treasury Notes, Bonds and Agency Notes. Short-term investments are allowed in Commercial Paper and Repurchase Agreements. The average rate of return on investments for the fiscal year is consistent with these types of investments.

RISK MANAGEMENT

RTAA uses insurance to limit the cost of personal injury or property damage claims. These claims are investigated by an adjuster hired by the liability insurance company.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTAA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Comprehensive Annual

Financial Report must be easily readable, efficiently organized and conform to the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

Nevada Revised Statutes 354.624 and the RTAA revenue bond resolutions require that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. Because the RTAA receives Federal funds for some capital construction and land acquisition, the audit must also meet the federal audit standards referred to collectively as the "Single Audit Act". The reports of the RTAA's auditors, Kafoury, Armstrong & Co., are included herein.

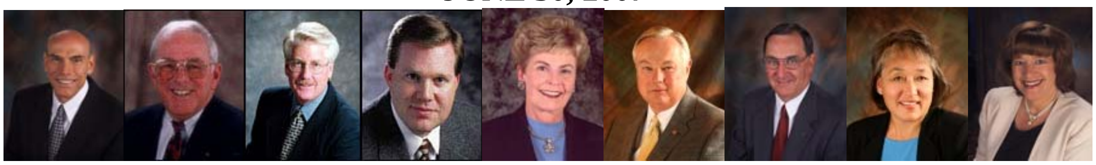
ACKNOWLEDGMENTS

The timely and efficient preparation of this report has been achieved by the professionalism and dedication of the entire staff of the Finance and Administration Department. Also, it is important to recognize the dedication to customer service that is displayed on a daily basis by Airport staff, the airlines and tenants. It is the willingness to work together and to succeed that has made RTIA one of the best managed airports in the country. The guidance of our auditors, Kafoury Armstrong & Company, is also appreciated.

Respectfully submitted,

Krys T. Bart, A. A. E.
Executive Director

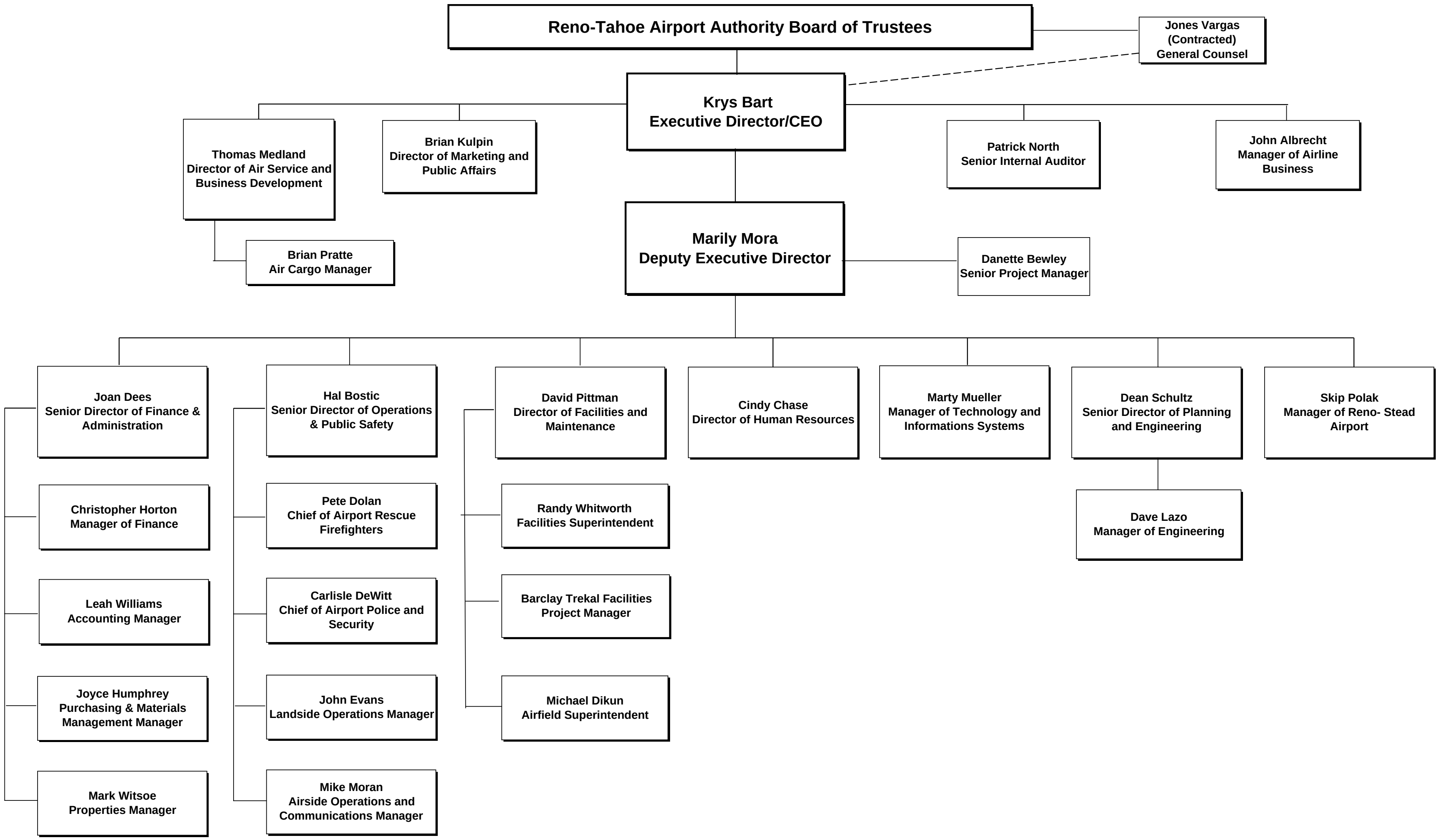
RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2007



Board of Trustees	Position	Term Expires	Represents
John Wagnon	Chairman	June 2009	Reno-Sparks Convention & Visitors Authority
Thomas J. Gribbin	Vice Chairman	June 2009	City of Reno
Larry V. Harvey	Treasurer	June 2009	City of Sparks
Bill Newberg	Secretary	June 2009	City of Reno
Lynn S. Atcheson	Trustee	June 2011	City of Reno
Brooks T. Mancini	Trustee	June 2011	City of Reno
Joseph W. Mayer	Trustee	June 2011	City of Sparks
Mary Simmons	Trustee	June 2011	Washoe County
Randi Thompson	Trustee	June 2009	Washoe County

Staff	Title
Krys T. Bart, A.A.E.	Executive Director/CEO
Marily Mora, A.A.E.	Deputy Executive Director
Hal Bostic	Senior Director of Operations and Public Safety
Joan Dees	Senior Director of Finance and Administration
Dean Schultz, A.A.E.	Senior Director of Planning and Engineering
Cindy Chase	Director of Human Resources
Brian Kulpin	Director of Marketing and Public Affairs
Thomas Medland	Director of Air Service and Business Development
David Pittman	Director of Facilities and Maintenance
John Albrecht	Manager of Airline Business
Skip Polak	Manager of Reno-Stead Airport

Reno-Tahoe Airport Authority Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Reno-Tahoe Airport Authority

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Financial Section

Reno-Tahoe Airport Authority

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

Independent Auditor's Report

To the Board of Trustees of the
Reno-Tahoe Airport Authority

We have audited the basic financial statements of the Reno-Tahoe Airport Authority (the "Authority"), as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net assets of the Reno-Tahoe Airport Authority at June 30, 2007 and 2006, and the changes in net assets and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated November 16, 2007 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Supplementary Information is presented for purposes of additional analysis; the Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration and are also not required parts of the basic financial statements of the Authority. The Supplementary Information, Schedule of Expenditures of Federal Awards and the Schedule of Passenger Facility Charges Collected and Expended have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Kafoury, Armstrong & Co.

Reno, Nevada
November 16, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Reno-Tahoe Airport Authority (RTAA) provides an introduction to the major activities affecting the operations of the Airport and an introduction and overview to the financial performance and statements of the RTAA for the fiscal years ended June 30, 2007 and 2006. The information contained in this MD&A should be considered in conjunction with the information contained in the RTAA's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The RTAA's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The RTAA is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the RTAA's significant accounting policies.

Following this MD&A are the basic financial statements of the RTAA together with the notes, which are essential to a full understanding of the data contained in the financial statements. The RTAA's basic financial statements are designed to provide readers with a broad overview of the RTAA's finances.

Net Assets

The following represents the RTAA's financial position for the years ended June 30:

	2007	2006	% Change	2005	% Change
Assets:					
Current Assets	$ 56,704,755	$ 57,886,018	-2%	$ 54,899,739	5%
Current Assets – Restricted	55,621,942	45,570,458	22%	39,176,389	16%
Total Capital Assets, Net	352,775,309	341,685,692	3%	319,913,944	7%
Other Assets	4,453,593	4,880,680	-9%	5,035,247	-3%
Total Assets	$ 469,555,599	$ 450,022,848	4%	$ 419,025,319	7%
Liabilities:					
Current Liabilities	$ 12,821,166	$ 10,351,420	24%	$ 6,162,654	68%
Liabilities Payable from Restricted Assets	10,141,198	10,089,544	1%	6,437,557	57%
Non-Current Liabilities	64,847,669	72,813,955	-11%	79,713,226	-9%
Total Liabilities	87,810,033	93,254,919	-6%	92,313,437	1%
Net Assets:					
Invested in Capital Assets, Net of Related Debt	279,444,906	260,647,695	7%	241,394,417	8%
Restricted Net Assets	53,606,914	42,831,382	25%	36,564,162	17%
Unrestricted Net Assets	48,693,746	53,288,852	-9%	48,753,303	9%
Total Net Assets	381,745,566	356,767,929	7%	326,711,882	9%
Total Liabilities and Net Assets	$ 469,555,599	$ 450,022,848	4%	$ 419,025,319	7%

For the fiscal year ended 2007:

Net assets increased by 7% or $24.9 million. The increase is attributed to capital contributions from federal grants which were $18.9 million for various airport improvement projects and net income of $6 million.

Total Assets increased 4% or $19.5 million. The increase in capital assets comprises $11.1 million due to construction activity during the year. The other $8.4 million increase represents PFC collections for an inline baggage handling project which is still in the design phase and will begin construction early 2008.

Total Liabilities decreased 6% or $6 million for the year ended June 30, 2007. Current liabilities increased approximately $2 million due to over collection of landing fees and rental rates, while non-current liabilities decreased $8 million from normal retirement of long-term debt as bond maturities came due and a decrease in deposits and unearned revenues.

The largest portion of the RTAA's net assets each year, $279 million, or 73% at June 30, 2007, represents its investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. The RTAA uses these capital assets to provide services to the airlines, passengers, visitors and service providers at the Airport; consequently these assets are not available for future spending.

An additional portion of the RTAA's net assets of $54 million, or 14% at June 30, 2007, represents resources that are subject to use restrictions. The restricted net assets are not available for spending because they have already been committed as follows:

Revenue Bond Operations and Maintenance	$	5,404,769
Renewal and Replacement		780,000
Passenger Facility Charge Projects		34,736,022
Debt Service		7365,000
Flood Grant		4,938,473
Other Reserve Purposes		382,650
	$	53,606,914

The remaining unrestricted net assets of $49 million, or 13% at June 30, 2007, may be used to meet any of the RTAA's ongoing obligations.

For fiscal year ended June 30, 2006:

Net assets increased $30 million due to capital contributions from federal grants of $24 million and a net income of $6 million.

Total assets increased 7% or $31 million due to construction activity during the year of $22 million, an increase in unbilled grants receivable of $2.5 million, and PFC collections.

Contracts and retentions payable increased $4 million and $2 million, respectively, while long-term liabilities decreased 9%. Total liabilities increased 1% or $.9 million.

Revenues

Operating revenues used to finance the RTAA's operations are derived from rents, fees and other charges for the use of Airport facilities.

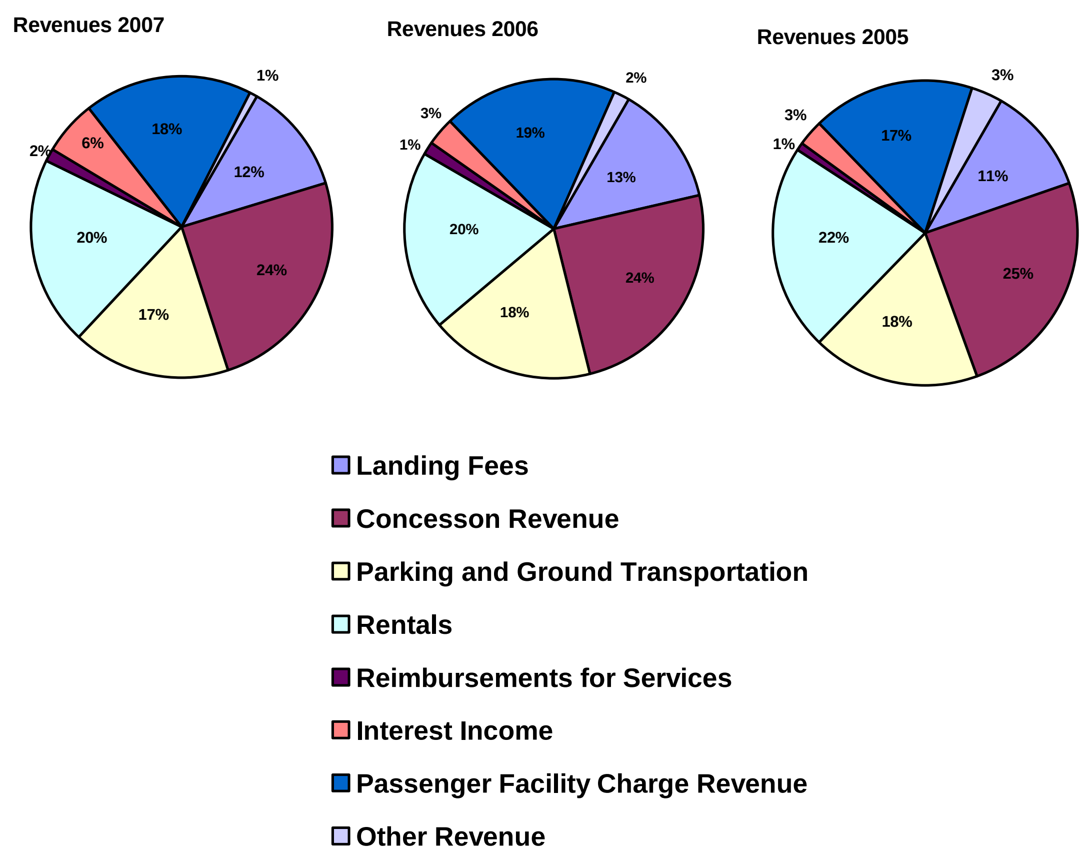
Below represents the summary of operating revenues by source for the years ended June 30:

	2007	2006	% Change	2005	% Change
Landing Fees	$ 7,142,939	$ 7,545,675	-5%	$ 5,801,560	30%
Concession Revenue	15,095,247	14,385,592	5%	12,618,012	14%
Parking and Ground Transportation	10,136,245	10,253,964	-1%	9,082,135	13%
Rentals	12,225,827	11,352,662	8%	11,102,359	2%
Reimbursements for Services	929,434	827,853	12%	477,425	73%
Other Revenue	37,005	27,238	36%	8,648	215%
Total Operating Revenues	$ 45,596,697	$ 44,392,984	3%	$ 39,090,139	14%

Non-operating revenue consists of interest earnings on the funds the RTAA has on deposit and invested. Non-rate base revenue is revenue received that does not go into the calculation of the landing fees and rental rates. Passenger Facility Charges (PFC) are the main source of non-rate base revenues, but also included are the gain or loss on sale of capital assets, jet fuel tax revenue, and insurance settlement proceeds. The following represents the RTAA's summary of non-operating revenue and non-rate base revenues by source for the years ended June 30:

	2007	2006	% Change	2005	% Change
Interest Income	$ 3,382,557	$ 1,723,481	96%	$ 1,370,190	26%
Passenger Facility Charge Revenue	10,992,217	11,029,218	0%	8,771,723	26%
Jet Fuel Tax Revenue	338,810	414,874	18%	414,908	0%
Gain (Loss) on Sale of Capital Assets	112,337	496,591	-77%	1,311,777	-62%
Insurance Settlement Proceeds	13,853	0	100%	30,000	-100%
	$ 14,839,774	$ 13,664,164	9%	$ 11,898,598	15%

The graphs below represent the percentage and source of the Airport's revenues for fiscal years ended 2007, 2006 and 2005.



An analysis of significant changes in revenues for the year 2006-2007 is as follows:

Operating revenues of $46 million for 2006-2007 increased 3% over last years $44 million. Airline landing fees and terminal building rents comprise 24% of the RTAA's operating revenues. The landing fee and rental revenues are the result of calculations pursuant to provisions of airline operating and terminal building lease agreements. The landing fee or rental revenues, therefore, are not accurate indicators of the level of activity at the Airport.

Parking and ground transportation accounts for 17% of total revenue. Parking revenue is relatively unchanged from the prior year. Currently the parking rates are set at $1.00 for the first 30 minutes, $2.00 for the first hour, and an additional dollar per hour, with maximum amounts of $20.00 per day for short-term, $12.00 per day for the long-term and $8.00 per day for long-term surface lot parking.

As depicted in the above graph, concession revenue, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 24% of the total RTAA's revenues for fiscal year 2007. Concession revenue increased 5% this year.

Non-operating revenues of $15 million increased 9% over last year's $14 million. This increase reflects a 96% increase in interest income due to additional amounts available for investing activities and favorable market rates.

Passenger Facility Charges comprises 18% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. The current collection rate is $4.50.

Interest income, reimbursements for services and other revenue make up the last three revenue sources with 6%, 2%, and 1%, respectively. Interest income represents the earnings on investments. Reimbursements for services include tenant payments for reimbursement of services such as utilities, disposal fees, administrative fees and security costs. Other revenue consists of insurance proceeds, late fees and discounts.

An analysis of significant changes in revenues for the year 2005-2006 is as follows:

Operating revenues of $44 million for 2005-2006 increased 14% over the prior year's $39 million. Airline landing fees and terminal building rents comprised 33% of the RTAA's operating revenues. The landing fee and rental revenues are the result of calculations pursuant to provisions of airline operating and terminal building lease agreements. The landing fee or rental revenues, therefore, are not accurate indicators of the level of activity at the Airport.

Parking and ground transportation accounted for 18% of total revenue. Parking revenue was up 13% from the prior year. The parking rates were set at $1.00 for the first 30 minutes, $2.00 for the first hour, and an additional dollar per hour, with maximum amounts of $20.00 per day for short-term, $12.00 per day for the long-term and $8.00 per day for long-term surface lot parking.

As depicted in the above graph, concession revenue, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprised 24% of the total RTAA's revenues for fiscal year 2006. Concession revenue increased 14% with a 22% increase in auto rental and a 37% increase in advertising revenue.

Non-operating revenues of $14 million increased 15% over prior year's $12 million. This increase reflects a 26% increase in interest income and a 26% increase in PFC revenues.

Passenger Facility Charges comprised 19% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. The collection rate was $4.50.

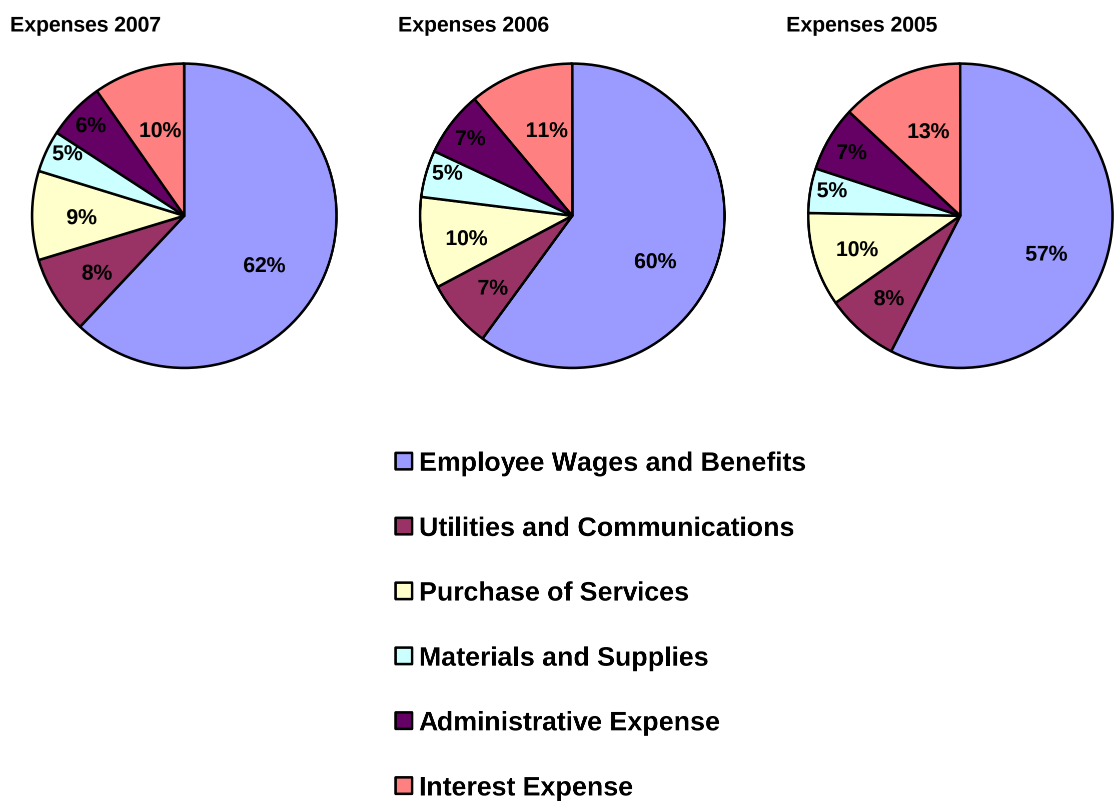
Interest income, reimbursements for services and other revenue made up the last three revenue sources with 3%, 1%, and 2%, respectively. Interest income represents the earnings on investments. Reimbursements for services include tenant payments for reimbursement of services such as utilities, disposal fees, administrative fees and security costs. Other revenue consists of insurance proceeds, late fees and discounts.

Expenses

Operating expenses increased 3% in 2007 and total expenses increased 2%. The following is the summary of expenses (excluding depreciation) by source for the years ended June 30:

	2007	2006	% Change	2005	% Change
Employee Wages and Benefits	$ 20,877,676	$ 19,929,337	5%	$ 18,158,194	10%
Utilities and Communications	2,797,048	2,457,764	14%	2,425,659	1%
Purchase of Services	3,131,901	3,232,102	-3%	3,115,090	4%
Materials and Supplies	1,546,951	1,649,492	-6%	1,524,721	8%
Administrative Expenses	2,100,296	2,261,031	-7%	2,167,021	4%
Total Operating Expenses	30,453,872	29,529,726	3%	27,390,685	8%
Interest Expense	3,229,056	3,608,057	-11%	4,126,651	-13%
Total Expenses	$ 33,682,928	$ 33,137,783	2%	$ 31,517,336	5%

The graphs below represent the percentage and source of the Airport's expenses for fiscal years ended 2007, 2006 and 2005.



An analysis of significant changes in expenses for the year 2006-2007 is as follows:

Employee wages and benefits of $20.9 million comprise 62% of total expenses. There was a 5% increase over last year's total of $19.9 million. This increase was expected and budgeted to cover annual merit increases, increased cost of insurance and to provide for additional employees approved during the year.

Utilities and communications expense of $2.8 million displayed the largest increase of all expenses this year with an increase of 14%. This increase reflects the increase in utility charges for electricity, natural gas, and water fees. Utilities and communications represent 8% of total expenses.

Purchase of services expense, which includes professional and purchased services of $3,131,901, decreased by 3% over the prior year. This decrease represents savings in both legal fees and other professional services. Purchase of services expense represents 9% of expenses.

Materials and supplies expense of $1,546,951 decreased 6% over the prior year of $1,649,492. This decrease is a reflection of decreases in several different areas such as office supplies, janitorial supplies, ice control chemicals, diesel fuel, vehicle repairs, and asphalt and cement patch materials. Materials and supplies make up 5% of expenses.

Administrative expenses comprise 6% of total costs. Costs of $2.1 million decreased 7% from the prior fiscal year of $2.3 million. This decrease is predominantly due to decreased expenses for publications, advertising and promotion, and conference sponsorships.

An analysis of significant changes in expenses for the year 2005-2006 is as follows:

Employee wages and benefits of $19.9 million comprised 60% of total expenses. There was a 10% increase over prior year's total of $18.2 million. This increase was expected and budgeted to cover annual merit increases, increased cost of insurance and to provide for additional employees approved during the year.

Utilities and communications expense of $2.5 million displayed a small increase of 1.0%. This increase reflected the increase in utility charges for electricity, natural gas, and water fees and for these fees associated with the additional properties acquired in 2006. Utilities and communications represented 7% of total expenses.

Purchase of services expense, which includes professional and purchased services of $3,232,102, increased by 4% over the prior year. Purchase of services expense represented 10% of expenses.

Materials and supplies expense of $1,649,492 increased 8% over the prior year of $1,524,721. This increase is a reflection of increases in several different areas such as office supplies, paper and postage, ice control chemicals, diesel fuel, vehicle repairs, and asphalt and cement patch materials. Materials and supplies made up 5% of expenses.

Administrative expenses comprised 7% of total costs. Costs of $2.3 million increased 4% from the prior fiscal year of $2.2 million. This increase was predominantly due to increased expenses for publications, air service development and conference sponsorships.

Summary of Changes in Net Assets

The following represents the RTAA's summary of changes in net assets for the years ended June 30:

	2007	2006	% Change	2005	% Change
Total Operating Revenues	$ 45,596,697	$ 44,392,984	3%	$ 39,090,139	14%
Total Operating Expenses	30,453,872	29,529,726	3%	27,390,685	8%
Operating Income Before Depreciation and Amortization	15,142,825	14,863,258	2%	11,699,454	27%
Depreciation and Amortization	(20,686,072)	(18,564,621)	11%	(17,374,021)	7%
Operating Income (Loss)	(5,543,247)	(3,701,363)	50%	(5,674,567)	34%
Non-Operating Revenues (Expenses)	11,610,718	10,056,107	15%	7,771,947	29%
Capital Contributions	18,910,166	23,701,303	-20%	19,279,194	23%
Increase in Net Assets	24,977,637	30,056,047	-17%	21,376,574	41%
Net Assets, Beginning of Year	356,767,929	326,711,882	9%	305,335,308	7%
Net Assets, End of Year	$ 381,745,566	$356,767,929	7%	$ 326,711,882	9%

An analysis of significant changes in net assets for the year 2006-2007 is as follows:

Depreciation and amortization expense increased 11%, from $18,564,621 to $20,686,072 in 2006-2007. Non-operating revenue increased 15%. This increase is primarily due to increased interest income.

Capital contributions, which is comprised mainly of federal grants from the United States Department of Transportation, decreased 20% this year compared to the amounts received in 2005-2006.

An analysis of significant changes in net assets for the year 2005-2006 is as follows:

Total operating revenues increased 14% while operating expenses increased 8%. Operating income before depreciation and amortization increased 27%.

Depreciation and amortization expense increased slightly, from $17,374,021 to $18,564,621 in 2005-2006. Non-operating revenue increased 29%. This increase was primarily composed of the passenger facility charge revenue.

Capital contributions increased 23% in 2005-2006. Capital contributions are comprised mainly of federal grants from the United States Department of Transportation.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2007 is $352.8 million, net of depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings and equipment. The total increase in the investment in capital assets for the year 2006-2007 was 3% or $11.1 million.

Major capital asset events during fiscal year 2007 included the following:

Projects at RTAA that were funded by federal grants amounted to $19 million. Completed projects include construction of a ramp road at Stead Airport, and a new Airport communications office and emergency operations center.

Completed projects that were funded by PFC revenue include jet bridge replacement and relocation of the Airfield Maintenance facility.

Land improvements included taxiway reconstruction, additional crosswalk lights, and fencing projects.

$7.8 million was expended on land acquisition and noise mitigation through the Part 150 noise program, which is funded by federal grants.

Equipment purchases totaled $2.2 million, which included the purchase of an emergency generator, power units for jet bridges, a runway friction tester, office furniture, vehicles and additional snow removal equipment. Included in the snow equipment are snow plows, brooms and tractors.

Investment in capital assets as of June 30, 2006 was $341.7 million, net of depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings and equipment. The total increase in the investment in capital assets for the year 2005-2006 was 7% or $21.8 million.

Major capital asset events during fiscal year 2006 included the following:

Completed projects at RTAA that were funded by federal grants amounted to $24.4 million and included perimeter fencing, runway and taxiway replacement, and police and fire vehicles.

Completed projects that were funded by PFC revenue included the replacement of four jet bridges, terminal lobby and restroom improvements.

$6.7 million was expended on land acquisition and noise mitigation through the Part 150 noise program, which is funded by federal grants.

Equipment purchases totaled $2.6 million, which included the acquisition of a snow plow and broom, office furniture, vehicles and an interactive employee training system.

The following represents the RTAA's capital assets for the years ended June 30:

	2007	2006	2005
Land	$ 133,690,247	$ 125,973,983	$ 119,230,049
Construction in Progress	42,433,996	30,515,489	35,719,122
Buildings, Improvements, and Equipment	176,651,066	185,196,220	164,964,773
Total	$ 352,775,309	$ 341,685,692	$ 319,913,944

For additional information on capital asset activity, see Note 5.

DEBT ADMINISTRATION

As of June 30, 2007, the RTAA had approximately $68 million (without regard to discounts or premiums) of outstanding revenue bonds. The payment of the RTAA's revenue bonds is insured by the Municipal Bond Investors Assurance Corporation. Since the bonds are insured, they are rated AAA by Moody's and AAA by Standard and Poor's, which is also the rating of the insurance company.

	2007	2006	2005
1996A			$ 29,460,000
1996B	$ 2,060,000	$ 2,860,000	3,605,000
2002	11,325,000	14,150,000	17,375,000
2003	25,160,000	27,535,000	27,535,000
2005	29,630,000	29,775,000	-
Total Debt	$ 68,175,000	$ 74,320,000	$ 77,975,000

The Airport Revenue (Tax Exempt) bonds, Series 1996A and the Airport Revenue (Taxable) Bonds, Series 1996B were issued in May 1996 in the amount of $36 million for the purpose of funds to finance the cost of the constructing a parking garage, the terminal access roadway system, and acquire land at the entrance to the Airport. The Series 1996A Revenue Bonds, defeased by the 2005 bonds, are no longer shown as a liability of the Authority.

The Series 2002 Airport Revenue Refunding Bonds of $17 million were issued in May 2002 to provide funds together with other available moneys of the RTAA to refund $13,385,000 aggregate principal of the then outstanding Series 1992A bonds maturing on July 1, 2003 and $4,075,000 maturing on July 1, 2004. This financing was done to help stabilize airline rates during the next two years by deferring principal payments to future years.

The Series 2003 Airport Revenue Refunding bonds of $29,215,000 were issued in March 2003 to provide sufficient funds, together with other available moneys of the RTAA, to redeem on July 1, 2003, $29,840,000 aggregate principal amount of the outstanding Series 1993B bonds and pay certain costs of issuance including the bond premium of $2,220,942. The difference between the net carrying amount of the old debt and the reacquisition price of $1,543,442 has been deferred and will be amortized as a component of interest expense over the remaining life of the new debt per GASB 23.

The Series 2005 Airport Revenue Refunding bonds of $29,775,000 were issued in August 2005, with an average net interest rate of 4.49%, to provide sufficient funds, together with other available moneys of the Authority, to refund on July 1, 2006, $29,460,000 aggregate principal of the outstanding Series 1996A bonds with an average net interest rate of 5.91%, and pay certain costs of issuance including the bond premium of $1,553,562. This financing reduced the amount of debt service in the Authority's budget and airline rates in the 2006 and 2007 fiscal years by $298,808 and $163,710, respectively, and by similar amounts through 2026.

The RTAA, unlike most local governments, has no debt limit or maximum debt per capita. The RTAA does have a rate maintenance covenant in its revenue bond resolutions requiring that net pledged revenues equal or exceed 125 percent of the senior revenue bond debt service or 100 percent of all debt service, whichever is greater. The RTAA has always met this requirement as is demonstrated in the Statistical Section of this report.
For additional information on bonds, see Note 6.

PASSENGER FACILITY CHARGE (PFC)

In October 1993, the RTAA received approval from the Federal Aviation Administration (the FAA) to impose a PFC of $3.00 per enplaned passenger. Collection began January 1, 1994. In May 2001, that amount increased to $4.50 per enplaned passenger with collection beginning August 1, 2001. For the fiscal year ended June 30, 2007, the RTAA collected PFCs, including interest earnings thereon, totaling $11 million. PFCs are collected by airlines on their passengers' tickets and remitted monthly to the RTAA. These funds are spent on a list of projects reviewed by the airlines in a process prescribed by the Federal Aviation Administration. This money must be segregated from all other Airport revenues. For further details, see the Summary Schedule of Passenger Facility Charges Collected and Expended in the Compliance Section of this report.

AIRLINE SIGNATORY RATES AND CHARGES

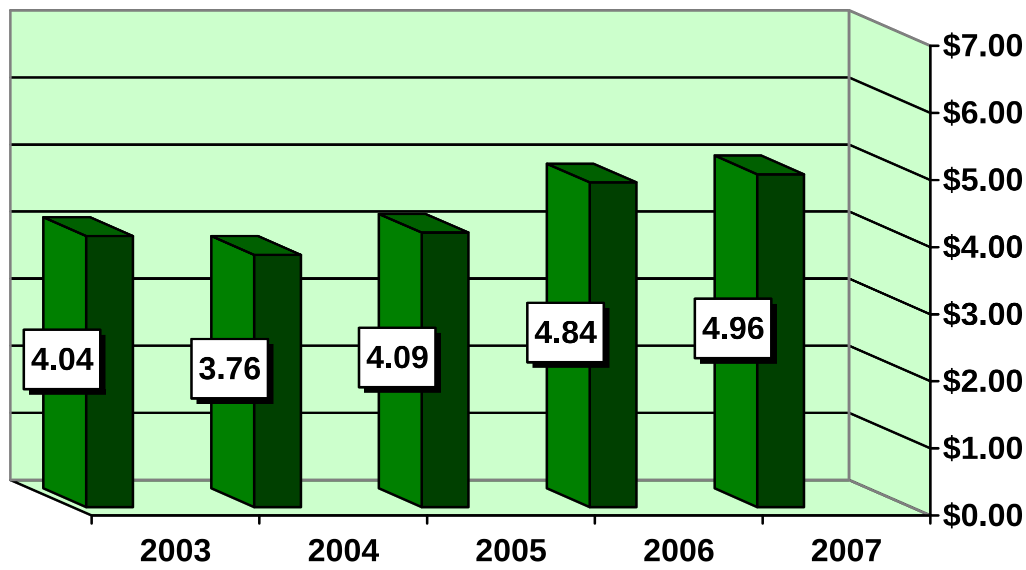
The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 1996 for five years with two mutually agreed upon three-year extensions. The first extension expired June 30, 2004 and the second expired June 30, 2007. The RTAA has entered into a further two year extension of the existing agreement. Airlines that have signed this agreement are signatory airlines. For 2006-2007, signatories to the Agreement include twelve commercial and three cargo airlines.

	2007	2006	% Change	2005	% Change
Landing Fee Rate (per 1,000 pounds)					
Signatory Airlines	1.52	1.73	-12%	1.29	34%
Non-Signatory Airlines	2.60	2.30	13%	1.98	16%
RON (Ramp Over Night)					
Signatory Fee Rate	0.29	0.23	26%	0.22	5%
Non-Signatory Fee Rate	0.65	0.58	12%	0.50	16%
Terminal Rental Rate (Average)	59.52	55.06	8%	49.30	12%

The current airline agreement's rate setting formula is a derivation of what is known as a compensatory rate setting formula. In this formula, the Airport is divided into cost centers. The RTAA's five cost centers are Airfield, Terminal Building, Parking and Ground Transportation, Other and Reno-Stead Airport. The airline cost centers of the Airfield and Terminal Building are used in the calculation of the landing fee and rental rate. The final rates and charges for the airlines are shown above:

Comparing the operating results of airports is difficult. The landing fee and rental rates of airports are not comparable because of the different airline operating agreements used to calculate those fees. As a result, an airport's economic impact per airline passenger is used to compare the financial performance of airports. This impact, the airline cost per enplanement, is the total fees paid by the airlines to the airport divided by the number of passengers boarding aircraft. The chart on the next page presents the history of the cost per enplaned passenger.

Cost per enplaned passenger



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial activity and condition of the RTAA to all having such an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Reno-Tahoe Airport Authority, Accounting Division, P.O. Box 12490, Reno, NV 89510-2490.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2007 AND 2006

ASSETS	2007	2006
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$20,171,118	$22,919,551
Investments	29,595,192	27,480,645
Accounts receivable, net	3,581,537	3,787,523
Grants receivable from FAA	2,679,826	3,130,769
Interest receivable	350,220	218,945
Inventory	326,862	348,585
Total unrestricted assets	56,704,755	57,886,018
Restricted Assets:		
Cash and cash equivalents	42,113,605	28,979,986
Investments	13,372,370	16,442,463
Interest receivable	135,967	148,009
Total restricted assets	55,621,942	45,570,458
Total Current Assets	112,326,697	103,456,476
NON-CURRENT ASSETS		
Capital Assets:		
Land	133,690,247	125,973,983
Construction in progress	42,433,996	30,515,489
Buildings, improvements, and equipment, net of depreciation	176,651,066	185,196,220
Total Capital Assets	352,775,309	341,685,692
Other Assets:		
Development rights, net	1,723,966	1,797,066
Road credits	1,529,992	1,690,579
Bond issue costs and other deferred charges, net	1,110,952	1,286,402
Surety bond, net	88,683	106,633
Total Other Assets	4,453,593	4,880,680
Total Non-Current Assets	357,228,902	346,566,372
TOTAL ASSETS	$469,555,599	$450,022,848

LIABILITIES AND NET ASSETS	2007	2006
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$4,160,850	$2,294,122
Construction contracts payable	5,359,522	5,893,182
Rents received in advance	1,366,081	439,056
Accrued payroll	1,934,713	1,725,060
Total payable from unrestricted assets	12,821,166	10,351,420
Payable from Restricted Assets:		
Current portion of long-term debt	7,365,000	6,145,000
Accrued interest	1,700,234	1,835,609
Construction contracts payable	1,075,964	2,108,935
Total payable from restricted assets	10,141,198	10,089,544
Total Current Liabilities	22,962,364	20,440,964
NON-CURRENT LIABILITIES		
Revenue bonds, net	60,640,870	68,177,282
Deposits and unearned revenues	3,892,006	4,232,755
Reclamation liability	314,793	403,918
Total Non-Current Liabilities	64,847,669	72,813,955
Total Liabilities	87,810,033	93,254,919
NET ASSETS		
Invested in Capital Assets, net of Related Debt	279,444,906	260,647,695
Restricted for:		
Revenue bond operations and maintenance	5,404,769	5,058,339
Renewal and replacement	780,000	780,762
Passenger facility charge projects	34,736,022	25,756,419
Debt service	7,365,000	6,226,349
Flood grant	4,938,473	4,723,921
Other reserve purposes	382,650	285,592
Total Restricted	53,606,914	42,831,382
Unrestricted	48,693,746	53,288,852
Total Net Assets	381,745,566	356,767,929
TOTAL LIABILITIES AND NET ASSETS	$469,555,599	$450,022,848

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
OPERATING REVENUES		
Landing fees	$7,142,939	$7,545,675
Concession revenue	15,095,247	14,385,592
Parking and ground transportation	10,136,245	10,253,964
Rentals	12,225,827	11,352,662
Reimbursements for services	959,434	827,853
Other revenue	37,005	27,238
Total operating revenues	45,596,697	44,392,984
OPERATING EXPENSES		
Employee wages and benefits	20,877,676	19,929,337
Utilities and communications	2,797,048	2,457,764
Purchase of services	3,131,901	3,232,102
Materials and supplies	1,546,951	1,649,492
Administrative expenses	2,100,296	2,261,031
Total operating expenses	30,453,872	29,529,726
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	15,142,825	14,863,258
Depreciation and amortization:		
Depreciation	20,419,571	18,299,287
Amortization of development rights	73,101	73,101
Amortization of deferred charges	193,400	192,233
Total depreciation and amortization	20,686,072	18,564,621
OPERATING INCOME (LOSS)	(5,543,247)	(3,701,363)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	3,382,557	1,723,481
Passenger facility charge revenue	10,992,217	11,029,218
Jet fuel tax revenue	338,810	414,874
Gain (loss) on sale of capital assets	112,337	496,591
Insurance settlement proceeds	13,853	-
Interest expense	(3,229,056)	(3,608,057)
Total non-operating revenues (expenses)	11,610,718	10,056,107
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	6,067,471	6,354,744
CAPITAL CONTRIBUTIONS	18,910,166	23,701,303
Increase in net assets	24,977,637	30,056,047
TOTAL NET ASSETS, BEGINNING OF YEAR	356,767,929	326,711,882
TOTAL NET ASSETS, END OF YEAR	$381,745,566	$356,767,929

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 46,388,959	$ 43,029,328
Cash paid to employees	(20,668,023)	(20,114,064)
Cash paid to suppliers	(7,776,870)	(10,131,173)
Net cash provided by operating activities	17,944,066	12,784,091
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	338,810	414,874
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	19,361,109	21,191,090
Passenger facility charge revenue	10,992,217	11,029,218
Acquisition and construction of capital assets	(32,919,987)	(34,157,209)
Proceeds from sale of capital assets	117,091	831,804
Principal paid on bonds	(6,145,000)	(3,970,000)
Payment to refunding escrow agent	-	(30,550,498)
Proceeds from sale of revenue bonds	-	29,775,000
Bond premium	-	1,553,562
Cash paid for bond issue costs	-	(656,297)
Insurance settlement proceeds	13,853	-
Interest paid on bonds	(3,535,843)	(3,863,626)
Net cash provided by (used in) capital and related financing activities	(12,116,560)	(8,816,956)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	3,263,324	1,662,456
Sale (purchase) of investments	955,546	(5,795,205)
Net cash provided by (used in) investing activities	4,218,870	(4,132,749)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,385,186	249,260
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	51,899,537	51,650,277
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 62,284,723	$ 51,899,537

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	($5,543,247)	($3,701,363)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	20,419,571	18,299,287
Amortization of development rights	73,101	73,101
Amortization of deferred charges	193,400	192,233
(Increase) Decrease in Assets:		
Accounts receivable, net	205,986	(798,088)
Inventory	21,723	33,443
Increase (Decrease) in Liabilities:		
Accounts payable	1,866,728	(429,036)
Rents received in advance	927,025	306,546
Accrued payroll	209,653	(184,727)
Deposits and unearned revenues	(340,749)	(872,114)
Reclamation liability	(89,125)	(135,191)
Net cash provided by operating activities	$17,944,066	$12,784,091

Noncash investing activities:

The net decline in the fair value of investments was $140,705 at June 30, 2007 and $636,328 at June 30, 2006.

	2007	2006
Capital asset activity:		
Road credits used for acquisition	$ 179,666	$ 44,270

See accompanying notes

1. Organization and Reporting Entity

   Organization:

   The Reno-Tahoe Airport Authority (the "Authority") (formerly the Airport Authority of Washoe County) was created on July 1, 1977 by an act of the Nevada Legislature for the purpose of operating Reno-Tahoe International Airport and the Reno-Stead Airport.

   Reporting Entity:

   The Authority is an independent reporting entity and not a component unit of another government. This conclusion is based on the following criteria:

   1. Composition of the Board.

      The nine member Governing Board is appointed as follows: four members by the Reno City Council, two members by the Sparks City Council, two members by the Washoe County Commission, and one member by the Reno-Sparks Convention & Visitors Authority. The Board directs the Executive Director who is responsible for staffing of the Authority departments. The Authority is responsible for the day-to-day operations at the two airports.

   2. Accounting for fiscal matters.

      The Authority is responsible for reviewing, approving, and revising its budget. The Authority is solely responsible for financing the entity's deficits and has sole control of its surplus funds, restricted only by the Authority's Bond Resolutions and underlying Lease and Use Agreements.

      The Authority collects revenues, controls disbursements and has title to all assets. The Authority establishes fees and charges and negotiates contracts with commercial enterprises.

2. Summary of Significant Accounting Policies

   Basis of Accounting

   The accompanying financial statements have been prepared on the accrual basis of accounting, using the economic resources focus, whereby revenues and expenses are recognized in the period earned or incurred, regardless of when the related cash flows take place. All transactions are accounted for in a single enterprise fund.

   Revenues from landing fees, rents, parking revenue and other miscellaneous sources are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

   Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that use Proprietary Fund Accounting", the Authority follows GASB guidance as applicable to enterprise funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with maturities of three months or less when purchased to be cash equivalents.

Capitalization of Interest

The Authority capitalizes, as a part of the historical cost of constructing assets for its own use, a portion of the net interest cost incurred during the construction period. For the years ended June 30, 2007 and 2006 there was no interest cost incurred that was capitalized.

Development Rights

Development rights, which preclude residential development near the Reno-Tahoe International Airport, are recorded at cost and amortized on the straight-line method over forty (40) years.

Regional Road Impact Fee Credits

The regional road impact fee is a one time assessment to pay for new roads or improvements to existing roads needed to serve traffic from a new development. This fee is paid at the time a building permit is issued. The Authority owns credits for the fees and can use them as needed or sell them to others until they expire June 26, 2023.

Landing Fees and Terminal Building Rents

Landing fees and rents are set based on estimates of airline activity, revenues and expenses. The actual landing fees and rental rates that should have been collected are calculated at year-end. Over-collections and under-collections are netted and recorded on the Statement of Net Assets as accounts receivable or accounts payable.

Capital Contributions

Certain expenses for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), with certain matching funds provided by the Authority. Capital funding provided under government grants is considered earned as the related allowable expenses are incurred.

Grants for the acquisition and construction of land, property and certain types of equipment are reported in the Statement of Revenues, Expenses and Changes in Net Assets, after non-operating revenue and expenses, as capital contributions.

Budgets

The Authority adheres to the Local Government Budget and Finance Act established by state statute. The filing deadlines and procedures during fiscal year 2007 and 2006 were as follows:

1. On or before April 15 the Board of Trustees must adopt and file a tentative operating budget with the State Department of Taxation.
2. Public hearings on the tentative budget are held the third week of May.
3. On or before June 1 the final budget is adopted by a majority vote of the Board of Trustees.
4. The budget is adopted on the accrual basis. Actual operating and non-operating expenses may not exceed budgeted appropriations. Budget augmentations that change the total revenues or expenses must be approved

by a resolution of the Board of Trustees and filed with the Department of Taxation. Unexpended appropriations lapse at year-end.

2. Summary of Significant Accounting Policies (continued)

Compensated Absences

Employees accrue vacation in varying amounts based on classification and length of service. Additionally, certain employees are allowed compensated time off in lieu of overtime compensation and/or working on holidays. Vacation pay and compensatory time vests as earned and sick pay vests after five years of service at the rate of 12.5%, after 10 years at the rate of 25% and after 15 or 20 years at the rate of 50% for certain represented employees. Sick pay also vests for certain represented employees after 880 hours have been accumulated. For exempt management employees, sick leave is paid at $4 per hour. The liability for compensated absences is a current liability included in accrued payroll.

Inventory

Inventory is valued at the lower of cost, determined on the first in – first out method, or market. Inventory items are recorded as assets when purchased and expensed as consumed.

Passenger Facility Charge (PFC) Revenue

Currently the Authority has approval from the FAA to impose and use a PFC of $4.50 per enplaned passenger. Several FAA approved projects are being funded by the PFC collections. The PFC revenues are collected by the airlines and remitted monthly to the Authority. They are recognized by the Authority as they are received, and are included in non-operating revenues.

Reclassifications

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 presentation.

3. Cash, Cash Equivalents and Investments

The Authority accounts for its investments in accordance with GASB 31, which requires investments to be stated at fair value. The unrealized loss on investments held at June 30, 2007, was $140,705. The unrealized loss on investments held at June 30, 2006, was $636,328.

Cash, Cash Equivalents and Investments consist of the following as of June 30:

	2007	2006
Cash	$ 2,336,558	$ 3,998,053
Cash Equivalents:		
Short-Term Investments and Money Market Fund Treasury	12,866,626	13,456,859
Commercial Paper maturing within one month	47,081,539	34,444,625
Total Cash and Cash Equivalents	62,284,723	51,899,537
Investments:		
Mortgage Backed Securities maturing within five years	42,967,562	43,923,108
Total Cash, Cash Equivalents and Investments	105,252,285	95,822,645
Less Unrestricted Cash, Cash Equivalents and Investments	49,766,310	50,400,196
Total Restricted Cash, Cash Equivalents and Investments	$ 55,485,975	$ 45,422,449

3. Cash, Cash Equivalents and Investments (continued)

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Authority uses specific identification for calculating unrealized gains or losses for investment valuation.

As of June 30, 2007, the Authority had the following investments, excluding short-term investments and money market funds.

		Maturity Date
Federal Home Loan Banks	$2,985,930	August 13, 2008
Federal Home Loan Mortgage Corporation	996,610	December 26, 2008
Federal Home Loan Banks	964,380	March 30, 2011
Federal Home Loan Banks	999,060	February 1, 2008
Federal Home Loan Mortgage Corporation	998,790	April 17, 2009
Federal Home Loan Mortgage Corporation	991,760	November 1, 2010
Federal Home Loan Banks	977,190	February 1, 2012
Federal Home Loan Banks	1,985,000	July 2, 2008
Federal Home Loan Banks	999,690	September 11, 2009
Federal Home Loan Banks	995,630	August 18, 2008
Federal Home Loan Banks	2,495,325	October 30, 2008
Federal Home Loan Banks	1,996,260	February 20, 2008
Federal National Mortgage Corporation	997,500	February 22, 2008
Federal Home Loan Banks	996,560	November 21, 2008
Federal Home Loan Banks	1,849,212	June 23, 2008
Federal Home Loan Mortgage Corporation	997,720	February 8, 2008
Federal Farm Credit Banks	988,750	June 30, 2008
Federal Home Loan Banks	1,416,450	February 15, 2008
Federal Home Loan Mortgage Corporation	989,440	September 7, 2010
Federal Home Loan Banks	979,465	February 27, 2008
Federal Home Loan Banks	996,880	August 27, 2007
Federal Home Loan Banks	998,440	June 11, 2009
Federal Home Loan Banks	971,560	April 7, 2009
Federal Home Loan Mortgage Corporation	999,810	July 29, 2009
Federal National Mortgage Corporation	1,473,750	January 13, 2011
Federal Home Loan Banks	991,880	April 18, 2008
Federal Home Loan Banks	997,190	April 18, 2008
Federal Home Loan Banks	995,940	December 22, 2009
Federal Home Loan Mortgage Corporation	979,200	April 20, 2009
Federal Home Loan Banks	997,190	April 22, 2008
Federal Home Loan Banks	2,981,250	April 21, 2009
Federal National Mortgage Corporation	1,985,620	November 12, 2008
Federal Home Loan Banks	998,130	August 8, 2008
Total	$42,967,562	

3. Cash, Cash Equivalents and Investments (continued)

Credit Risk. State statutes and the Authority's revenue bond resolutions authorize investments in direct obligations of, or obligations guaranteed by the United States of America. The Authority may also invest in commercial paper (rated A-1 or better by Standard & Poor's or P-1 by Moody's) or interests in short-term investment trust funds restricted to the investment obligations described above. Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issue. The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2007 and 2006, Standard & Poor's had rated the mortgage backed securities as AAA. At June 30, 2007 and 2006, the following investments equaled or exceeded 5% of the Authority's total investments:

Mortgage backed securities:	2007	2006
Federal Home Loan Banks	71%	75%
Federal National Mortgage Association	10%	11%
Federal Home Loan Mortgage Corporation	16%	11%

Restricted cash, cash equivalents and investments represent funds deposited with the trustee which are restricted as to use pursuant to the revenue bond resolutions as discussed in Note 6. The resolutions also impose limitations as to the disposition of related interest income.

4. Accounts and Grants Receivable

The following amounts represent receivables due to the Authority at June 30, 2007 and 2006:

	2007	2006
Current:		
Unrestricted:		
Accounts Receivable	$ 3,696,460	$ 3,974,128
Less allowance for uncollectibles	114,923	186,605
Net Accounts Receivable	3,581,537	3,787,523
Grants Receivable from Federal Aviation Administration	2,679,826	3,130,769
Total Current Unrestricted Receivables	$ 6,261,363	$ 6,918,292

The grants receivable in the accompanying Statements of Net Assets represent reimbursements due for project costs under Federal Aviation Administration (FAA) grants. When received, these amounts are required to be deposited with the Authority's revenue bond trustee, pursuant to the revenue bond resolutions as discussed in Note 6. All amounts due under FAA grants are subject to final approval by the FAA and an annual compliance audit by an independent auditor. However, the Authority believes that the receivable amounts recorded result from qualified expenses and, accordingly, an allowance for doubtful accounts is not required.

5. Capital Assets

Capital assets are stated at historical cost and include property, equipment, and expenses that substantially increase the useful lives of existing assets. The Authority's policy is to capitalize assets with an initial cost of $2,000 or more and an estimated useful life of more than one year.

Capital asset balances and changes for the year ended June 30, 2007 are as follows:

	Balance June 30, 2006	Additions and Transfers	Deletions and Transfers	Balance June 30, 2007
Capital Assets, not being depreciated:				
Land	$ 125,973,983	$ 7,716,264	$ -	$ 133,690,247
Construction in progress	30,515,489	29,981,672	(18,063,165)	42,433,996
Total Capital Assets, not being depreciated	156,489,472	37,697,936	(18,063,165)	176,124,243
Capital Assets, being depreciated:				
Improvements	252,895,843	6,503,845	-	259,399,688
Buildings	137,371,284	3,204,349	(8,940)	140,566,693
Equipment	19,837,099	2,190,057	(65,000)	21,962,156
Total Capital Assets, being depreciated	410,104,226	11,898,251	(73,940)	421,928,537
Less accumulated depreciation for:				
Improvements	122,229,619	10,896,400	-	133,126,019
Buildings	88,785,046	7,578,115	(8,940)	96,354,221
Equipment	13,893,341	1,945,056	(41,166)	15,797,231
Total Accumulated Depreciation	224,908,006	20,419,571	(50,106)	245,277,471
Total Capital Assets, being depreciated, net	185,196,220	(8,521,320)	(23,834)	176,651,066
Net Capital Assets	$ 341,685,692	$ 29,176,616	$ (18,086,999)	$ 352,775,309

Capital asset balances and changes for the year ended June 30, 2006 are as follows:

	Balance June 30, 2005	Additions and Transfers	Deletions and Transfers	Balance June 30, 2006
Capital Assets, not being depreciated:				
Land	$ 119,230,049	$ 7,078,747	$ (334,813)	$125,973,983
Construction in progress	35,719,122	39,307,115	(44,510,748)	30,515,489
Total Capital Assets, not being depreciated	154,949,171	46,385,862	(44,845,561)	156,489,472
Capital Assets, being depreciated:				
Improvements	225,868,081	27,027,762	-	252,895,843
Buildings	128,461,439	8,909,845	-	137,371,284
Equipment	18,052,050	2,599,238	(814,189)	19,837,099
Total Capital Assets, being depreciated	372,381,570	38,536,845	(814,189)	410,104,226
Less accumulated depreciation for:				
Improvements	112,870,857	9,358,762	-	122,229,619
Buildings	81,423,915	7,361,131	-	88,785,046
Equipment	13,122,025	1,579,394	(808,078)	13,893,341
Total Accumulated Depreciation	207,416,797	18,299,287	(808,078)	224,908,006
Total Capital Assets, being depreciated, net	164,964,773	20,237,558	(6,111)	185,196,220
Net Capital Assets	$ 319,913,944	$ 66,623,420	$ (44,851,672)	$ 341,685,692

5. Capital Assets (continued)

Depreciation of property and equipment is based on the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

	Years
Improvements	5-30
Buildings	3-30
Equipment	3-15

6. Long-Term Debt

The Series 1996A Airport Revenue (Tax-Exempt) Bonds and the Series 1996B Airport Revenue (Taxable) Bonds were issued in May 1996 to provide, together with other moneys of the Authority, sufficient funds to finance the construction of a three story, 2,400 space parking garage in the main parking lot, a new terminal access roadway system to accommodate the parking garage, a passenger skyway to connect the parking garage to the terminal and acquisition of certain real property located adjacent to the Airport entrance. The Series 1996 A Bonds were defeased during the year ended June 30, 2006.

The Series 2002 Airport Revenue Refunding bonds of $17,375,000 were issued in May 2002, with an average net interest rate of 4.98% to provide sufficient funds, together with other available moneys of the Authority, to refund on July 1, 2002, $13,385,000 aggregate principal of the outstanding Series 1992A bonds with an average net interest rate of 5.62%, advance redeem all of the Series 1993B bonds maturing on July 1, 2003 and $4,075,000 maturing on July 1, 2004 with an average net interest rate of 6.00%, and pay certain costs of issuance including the bond premium of $924,929.

The difference between the net carrying amount of the old debt and the reacquisition price of $640,223 was deferred was amortized as a component of interest expense per GASB 23. The main purpose of the financing was to keep airline rates stable during a projected two-year September 11th economic recovery but lower interest rates were also realized.

The Series 2003 Airport Revenue Refunding bonds of $29,215,000 were issued in March 2003, with an average net interest rate of 4.94% to provide sufficient funds, together with other available moneys of the Authority, to redeem on July 1, 2003, $29,840,000 aggregate principal amount of the outstanding Series 1993B bonds with an average net interest rate of 6.00%, and pay certain costs of issuance including the bond premium of $2,220,942. The difference between the net carrying amount of the old debt and the reacquisition price of $1,543,442 has been deferred and will be amortized as a component of interest expense over the remaining life of the new debt per GASB 23.

The Series 2005 Airport Revenue Refunding bonds of $29,775,000 were issued in August 2005, with an average net interest rate of 4.49%, to provide sufficient funds, together with other available moneys of the Authority, to refund on July 1, 2006, $29,460,000 aggregate principal of the outstanding Series 1996A bonds with an average net interest rate of 5.91%, and pay certain costs of issuance including the bond premium of $1,553,562. The bond proceeds were deposited in an escrow account and were used to refund the Series 1996A Bonds. The advance refunding resulted in a decrease in total debt service payments of $2,340,957 and an economic gain of $2,298,499.

6. Long-Term Debt (continued)

The difference between the net carrying amount of the old debt and the reacquisition price of $2,382,091 has been deferred and will be amortized as a component of interest expense over the remaining life of the new debt per GASB 23. The main purpose of the financing was to take advantage of lower interest rates. This financing reduced the amount of debt service in the Authority's budget and airline rates in the 2006 and 2007 fiscal years by $298,808 and $163,710, respectively, and by similar amounts through 2026.

As noted, the Authority defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the Authority's financial statements. On July 1, 2006, $29,460,000 of bonds considered defeased were refunded.

The Series 1996B bonds with an aggregate principal of $2,060,000 are subject to redemption prior to maturity, at the option of the Authority, beginning in fiscal year 2007. The 2002, 2003, and 2005 bonds with an aggregate principal of $66,115,000 are not subject to redemption prior to maturity.

The revenue bond resolutions established certain cash and investments sub-accounts (referred to as "Funds"), in order to provide accountability for bond proceeds and pledged revenues and to assure adherence to restrictions on expenses.

All revenues, other than income derived from certain unrestricted investments, are defined in the bond resolutions as "Gross Pledged Revenues" (see Note 7), and are required to be deposited with the revenue bond trustee in the Revenue Fund, which is established by the revenue bond resolutions. Amounts required to meet operation and maintenance expenses are then expended. The remaining funds are allocated to additional accounts also established by the revenue bond resolution and held by the revenue bond trustee in the following amounts and order of priority:

Bond Fund Interest and Principal Accounts - deposits in amounts sufficient to meet the next required debt service payment on the revenue bonds.

Bond Reserve Account - an amount equal to the Minimum Securities Reserve. The Minimum Securities Reserve is the lesser of (a) the "combined average annual principal and interest requirements," or (b) an amount determined by adding the amount of the Minimum Securities Reserve in effect immediately prior to the issuance of Additional Securities to an amount equal to 10% of the proceeds, within the meaning of the Tax Code, of the then proposed to be issued Additional Securities. The Authority has chosen to satisfy the Minimum Securities Reserve by a Qualified Surety Bond.

Operation and Maintenance Reserve Fund - from amounts remaining after the above allocations and the payment of debt service on any subordinate securities which may be issued by the Authority, this fund receives an allocation in the amount necessary to reinstate over a one-year period a minimum reserve of 17% of the Authority's currently budgeted operation and maintenance expenses.

Renewal and Replacement Fund - $10,000 per month until a specified maximum amount (currently $780,000 but not less than $600,000) determined by the Authority is accumulated as an emergency capital account.

Remaining funds are transferred then to the Authority's Special Fund in an amount aggregating 35% of annual gaming concession revenues.

Any remaining funds are transferred to the General Purpose Fund, to be used for additional construction, maintenance or other airport obligations.

6. Long-Term Debt (continued)

The revenue bond resolutions require the Authority to meet a rate maintenance covenant whereby its annual revenues, after deducting operation and maintenance expenses and 35% of gaming concession revenues, must equal at least 125% of the revenue bond debt service requirement to be paid from such revenues. Agreements with airlines provide for this coverage and the rate maintenance covenant continues to be met for the years ended June 30, 2007 and 2006.

Long-term debt activity for the year ended June 30, 2007 is summarized as follows:

	Balance June 30, 2006	New Debt	Principal Repayment	Discount/ Premium Amortization	Balance June 30, 2007
Revenue Bonds:					
Series 1996B	$ 2,860,000	$ -	$ 800,000	$ -	$ 2,060,000
Series 2002	14,150,000	-	2,825,000	-	11,325,000
Unamortized premium	387,064	-	-	(129,060)	258,004
Series 2003	27,535,000	-	2,375,000	-	25,160,000
Unamortized premium	1,346,026	-	-	(269,205)	1,076,821
Deferred loss on refunding	(935,419)	-	-	187,084	(748,335)
Series 2005	29,775,000	-	145,000	-	29,630,000
Unamortized premium	1,491,419	-	-	(74,572)	1,416,847
Deferred loss on refunding	(2,286,808)	-	-	114,341	(2,172,467)
Total Revenue Bond Debt	74,322,282	$ -	$ 6,145,000	$ (171,412)	68,005,870
Less current portion	(6,145,000)				(7,365,000)
Total long term debt	$ 68,177,282				$ 60,640,870

Long-term debt activity for the year ended June 30, 2006 is summarized as follows:

	Balance June 30, 2005	New Debt	Principal Repayment	Discount/ Premium Amortization	Balance June 30, 2006
Revenue Bonds:					
Series 1996A	$ 29,460,000	$ -	$ 29,460,000	$ -	$ -
Unamortized discount	(790,951)	-	-	790,951	-
Series 1996B	3,605,000	-	745,000	-	$ 2,860,000
Series 2002	17,375,000	-	3,225,000	-	14,150,000
Unamortized premium	516,123	-	-	(129,059)	387,064
Deferred loss on refunding	(153,653)	-	-	153,653	-
Series 2003	27,535,000	-	-	-	27,535,000
Unamortized premium	1,615,231	-	-	(269,205)	1,346,026
Deferred loss on refunding	1,122,502)	-	-	187,083	(935,419)
Series 2005	-	29,775,000	-	-	29,775,000
Unamortized premium	-	1,553,562	-	(62,143)	1,491,419
Deferred loss on refunding	-	(2,382,091)	-	95,283	(2,286,808)
Total Revenue Bond Debt	78,039,248	$ 28,946,471	$ 33,430,000	$ 766,563	74,322,282
Less current portion	(3,970,000)				(6,145,000)
Total long term debt	$ 74,069,248				$ 68,177,282

6. Long-Term Debt (continued)

Maturities of long-term debt will require the following principal and interest payments (based on amounts outstanding at June 30, 2007):

Bond year ended July 1,	Amount Principal	Amount Interest
2007	$7,365,000	$3,400,468
2008	7,765,000	3,005,476
2009	8,180,000	2,588,625
2010	9,080,000	2,188,725
2011	9,515,000	1,751,900
2012-2016	6,805,000	5,797,350
2017-2021	8,550,000	4,050,000
2022-2026	10,915,000	1,690,750
	$ 68,175,000	$ 24,473,294

7. Pledged Revenues

Pledged revenues consist of the following at June 30:

	2007	2006
Airport system revenues:		
Scheduled airline fees and rentals:		
Landing fees	$ 5,099,191	$ 5,794,919
Terminal building space rental	7,135,709	6,762,695
Total scheduled airline fees and rentals	12,234,900	12,557,614
Concession fees	15,095,247	14,385,592
Other operating revenue	18,266,550	17,449,778
Non-operating revenues	2,475,203	1,220,400
Gross pledged revenues	48,071,900	45,613,384
Transfers – General Purpose Fund for Letter of Intent (“LOI”) Bond debt service	639,373	649,427
Airline revenue sharing	2,111,696	1,537,929
Airport system operation and maintenance expenses	(30,453,872)	(29,328,473)
35% of gaming revenue	(1,294,816)	(1,199,079)
Net pledged revenues	$ 19,074,281	$ 17,273,188
Debt Service Coverage Required	$ 13,456,835	$ 12,039,713

Debt Service Coverage Requirement is the greater of the following:

125% of Senior Revenue Bond Debt Service	$ 13,456,835	$12,039,713
100% of All Debt Service	$ 10,765,468	$ 9,631,770

8. Leases

Substantially all of the property owned by the Authority is subject to non-cancelable leases and concession agreements. Of the rental and concession revenue amounts shown in the accompanying Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2007 and 2006, $15,095,247 and $14,385,592, respectively, result from rentals or concessions calculated as a percentage of the gross receipts of the lessee or concessionaire or are attributable to specified minimum payments. Future minimum payments due to the Authority under such non-cancelable agreements are as follows for the years ended June 30:

2008	$ 20,788,939
2009	14,462,603
2010	12,905,090
2011	3,341,413
2012	2,609,005
2013-2018	6,929,518
Total	$ 61,036,568

9. Pension Plan

The Authority contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Benefits for plan members are funded under one of two methods; the employer pay contribution plan or the employer/employee paid contribution plan. All of the employees of the Authority are under the employer pay contribution plan where the Authority is required to contribute all amounts due under the plan. The contribution requirements of the Authority are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation. The Authority's contributions to PERS for the years ended June 30, 2007, 2006 and 2005 were $2,939,695, $2,839,235, and $2,646,981, respectively, equal to the required contributions for the year. The contribution rate for the years ended June 30, 2007, and 2006 was 19.75% for regular members and 32.00% for fire and police members on all covered payroll. The contribution rate for the year ended June 30, 2005 was 20.25% for regular members and 28.50% for fire and police members on all covered payroll.

10. Capital Contributions

The Authority has received capital contributions as follows:

	Inception to date	Year Ended 2007	Year Ended 2006
Federal	$303,066,304	$18,910,166	$23,701,303
State	250,331	-	-
Other Sources	4,271,904	-	-
Total	$307,588,539	$18,910,166	$23,701,303

11. Commitments and Contingencies

The Authority has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2007:

Taxiway and Runway Improvements	$ 5,767,876
Airside Improvements	10,141,721
Landside Improvements	895,620
Terminal Building Improvements	4,543,841

Financial resources for these projects will come from Federal Aviation Administration grants and the General Purpose Fund, Special Fund, and Passenger Facility Charge revenue.

The Authority has entered into a Consent Decree in the case captioned "Nevada Division of Environmental Protection v. United States of America et al". The Consent Decree, which relates to certain land located near the Reno-Stead Airport that is currently owned by the Authority but not used in its operations, requires those parties who are identified to perform environmental investigation, monitoring, and remediation for any contamination found at the Reno-Stead Airport. Other parties to this Consent Decree are the City of Reno, U.S. Department of Defense by and through the U.S. Army Corps of Engineers and various Lear entities. These parties are utilizing an interim allocation for costs to address contamination as follows: U. S. Army Corps of Engineers 51%, City of Reno 12%, Lear entities 18.5% and the Authority 18.5%. Previously, U.S. Army Corps of Engineers and the Lear entities paid settlement amounts to end participation. The current estimate to complete work is approximately $1,701,583 of which the Authority's share is $314,793. These costs are anticipated to be incurred over the next 22 years.

The Authority is a defendant in certain litigation arising out of the normal operation and ownership of the Airports. Authority management and legal counsel estimate that the potential claims against the Authority will not materially affect the financial condition of the Authority.

12. Risk Management

The Authority is exposed to various risks of loss related to theft of, damage to and destruction of assets, police and public official liability, injuries to employees and customers, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Authority also provides employees with health, dental, vision and prescription benefits. These benefits (except prescription and dental which are self funded) are covered by commercial insurance purchased from independent third parties.

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

13. Post Employment Benefits

Post employment benefits are available as established by Nevada Revised Statutes, based on date of retirement and years of service. A portion of the cost of coverage under the Public Employees' Benefits Program is paid by the Authority for those employees joining the Public Employees' Benefits Program.

As of June 30, 2007 and 2006, twenty and eighteen retirees, respectively, were participating in the Public Employees' Benefits Program. The Authority funded approximately $83,000 in 2007 and $72,000 in 2006. Premium payments are funded by operating resources as incurred and no provision has been made to permanently fund future liabilities.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2007

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 8,171,137	$ 8,171,137	$ 7,142,939	$ (1,028,198)
Concession revenue	13,085,911	13,085,911	15,095,247	2,009,336
Parking and ground transportation	10,801,800	10,801,800	10,136,245	(665,555)
Rentals	11,493,111	11,493,111	12,225,827	732,716
Reimbursements for services	-	-	959,434	959,434
Other revenue	2,553,325	2,553,325	37,005	(2,516,320)
Total Operating Revenues	46,105,284	46,105,284	45,596,697	(508,587)
Operating expenses:				
Employee wages and benefits	21,876,592	21,876,592	20,877,676	998,916
Utilities and communications	2,776,870	2,776,870	2,797,048	(20,178)
Purchase of services	3,772,900	3,772,900	3,131,901	640,999
Materials and supplies	1,473,335	1,473,335	1,546,951	(73,616)
Administrative expenses	2,337,954	2,337,954	2,100,296	237,658
Total Operating Expenses before Depreciation and Amortization	32,237,651	32,237,651	30,453,872	1,783,779
Depreciation and amortization	18,000,000	18,000,000	20,686,072	(2,686,072)
Total Operating Expenses	50,237,651	50,237,651	51,139,944	(902,293)
Operating Income (Loss)	(4,132,367)	(4,132,367)	(5,543,247)	(1,410,880)
Non-operating revenues (Expenses):				
Interest income	3,124,000	3,124,000	3,382,557	258,557
Passenger facility charge revenue	10,986,000	10,986,000	10,992,217	6,217
Jet fuel tax income	425,000	425,000	338,810	(86,190)
Gain (loss) on sale of capital assets	-	-	112,337	112,337
Insurance settlement proceeds	-	-	13,853	13,853
Interest expense	(3,400,468)	(3,400,468)	(3,229,056)	171,412
Total Non-Operating Revenues (Expenses)	11,134,532	11,134,532	11,610,718	476,186
Income (Loss) Before Capital Contributions	$ 7,002,165	$ 7,002,165	$ 6,067,471	$ (934,694)

RENO-TAHOE AIRPORT AUTHORITY
RECAPITULATION OF CASH AND INVESTMENT ACCOUNTS AND SUB-ACCOUNTS
ESTABLISHED BY REVENUE BOND RESOLUTIONS
FOR THE YEAR ENDED JUNE 30, 2007

	Issuer Cash and Investment Accounts		Bond Fund				
	Special Fund	Operation & Maintenance Fund	Interest Fund 1996	Principal Fund 1996	Bond Fund 2002	Bond Fund 2003	Bond Fund 2005
	$ 5,316,568	$ 2,064,762	$ 104,381	$ 800,000	$ 3,255,362	$ 3,050,980	$ 851,232
Gross pledged revenues received:							
Deposits from Airport revenues	-	-	-	-	-	-	-
Income received from investments pledged portion	280,918	92,739	1,856	21,391	98,848	85,925	19,825
Transfer among funds	1,026,535	(92,739)	148,533	838,609	3,987,765	3,992,595	1,488,774
Operation and maintenance expenses	-	-	-	-	-	-	-
Equipment and capital outlay	-	-	-	-	-	-	-
Payment of revenue bond interest and principal	-	-	(179,580)	(800,000)	(3,465,150)	(3,680,500)	(1,555,612)
Other capital improvement expenses							
Change in investments transactions	33,240	9,851	-	-	-	-	-
	$6,657,261	$2,074,613	$75,190	$860,000	$3,876,825	$3,449,000	$804,219
Investments and Cash Equivalents	$6,657,261	$2,074,613	$75,190	$860,000	$3,876,825	$3,449,000	$804,219
	$6,657,261	$2,074,613	$75,190	$860,000	$3,876,825	$3,449,000	$804,219

	Trustee's Cash and Investment Accounts				
	Operations & Maintenance Reserve Fund	Renewal & Replacement Fund	General Purpose Fund	Revenue Fund	Total Bond & Trustee Accounts
	$ 5,015,174	$ 780,000	$ 19,303,961	$ 1,512,292	$ 34,673,382
Gross pledged revenues received:					
Deposits from Airport revenues	-	-	-	49,047,478	49,047,478
Income received from investments pledged portion	201,506	37,348	894,576	88,386	1,449,661
Transfer among funds	84,751	41,506	4,423,957	(14,153,530)	852,960
Operation and maintenance expenses	-	(78,854)	-	(30,403,701)	(30,482,555)
Equipment and capital outlay	-	-	-	(4,781,097)	(4,781,097)
Payment of revenue bond interest and principal	-	-	-	-	(9,680,842)
Other capital improvement expenses	-	-	(4,051,323)	-	(4,051,323)
Change in investments transactions	53,307	-	144,727	-	198,034
	$5,354,738	$780,000	$20,715,898	$1,309,828	$37,225,698
Investments and Cash Equivalents	$5,354,738	$780,000	$20,715,898	$1,309,828	$37,225,698
	$5,354,738	$780,000	$20,715,898	$1,309,828	$37,225,698

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS
JUNE 30, 2007

Bond Year Ended	Airport Revenue (Taxable) Bonds Series 1996B		Airport Revenue Refunding Bonds Series 2002		Airport Revenue Refunding Bonds Series 2003		Airport Revenue Refunding Bonds Series 2005		
July 1	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2007	$860,000	$150,380	$3,585,000	$583,650	$2,820,000	$1,258,000	$100,000	$1,408,438	$10,765,468
2008	925,000	87,600	3,770,000	395,438	2,965,000	1,117,000	105,000	1,405,438	10,770,476
2009	275,000	20,075	3,970,000	197,512	3,110,000	968,750	825,000	1,402,288	10,768,625
2010	-	-	-	-	7,935,000	813,250	1,145,000	1,375,475	11,268,725
2011	-	-	-	-	8,330,000	416,500	1,185,000	1,335,400	11,266,900
2012	-	-	-	-	-	-	1,245,000	1,276,150	2,521,150
2013	-	-	-	-	-	-	1,310,000	1,213,900	2,523,900
2014	-	-	-	-	-	-	1,355,000	1,161,500	2,516,500
2015	-	-	-	-	-	-	1,420,000	1,101,300	2,521,300
2016	-	-	-	-	-	-	1,475,000	1,044,500	2,519,500
2017	-	-	-	-	-	-	1,550,000	970,750	2,520,750
2018	-	-	-	-	-	-	1,625,000	895,750	2,520,750
2019	-	-	-	-	-	-	1,705,000	814,500	2,519,500
2020	-	-	-	-	-	-	1,790,000	729,250	2,519,250
2021	-	-	-	-	-	-	1,880,000	639,750	2,519,750
2022	-	-	-	-	-	-	1,975,000	545,750	2,520,750
2023	-	-	-	-	-	-	2,075,000	447,000	2,522,000
2024	-	-	-	-	-	-	2,175,000	343,250	2,518,250
2025	-	-	-	-	-	-	2,285,000	234,500	2,519,500
2026	-	-	-	-	-	-	2,405,000	120,250	2,525,250
	$ 2,060,000	$ 258,055	$ 11,325,000	$ 1,176,600	$ 25,160,000	$ 4,573,500	$ 29,630,000	$ 18,465,139	$ 92,648,294

Statistical Section

Reno-Tahoe Airport Authority

STATISTICAL SECTION EXPLANATIONS

This part of the RTAA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

<u>Contents</u>

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing the factors affecting the Authority's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operation Information

These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	1998	1999	2000	2001
Operating revenues				
Landing fees	$8,686,748	$8,008,724	$7,933,169	$6,807,434
Concession revenue	12,511,209	13,190,985	13,490,057	12,999,632
Parking and ground transportation	5,565,650	6,140,754	6,567,413	7,584,162
Rentals	7,522,002	7,983,522	7,839,775	8,485,295
Reimbursements for services	636,440	353,540	334,543	370,292
Other revenue	111,483	153,640	120,480	196,419
Total operating revenues	35,033,532	35,831,165	36,285,437	36,443,234
Nonoperating revenues				
Interest income	1,562,122	1,451,169	1,484,549	2,173,880
Passenger facility charge revenue	9,929,169	8,387,291	8,260,993	5,844,082
Insurance proceeds	-	-	-	-
Jet fuel tax income	-	-	-	-
Gain on sale of capital assets	-	-	-	418,004
Total nonoperating revenues	11,491,291	9,838,460	9,745,542	8,435,966
Total revenues	46,524,823	45,669,625	46,030,979	44,879,200
Operating expense				
Employee wages and benefits	12,711,741	13,709,659	13,718,705	14,153,568
Utilities and communications	1,601,393	1,601,423	1,612,878	1,813,407
Purchase of services	3,219,814	2,735,268	2,357,105	1,677,786
Materials and supplies	1,369,303	1,194,605	1,189,564	1,119,972
Administrative expenses	1,538,013	1,517,480	1,358,269	1,325,087
	20,440,264	20,758,436	20,236,521	20,089,820
Depreciation and amortization	13,703,937	14,316,472	14,763,908	15,013,369
Total operating expenses	34,144,201	35,074,908	35,000,429	35,103,189
Nonoperating expenses				
Reclamation expenses	-	-	-	925,000
Loss on sale of capital assets	-	-	-	
Interest expense	8,323,092	8,035,201	7,617,091	7,792,177
Total nonoperating expenses	8,323,092	8,035,201	7,617,091	8,717,177
Total expenses	42,467,293	43,110,109	42,617,520	43,820,366
Capital contributions	3,583,543	12,436,166	21,279,630	24,039,375
Increase in Net Assets	$7,641,073	$14,995,682	$24,693,089	$25,098,209
Net Assets at Year-End				
Invested in capital assets, net of related debt	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A
Unrestricted	N/A	N/A	N/A	N/A
Total Net Assets	$165,715,103	$180,710,787	$205,403,876	$230,502,085

2002	2003	2004	2005	2006	2007
$6,706,519	$6,102,736	$5,798,888	$5,801,560	$7,545,675	$7,142,939
11,271,356	11,686,716	11,595,147	12,618,012	14,385,592	15,095,247
6,679,876	7,020,300	7,928,016	9,082,135	10,253,964	10,136,245
8,774,487	8,438,313	9,552,561	11,102,359	11,352,662	12,225,827
389,279	771,079	940,509	477,425	827,853	959,434
505,434	533,140	193,519	8,648	27,238	37,005
34,326,951	34,552,284	36,008,640	39,090,139	44,392,984	45,596,697
1,360,986	1,310,023	345,940	1,370,190	1,723,481	3,382,557
6,847,754	8,348,271	10,343,967	8,771,723	11,029,218	10,992,217
750,000	18,245,962	16,264	30,000	-	13,853
-	-	375,000	414,908	414,874	338,810
-	-	40,043	1,311,777	496,591	112,337
8,958,740	27,904,256	11,121,214	11,898,598	13,664,164	14,839,774
43,285,691	62,456,540	47,129,854	50,988,737	58,057,148	60,436,471
14,382,329	16,194,694	17,267,109	18,158,194	19,929,337	20,877,676
1,855,231	1,918,689	2,071,461	2,425,659	2,457,764	2,797,048
1,915,702	2,795,490	2,863,032	3,115,090	3,232,102	3,131,901
942,423	1,034,323	1,057,637	1,524,721	1,649,492	1,546,951
1,796,018	2,397,453	2,855,358	2,167,021	2,261,031	2,100,296
20,891,703	24,340,649	26,114,597	27,390,685	29,529,726	30,453,872
15,260,870	15,516,102	17,044,725	17,374,021	18,564,621	20,686,072
36,152,573	39,856,751	43,159,322	44,764,706	48,094,347	51,139,944
-	-	-	-	-	-
80,587	47,882	-	-	-	
6,903,972	5,729,405	4,227,792	4,126,651	3,608,057	3,229,056
6,984,559	5,777,287	4,227,792	4,126,651	3,608,057	3,229,056
43,137,132	45,634,038	47,387,114	48,891,357	51,702,404	54,369,000
20,278,604	16,764,255	21,076,563	19,279,194	23,701,303	18,910,166
$20,427,163	$33,586,757	$20,819,303	$21,376,574	$30,056,047	$24,977,637
$187,574,017	$212,779,814	$230,574,469	$241,394,417	$260,647,695	$279,444,906
44,749,148	29,473,577	26,469,671	36,564,162	42,831,382	53,606,914
18,606,083	42,262,614	48,291,168	48,753,303	53,288,852	48,693,746
$250,929,248	$284,516,005	$305,335,308	$326,711,882	$356,767,929	$381,745,566

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	1998	1999	2000	2001
Operating Revenues	$35,033,532	$35,831,166	$36,287,629	$36,443,234
Operating Expenses	(20,440,264)	(20,758,435)	(20,236,521)	(20,089,820)
Operating Income before Depreciation and Amortization	14,593,268	15,072,731	16,051,108	16,353,414
Depreciation and Amortization	(13,703,937)	(14,316,472)	(14,763,908)	(15,013,369)
Operating Income (Loss)	889,331	756,259	1,287,200	1,340,045
Nonoperating Revenues and (Expenses):				
Interest Income	1,562,122	1,451,169	1,484,549	2,173,880
PFC Revenue	9,929,169	8,387,291	8,260,993	5,844,082
Insurance Proceeds	-	-	-	-
Jet Fuel Tax Revenue (Expense)	-	-	-	-
Reclamation Expense	-	-	-	(925,000)
Interest Expense	(8,323,092)	(8,035,201)	(7,617,091)	(7,792,177)
Gain (Loss) on Sale of Assets	-	-	(2,192)	418,004
	3,168,199	1,803,259	2,126,259	(281,211)
Income (Loss) Before Capital Contributions	$4,057,530	$2,559,518	$3,413,459	$1,058,834

2002	2003	2004	2005	2006	2007
$34,326,951	$34,552,284	$36,008,640	$39,090,139	$44,392,984	$45,596,697
(20,891,703)	(24,340,649)	(25,626,456)	(27,390,685)	(29,529,726)	(30,453,872)
13,435,248	10,211,635	10,382,184	11,699,454	14,863,258	15,142,825
(15,260,870)	(15,516,102)	(17,044,725)	(17,374,021)	(18,564,621)	(20,686,072)
(1,825,622)	(5,304,467)	(6,662,541)	(5,674,567)	(3,701,363)	(5,543,247)
1,360,986	1,310,023	345,940	1,370,190	1,723,481	3,382,557
6,847,754	8,348,271	10,343,967	8,771,723	11,029,218	10,992,217
750,000	18,245,962	16,264	30,000	-	13,853
-	-	(113,141)	414,908	414,874	338,810
-	-	-	-	-	-
(6,903,972)	(5,729,405)	(4,227,792)	(4,126,651)	(3,608,057)	(3,229,056)
(80,587)	(47,882)	40,043	1,311,777	496,591	112,337
1,974,181	22,126,969	6,405,281	7,771,947	10,056,107	11,610,718
$148,559	$16,822,502	($257,260)	$2,097,380	$6,354,744	$6,067,471

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 1998-2007
(unaudited)

	Landing Fee		RON (Ramp Over Night)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2007	1.52	2.60	0.29	0.65	59.52	4.96
2006	1.73	2.30	0.23	0.58	55.06	4.84
2005	1.29	1.98	0.22	0.50	49.30	4.09
2004	1.16	1.80	0.17	0.27	41.18	3.76
2003	1.41	1.86	0.21	0.28	37.70	4.04
2002	1.55	2.39	0.23	0.36	40.94	4.54
2001	1.35	2.21	0.20	0.33	38.81	3.85
2000	1.38	1.96	0.21	0.29	38.00	3.90
1999	1.32	1.72	0.20	0.26	40.01	3.54
1998	1.32	1.65	0.20	0.25	37.80	3.52

Notes: The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 1996 for five years with two mutually agreed upon three-year extensions. The first extension expired June 30, 2004 and the second expired June 30, 2007. An additional two year extension was added in 2007.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT AND OBLIGATION COVERAGES
FOR THE YEARS ENDED JUNE 30, 1998-2007
(unaudited)

YEAR	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt & Obligation Payments	PRINCIPAL	INTEREST	TOTAL	COVERAGE
2007	$49,105,444	($30,453,872)	$18,651,572	$6,145,000	$3,486,770	$9,631,770	1.94
2006	$46,613,056	($29,529,726)	$17,083,330	$3,970,000	$4,146,213	$8,116,213	2.10
2005	$41,802,106	($27,390,685)	$14,411,421	$2,375,000	$4,247,348	$6,622,348	2.18
2004	$36,410,887	($26,114,597)	$10,296,290	$9,195,000	$3,837,211	$13,032,211	0.79
2003	$54,060,387	($24,340,649)	$29,719,738	$14,130,000	$6,838,464	$20,968,464	1.42
2002	$36,357,350	($20,891,703)	$15,465,647	$13,720,849	$7,567,964	$21,288,813	0.73
2001	$39,035,118	($20,089,820)	$18,945,298	$11,035,000	$7,477,175	$18,512,175	1.02
2000	$37,769,986	($20,236,521)	$17,533,465	$10,020,000	$7,964,976	$17,984,976	0.97
1999	$37,282,334	($20,758,435)	$16,523,899	$9,560,000	$8,264,567	$17,824,567	0.93
1998	$36,595,654	($20,440,264)	$16,155,390	$9,140,000	$8,685,377	$17,825,377	0.91

1) Gross Revenue includes operating revenue, investment income, insurance reimbursements and gain (loss) on sale of capital assets.
2) Direct operating expense excludes depreciation.

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	1998	1999	2000	2001
Operating Revenues	$35,033,532	$35,831,166	$36,287,629	$36,443,234
Trust Fund Investment Interest Income	1,248,737	1,392,638	1,377,257	1,785,895
Gross Pledged Revenues	36,282,269	37,223,804	37,664,886	38,229,129
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	672,753
Airline revenue share prior year	-	-	-	2,727,766
Operating Expenses	(20,440,264)	(20,758,435)	(20,236,521)	(20,089,820)
35% of Gaming Revenues	(1,183,779)	(1,142,939)	(971,819)	(969,523)
Net Pledged Revenues	$14,658,226	$15,322,430	$16,456,546	$20,570,305
125% of Revenue Bond Debt Service	$13,880,708	$13,882,613	$12,412,351	$14,533,705
Rate Maintenance Minimum Revenues	$13,880,708	$13,882,613	$12,412,351	$14,533,705

2002	2003	2004	2005	2006	2007
$34,326,951	$34,552,284	$36,008,640	$39,090,139	$44,392,984	$45,596,697
1,268,375	1,200,102	244,461	728,223	1,220,400	2,475,203
35,595,326	35,752,386	36,253,101	39,818,362	45,613,384	48,071,900
679,517	656,730	654,578	647,661	649,427	639,373
2,550,000	1,421,946	2,246,836	1,653,595	1,537,929	2,111,696
(20,891,703)	(24,340,649)	(25,626,456)	(27,077,027)	(29,328,473)	(30,453,872)
(933,202)	(882,000)	(882,000)	(1,079,961)	(1,199,079)	(1,294,816)
$16,999,938	$12,608,413	$12,646,059	$13,962,630	$17,273,188	$19,074,281
$14,530,776	$7,030,344	$8,277,935	$10,145,266	$12,039,713	$13,456,835
$14,530,776	$7,030,344	$8,277,935	$10,145,266	$12,039,713	$13,456,835

RENO-TAHOE AIRPORT AUTHORITY

RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE

FOR THE YEARS ENDED JUNE 30, 1998 - 2007

(unaudited)

	1998	**1999**	**2000**	**2001**
Outstanding Debt				
Revenue bonds	$147,735,000	$138,395,000	$128,585,000	$117,780,000
Notes payable	1,240,000	1,020,000	800,000	325,849
Tax-exempt PFC backed note	-	3,351,000	3,351,000	-
Subordinate revenue taxable note	-	-	10,000,000	10,000,000
Total outstanding debt	$148,975,000	$142,766,000	$142,736,000	$128,105,849
Outstanding debt per enplaned passenger	$44	$46	$48	$48
Debt Service				
Principal	$9,140,000	$9,560,000	$10,020,000	$11,035,000
Interest	8,685,377	8,264,567	7,964,976	7,477,175
Total debt service	$17,825,377	$17,824,567	$17,984,976	$18,512,175
Ratio of debt service to total expenses	41.97%	41.35%	42.20%	42.25%

Notes: No debt-to-personal-income ratio is shown because personal income information is not available for the Airport trade area.

2002	2003	2004	2005	2006	2007
$104,300,000	$89,545,000	$80,350,000	$77,975,000	$74,320,000	$68,175,000
-	-	-	-	-	-
-	-	-	-	-	-
10,000,000	-	-	-	-	-
$114,300,000	$89,545,000	$80,350,000	$77,975,000	$74,320,000	$68,175,000
$51	$40	$33	$31	$29	$27
$13,720,849	$14,130,000	$9,195,000	$2,375,000	$3,970,000	$6,145,000
7,567,964	6,838,464	3,837,211	4,247,348	4,146,213	3,486,770
$21,288,813	$20,968,464	$13,032,211	$6,622,348	$8,116,213	$9,631,770
49.35%	45.95%	27.50%	13.55%	15.70%	17.72%

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 1998-2006
(unaudited)

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Nevada									
County									
Churchill	23,147	23,405	24,025	24,469	24,248	24,241	24,289	24,556	25,036
Douglas	36,815	37,602	41,465	42,227	43,230	44,170	45,933	47,017	45,909
Humboldt	18,083	17,876	15,919	15,969	16,143	16,562	16,863	17,129	17,446
Lyon	30,131	31,459	34,893	36,254	38,019	40,290	43,336	47,515	51,231
Pershing	4,834	4,803	6,665	6,588	6,566	6,446	6,396	6,360	6,414
Storey	2,951	2,988	3,393	3,424	3,421	3,541	3,731	4,074	4,132
Washoe	313,008	319,816	341,348	351,584	361,640	371,062	380,612	389,872	396,428
Carson City	49,163	50,046	52,548	53,446	54,547	55,269	55,926	56,062	55,289
Subtotal	478,132	487,995	520,256	533,961	547,814	561,581	577,086	592,585	601,885
California									
County									
Alpine	1,192	1,161	1,207	1,204	1,217	1,188	1,197	1,159	1,180
El Dorado	158,322	161,358	157,198	161,363	165,711	169,119	172,723	176,841	178,066
Lassen	33,281	33,028	33,767	33,652	33,569	34,114	34,606	34,751	34,715
Mono	10,307	10,512	12,866	12,895	12,993	12,832	12,687	12,509	12,754
Nevada	91,114	92,014	92,537	93,868	95,071	96,235	97,447	98,394	98,764
Placer	229,216	239,485	251,327	264,818	278,911	293,457	306,305	317,028	326,242
Plumas	20,362	20,370	20,781	20,899	21,006	21,185	21,328	21,477	21,263
Sierra	3,376	3,334	3,576	3,528	3,497	3,542	3,486	3,434	3,455
Subtotal	547,170	561,262	573,259	592,227	611,975	631,672	649,779	665,593	676,439
Total	1,025,302	1,049,257	1,093,515	1,126,188	1,159,789	1,193,253	1,226,865	1,258,178	1,278,324
Percentage increase		2.34%	4.22%	2.99%	2.98%	2.89%	2.82%	2.55%	1.60%
Unemployment rate									
Washoe County	3.9%	3.5%	3.6%	4.4%	5.1%	4.7%	4.2%	3.9%	4.0%

Source: U.S. Department of Commerce, Bureau of the Census and Economagic.com.

RENO-TAHOE AIRPORT AUTHORITY
FORTUNE 500 COMPANIES WITHIN AIR TRADE AREA
FISCAL YEAR ENDED 2007
(unaudited)

Ranking	Company	Ranking	Company
2	Wal-Mart Stores	159	Apple Computer
3	General Motors	196	Oracle
7	General Electric	209	Arrow Electronics
25	Dell	215	Aramark
27	AmerisourceBergen	265	R.R. Donnelley & Sons
31	Pfizer	272	Amazon.com
39	AT&T	311	Sherwin-Williams
44	United Parcel Service	338	Starbucks
48	Microsoft	379	C.H. Robinson Worldwide
61	PepsiCo	380	Harley-Davidson
68	Sysco	413	Charter Communicaitons
70	FedEx	418	Charles Schwab
79	Alcoa	422	Barnes & Noble
83	Cisco Systems	424	US Airways Group
89	Coca-Cola	445	Henry Schein
90	Weyerhaeuser	460	Clorox
96	Deere	461	Newmont Mining
118	J.C. Penney	476	Graybar Electric

Thirty-six Fortune 500 companies have a significant presence in northern Nevada. These companies represent a range of top multi-national brands that have chosen Reno/Sparks/Lake Tahoe to do business in northern Nevada.

Source: Ecomomic Development Authority of Western Nevada.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS
FISCAL YEAR ENDED 2007
(unaudited)

	2007		1998	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	7,000-7,499	1	5,500-5,999
University of Nevada-Reno	2	4,000-4,499	2	2,500-2,999
Washoe County	3	3,000-3,499	3	2,500-2,999
International Gaming Technology	4	2,500-2,999	-	-
Renown Regional Medical Center	5	2,500-2,999	7	2,000-2,499
Silver Legacy Resort Casino	6	2,000-2,499	4	2,500-2,999
Peppermill Hotel Casino-Reno	7	2,000-2,499	-	-
City of Reno	8	1,500-1,999	-	-
Atlantis Casino Resort	9	1,500-1,999	-	-
Eldorado Hotel & Casino	10	1,500-1,999	5	2,500-2,999
Grand Sierra Resort (Reno Hilton)	-	-	6	2,500-2,999
Sparks Nugget, Inc.	-	-	8	2,000-2,499
Circus Circus Casinos, Inc. - Reno	-	-	9	2,000-2,499
Harrah's Reno	-	-	10	2,000-2,499

Each of the years reflect respective 4th quaarter (December) information. Nevada Revised Statute Chapter 612 stipulate that actual employment for individual employers may not be published.

Source: Nevada Department of Employment, Training and Rehabilitation, Division of Labor Marketing

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 1998-2007
(unaudited)

Full-time Equivalent Budgeted Employees
as of Fiscal Year-End

Year	Board of Trustees	Airfield Operations	Terminal Building Maintenance	Police	Parking	Aircraft Rescue and Firefighting	Administration	Total
2007	9	51	68	38	16	20	59.5	261.5
2006	9	51	68	38	15	20	59	260
2005	9	48.5	66	38	15	19	57.5	253
2004	9	48	65	38	15	19	59	253
2003	9	48	63	53	15	19	55.5	262.5
2002	9	48	62	23	15	21	56.5	234.5
2001	8	48	62.5	23	15	21	57	234.5
2000	8	53	62	23	16	24	62	248
1999	8	52	62.5	23	16	24	63	248.5
1998	8	51	59	23	16	24	49	230

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080. The amounts above show the budgeted personnel compliment for each fiscal year.

RENO-TAHOE AIRPORT AUTHORITY
OPERATIONAL STATISTICAL SUMMARY
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

Year	Enplanements (Scheduled and Non-Scheduled)	Airport Growth	Landed Weight (Scheduled and Non-Scheduled)	Airport Growth	Air Carrier Operations	Airport Growth
2007	2,516,232	-2.4%	3,841,531	3.1%	53,853	4.2%
2006	2,577,546	1.1%	3,724,533	-4.0%	51,666	-6.9%
2005	2,550,273	3.6%	3,877,924	2.6%	55,482	0.2%
2004	2,461,694	8.7%	3,780,605	8.8%	55,394	5.8%
2003	2,264,185	0.7%	3,474,736	-1.3%	52,366	-1.0%
2002	2,249,012	-15.7%	3,518,942	-9.8%	52,882	-12.0%
2001	2,669,399	-9.6%	3,902,071	-17.9%	60,061	-19.6%
2000	2,951,413	-4.1%	4,751,642	-5.4%	74,747	-4.8%
1999	3,076,665	-9.1%	5,024,513	-10.6%	78,527	-9.5%
1998	3,383,435	-1.9%	5,621,820	3.4%	86,746	-1.2%

Annual Compounded Growth **-1.51**

Prior year numbers may change due to updated reports received after year end.

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	1998			1999			2000		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	193,277	6%	0%	178,022	6%	-8%	128,043	4%	-28%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
America West	159,521	5%	-9%	161,068	5%	1%	165,655	6%	3%
American	78,503	2%	-20%	80,078	3%	2%	650,232	22%	712%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	-	0%	0%	13,540	0%	0%	34,423	1%	154%
Frontier	-	0%	0%	-	0%	0%	-	0%	0%
Horizon Air	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	-	0%	0%
Northwest	163,222	5%	53%	136,567	4%	-16%	123,221	4%	-10%
Scenic	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	25,471	1%	-11%	22,582	1%	-11%	29,844	1%	32%
Southwest	907,703	27%	-3%	944,487	31%	4%	1,066,053	36%	13%
United	327,438	10%	6%	323,801	11%	-1%	326,781	11%	1%
Allegiant Air	-	0%	0%	-	0%	0%	-	0%	0%
Casino Express	-	0%	0%	-	0%	0%	10,684	0%	100%
American Transair	-	0%	0%	-	0%	0%	1,580	0%	100%
Canadian Air Int'l	-	0%	0%	-	0%	0%	1,594	0%	100%
Champion Air	-	0%	0%	-	0%	0%	10,163	0%	100%
Delta	221,700	7%	6%	228,025	7%	3%	225,247	8%	-1%
National	-	0%	0%	-	0%	0%	-	0%	0%
Reno Air	1,222,032	36%	4%	908,968	30%	-26%	125,260	4%	-86%
Sierra Pacific/Sunwest	-	0%	0%	-	0%	0%	-	0%	0%
Sunworld	-	0%	0%	162	0%	100%	1,268	0%	683%
TWA	84,568	2%	16%	75,131	2%	-11%	47,574	2%	-37%
Other	-	0%	-100%	735	0%	100%	-	0%	0%
	3,383,435	100%	2%	3,073,166	100%	-9%	2,947,622	100%	-4%

Rounding errors may occur.

continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	2001			2002			2003		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	113,411	4%	-11%	103,740	5%	-9%	114,267	5%	10%
Aloha Airlines	-	0%	0%	-	0%	0%	113,223	5%	0%
America West	194,417	7%	17%	177,250	8%	-9%	198,392	8%	12%
American	381,984	14%	-41%	293,393	13%	-23%	233,442	10%	-20%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	41,283	2%	20%	48,846	2%	18%	58,502	2%	20%
Frontier	-	0%	0%	31,342	1%	100%	40,331	2%	29%
Horizon Air	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	1,265	0%	0%
Northwest	95,394	4%	-23%	81,894	4%	-14%	87,121	4%	6%
Scenic	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	65,481	2%	119%	113,418	5%	73%	117,884	5%	4%
Southwest	1,248,606	47%	17%	1,112,648	50%	-11%	1,134,256	48%	2%
United	325,870	12%	0%	251,034	11%	-23%	256,635	11%	2%
Allegiant Air	19,094	1%	100%	183	0%	-99%	413	0%	126%
Casino Express	5,835	0%	-45%	88	0%	-98%	-	0%	-100%
American Transair	-	0%	-100%	1,050	0%	100%	-	0%	-100%
Canadian Air Int'l	-	0%	-100%	-	0%	0%	-	0%	0%
Champion Air	3,693	0%	-64%	-	0%	-100%	-	0%	0%
Delta	169,805	6%	-25%	27,819	1%	-84%	-	0%	-100%
National	-	0%	0%	-	0%	0%	6,712	0%	100%
Reno Air	-	0%	-100%	-	0%	0%	-	0%	0%
Sierra Pacific/Sunwest	2,527	0%	100%	-	0%	-100%	-	0%	0%
Sunworld	-	0%	-100%	-	0%	0%	-	0%	0%
TWA	-	0%	-100%	-	0%	0%	-	0%	0%
Other	1,999	0%	100%	1,675	0%	-16%	-	0%	-100%
	2,669,399	100%	-9%	2,244,380	100%	-16%	2,362,443	100%	5%

2004			2005			2006			2007		
Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
181,866	7%	59%	173,865	7%	-4%	111,961	4%	-36%	105,437	4%	-6%
32,133	1%	100%	43,378	2%	100%	31,502	1%	100%	26,639	1%	-15%
206,307	8%	4%	228,743	9%	11%	202,610	8%	-11%	183,965	7%	-9%
239,167	10%	2%	250,509	10%	5%	240,675	9%	-4%	202,654	8%	-16%
-	0%	0%	23,149	1%	0%	26,254	1%	13%	15,481	1%	-41%
77,461	3%	32%	66,663	3%	-14%	59,379	2%	-11%	71,216	3%	20%
54,709	2%	36%	31,441	1%	-43%	39,036	2%	24%	33,280	1%	-15%
-	0%	0%	26,984	1%	0%	90,366	4%	235%	113,315	5%	25%
-	0%	-100%	3,674	0%	0%	38,238	1%	941%	41,512	2%	9%
91,230	4%	5%	82,998	3%	-9%	35,758	1%	-57%	-	0%	-100%
-	0%	0%	1,586	0%	0%	4,122	0%	160%	-	0%	-100%
183,632	7%	56%	188,436	7%	3%	151,168	6%	-20%	117,820	5%	-22%
1,160,906	47%	2%	1,182,838	46%	2%	1,251,809	49%	6%	1,222,526	49%	-2%
204,840	8%	-20%	182,893	7%	-11%	185,751	7%	2%	238,640	10%	28%
29,015	1%	6925%	28,731	1%	-1%	32,307	1%	12%	1,194	0%	-96%
35	0%	0%	88	0%	151%	-	0%	-100%	-	0%	0%
-	0%	0%	132	0%	0%	-	0%	-100%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	34,165	1%	0%	67,838	3%	99%	105,718	4%	56%
-	0%	-100%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
393	0%	0%	-	0%	100%	8,772	0%	0%	2,771	0%	-68%
2,461,694	100%	4%	2,550,273	100%	4%	2,577,546	100%	1%	2,482,168	100%	-4%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	1998			1999			2000		
Scheduled Airline	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change
Alaska	253,050	5%	-1%	197,462	4%	-22%	143,705	3%	-27%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
America West	221,364	4%	4%	225,187	5%	2%	249,521	6%	11%
American	106,256	2%	-18%	103,570	2%	-3%	1,099,902	25%	962%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	-	0%	0%	22,432	0%	0%	40,624	1%	81%
Frontier	-	0%	0%	-	0%	0%	-	0%	0%
Horizon	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	-	0%	0%
Northwest	232,582	4%	49%	203,000	4%	-13%	182,092	4%	-10%
Scenic	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	46,745	1%	-8%	44,196	1%	-5%	48,937	1%	11%
Southwest	1,566,715	30%	0%	1,539,102	33%	-2%	1,587,667	37%	3%
United	421,416	8%	-1%	412,936	9%	-2%	397,453	9%	-4%
Allegiant Air	-	0%	0%	-	0%	0%	-	0%	0%
Airborne Express	-	0%	0%	-	0%	0%	-	0%	0%
Federal Express	-	0%	0%	-	0%	0%	-	0%	0%
United Parcel Service	-	0%	0%	-	0%	0%	-	0%	0%
Delta	405,335	8%	6%	358,963	8%	-11%	323,853	7%	-10%
National	-	0%	0%	-	0%	0%	-	0%	0%
Reno Air	1,920,124	36%	4%	1,505,840	32%	-22%	204,680	5%	-86%
TWA	106,230	2%	13%	93,340	2%	-12%	56,234	1%	-40%
Tristar	-	0%	-100%	-	0%	0%	-	0%	0%
Other	-	0%	-100%	-	0%	0%	-	0%	0%
	5,279,817	100%	2%	4,706,028	100%	-11%	4,334,668	100%	-8%

Rounding errors may occur.

continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1998 - 2007
(unaudited)

	2001			2002			2003		
Scheduled Airline	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change
Alaska	136,172	4%	-5%	128,950	4%	-5%	145,453	4%	13%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
America West	235,655	7%	-6%	255,695	8%	9%	275,247	8%	8%
American	538,236	16%	-51%	405,332	13%	-25%	290,583	8%	-28%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	45,434	1%	12%	52,588	2%	16%	63,004	2%	20%
Frontier	-	0%	0%	65,200	2%	0%	61,296	2%	-6%
Horizon	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	2,679	0%	0%
Northwest	114,607	3%	-37%	100,013	3%	-13%	99,675	3%	0%
Scenic	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	94,889	3%	94%	134,930	4%	42%	138,994	4%	3%
Southwest	1,623,092	47%	2%	1,631,799	52%	1%	1,644,432	47%	1%
United	385,756	11%	-3%	321,466	10%	-17%	310,702	9%	-3%
Allegiant Air	45,449	1%	0%	-	0%	-100%	26,996	1%	0%
Airborne Express	-	0%	0%	-	0%	0%	25,908	1%	0%
Federal Express	-	0%	0%	-	0%	0%	219,322	6%	0%
United Parcel Service	-	0%	0%	-	0%	0%	113,002	3%	0%
Delta	239,067	7%	-26%	38,004	1%	-84%	-	0%	-100%
National	-	0%	0%	-	0%	0%	25,344	1%	0%
Reno Air	-	0%	-100%	-	0%	0%	-	0%	0%
TWA	-	0%	-100%	-	0%	0%	-	0%	0%
Tristar	-	0%	0%	-	0%	0%	-	0%	0%
Other	-	0%	0%	-	0%	0%	32,099	1%	0%
	3,458,357	100%	-20%	3,133,977	100%	-9%	3,474,736	100%	11%

2004			2005			2006			2007		
Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change
272,567	7%	87%	225,303	6%	-17%	142,111	4%	-37%	136,127	4%	-4%
46,899	1%	0%	73,125	2%	0%	47,802	1%	0%	47,028	1%	0%
301,178	8%	9%	323,416	8%	7%	258,369	7%	-20%	237,084	6%	-8%
296,588	8%	2%	318,810	8%	7%	270,454	7%	-15%	234,199	6%	-13%
-	0%	0%	31,021	1%	0%	33,031	1%	6%	19,329	1%	-41%
91,532	2%	45%	79,589	2%	-13%	63,076	2%	-21%	79,075	2%	25%
87,471	2%	43%	49,713	1%	-43%	54,646	1%	10%	47,964	1%	-12%
-	0%	0%	30,017	1%	0%	93,135	3%	210%	116,770	3%	25%
-	0%	0%	8,748	0%	0%	43,610	1%	399%	48,490	1%	11%
104,254	3%	5%	93,582	2%	-10%	41,726	1%	-55%	-	0%	-100%
-	0%	0%	3,600	0%	0%	7,728	0%	115%	-	0%	-100%
215,743	6%	55%	230,224	6%	7%	167,176	4%	-27%	131,325	3%	-21%
1,682,256	44%	2%	1,694,986	44%	1%	1,726,284	46%	2%	1,773,750	46%	3%
262,964	7%	-15%	241,294	6%	-8%	221,035	6%	-8%	291,748	8%	32%
38,710	1%	43%	42,323	1%	9%	41,573	1%	-2%	44,782	1%	8%
26,112	1%	1%	26,010	1%	0%	25,990	1%	0%	60,472	2%	133%
209,816	6%	-4%	213,469	6%	2%	239,288	6%	12%	247,103	6%	3%
116,029	3%	3%	122,350	3%	5%	131,104	4%	7%	176,952	5%	35%
-	0%	0%	44,142	1%	0%	81,464	2%	85%	125,790	3%	54%
-	0%	-100%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
28,486	1%	-11%	26,202	1%	-8%	34,931	1%	33%	23,543	1%	-33%
3,780,605	100%	9%	3,877,924	100%	3%	3,724,533	100%	-4%	3,841,531	100%	3%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2004 - 2007
(unaudited)

Reno-Tahoe International Airport

Location:	2001 East Plumb Lane
	3 miles southeast of Downtown Reno
Airport Code:	RNO
Elevation	4,415 ft
Area:	1,450 acres

Runways and Facilities:

Runway 16R/34L	11,002 x 150ft
Runway 16L/34R	9,000 x 150 ft
Runway 7/25	6,102 x 150 ft

FAA staffs and operates 24-hour Air Traffic Control Tower

Reno Stead Airport

Location:	Approximately 15 miles north of Reno
Elevation:	5,045 ft
Area:	5,000 acres

Runways and Facilities:

Runway 08/26	76,000 x 150ft
Runway 14/32	9,080 x 150ft

Created in 1977 by State Legislature
Nine-member Board

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2004 - 2007
(unaudited)

	2007	2006	2005	2004
Terminal Space - sq. ft.				
Airlines	154,875	154,875	154,875	154,875
Ground Transportation	3,103	3,103	3,103	3,103
Concession Space	18,825	18,825	18,825	18,825
Public Areas	157,081	157,081	157,081	157,081
RTAA	36,271	36,271	36,271	36,271
Unfinished Areas	5,426	5,426	5,426	5,426
	375,581	375,581	375,581	375,581
Passenger Boarding Gates	23	23	23	23
Parking - Number of Spaces				
Short -Term	450	450	450	450
Long-Term	1,650	1,650	1,650	1,650
Surface Lot	1,565	1,565	1,565	1,565
	3,665	3,665	3,665	3,665
Cargo - sq. ft.				
Land	400,733	400,733	400,733	400,733
Building	22,922	22,922	22,922	22,922

Compliance Section

Reno-Tahoe Airport Authority

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

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 Board of Trustees of the
Reno-Tahoe Airport Authority

We have audited the basic financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is ore than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited pupose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 matter that is required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, the federal awarding agencies, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 16, 2007

KAFOURY, ARMSTRONG & CO.
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CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance with Requirements Applicable to the Major Program and the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies

To the Board of Trustees of the
Reno-Tahoe Airport Authority

Compliance

We have audited the compliance of the Reno-Tahoe Airport Authority (the "Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program and in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended June 30, 2007. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program and passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide. Those standards, OMB Circular A-133, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and passenger facility charge program for the year ended June 30, 2007. However, the results of our auditing proceures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 07-1.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to the federal program and passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the major federal program and the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the ppose of expressing an opion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control defeciency* in an entity's internal control over compliance exists when he 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 noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A *significant defeciency* is a control deficiency, or combination of control deficiencies, that adversely affects he entity's abiltiy to administer a federal program and the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program that is ore than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more thatn a remote likelihood that material noncompliance with a type of copliance requirement of a federal program and the passenger facility charge program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in interal control that might be significant defiencies or material weaknesses. We did not identify any deficiencies in internal control that might be significnant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, the federal awarding agencies, and the Federal Aviation Adminstration and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 16, 2007

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

DATE		PERCENT OF PARTICIPATION	DESCRIPTION OF PROJECT	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSE-MENTS RECEIVED IN FY 2007	REIMBURSABLE EXPENSES
	Granting Agency: United States Department of Transportation							
	Property Acquisition and Relocation Assistance							
09/14/00	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-41	$ 2,000,000	$ (1,446)	$ -
09/20/01	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-49	6,000,000	18,649	9,392
09/26/02	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-53	5,000,000	40,020	32,519
08/14/03	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-58	3,000,000	1,127	-
08/31/04	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-60	4,000,000	215,081	211,237
08/31/04	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-61	1,875,000	35,695	37,130
08/31/04	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-62	2,000,000	894,037	870,408
08/18/05	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-65	2,000,000	665,058	432,311
08/18/05	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-66	2,000,000	1,379,521	1,746,626
06/13/06	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-68	5,000,000	3,538,126	3,407,209
07/20/06	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-69	2,000,000	15,047	17,506
	Security							
09/26/02	Airport Improvement Program	93.75%	Various Security Projects	20.106	3-32-0017-54	6,201,726	853,830	549,643
08/10/06	Airport Improvement Program	93.75%	SIDA Access Control System Design	20.106	3-32-0017-73	1,200,000	466,287	466,876
	Construction							
09/25/01	Airport Improvement Program	93.75%	Airfield Signage Phase I	20.106	3-32-0017-44	3,835,888	898,235	301,115
08/02/05	Airport Improvement Program	93.75%	Rehabilitate Terminal Apron Phase II	20.106	3-32-0017-64	8,249,106	8,124,831	6,304,610
08/18/05	Airport Improvement Program	93.75%	Upgrade Airfield Lighting Control System	20.106	3-32-0017-67	413,641	334,338	355,951
07/20/06	Airport Improvement Program	93.75%	Aircraft Rescue & Fire Fighting Facility	20.106	3-32-0017-70	3,750,000	17,063	179,134
07/20/06	Airport Improvement Program	93.75%	Taxiway "C" Reconstruction Design	20.106	3-32-0017-72	468,622	110,361	467,642
05/24/07	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-75	10,530,401	-	163,343
09/02/03	Airport Improvement Program	93.75%	Rehabilitate Runway 14/32 Phase III	20.106	3-32-0018-20	6,085,798	115,062	113,693
05/20/04	Airport Improvement Program	95.00%	Construct Taxilanes	20.106	3-32-0018-21	3,201,563	665,110	1,718,843
08/23/05	Airport Improvement Program	95.00%	Design Rehabilitate Ramp Access Road	20.106	3-32-0018-22	70,000	28,838	1,653
08/10/06	Airport Improvement Program	95.00%	Ramp Road Reconstruction	20.106	3-32-0018-23	2,049,375	763,463	898,531
	Planning							
07/20/06	Airport Improvement Program	95.00%	Update Airport Master Plan	20.106	3-32-0018-24	300,000	88,850	106,285
07/20/06	Airport Improvement Program	93.75%	Runway Safety Area Standards Study	20.106	3-32-0017-71	111,625	93,926	100,653
	Granting Agency: Department of Homeland Security							
	Security							
06/16/05	Aviation and Transportation Security Act	Fixed	National Explosives Detection Canine Team Program	97.072	HSTS04-05-H-CAN101	602,500	144,282	151,045
	Pass Through Agency: State of Nevada							
	Disaster Assistance							
06/28/06	Public Assistance Grants	75.00%	Nevada Storm and Flooding Declaration	97.036	FEMA-1629-DR-NV	11,276	11,276	-
						$ 81,956,521	$ 19,516,667	$ 18,643,355

* Catalog of Federal Domestic Assistance

1. REPORTING PARTY

The accompanying Supplementary Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Reno-Tahoe Airport Authority ("RTAA"). The RTAA's reporting entity is defined in Note 1 to its basic financial statements.

2. BASIS OF ACCOUNTING

The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2007

Balance July 1, 2006	$	26,304,698
Collection of Passenger Facility Charges, July 1, 2006 through June 30, 2007		9,570,014
Interest earnings		1,428,365
Proceeds expended for Passenger Facility Charge Projects July 1, 2006 through June 30, 2007		(2,610,253)
Balance June 30, 2007	$	34,692,824

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Reno-Tahoe Airport Authority for the year ended June 30, 2007.

2. No control deficiencies or deficiences in internal control over financial reporting that we consider to be material weaknesses were disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.

4. No control deficiencies were disclosed during the audit of the major federal award program.

5. The auditor's report on compliance with the major Federal award program for the Authority expresses an unqualified opinion.

6. An audit finding relative to the major Federal award program for the Authority, which are required to be reported under Section .510(a) of the OMB Circular A-133, are reported in Part C of this Schedule.

7. The program tested as a major program included:

    U.S. Department of Transportation:

    Airport Improvement Program, CFDA 20.106

8. The threshold for determining a Type A program was $559,300.

9. The Authority qualified as a low-risk auditee for the year ended June 30, 2007 under the criteria set forth in section .530 of OMB Circular A-133.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings relating to the financial statement audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Transportation:

Finding 07-1

Airport Improvement Program, CFDA 20.106

Grant Award Number:	Potentially affects all grant awards included under CFDA No. 20.106 on the Schedule of Expenditures of Federal Awards.
Criteria and Condition:	As noted in OMB Circular A-133, Appendix B, reports submitted to the Federal awarding agency should include all activity of the reporting period, should be supported by underlying accounting records, and should be fairly presented in accordance with program requirements. Certain amounts reported on FAA Form 5100-125, *Operating and Financial Summary (OMB No. 2120-0557)* for the year ended June 30, 2006, which was required to be submitted after the close of the fiscal year, did not agree to the audited financial statements or the accounting records for the same period.
Questioned costs:	None.
Context:	The condition noted above appears to be a systemic problem.
Effect:	Reports were submitted to the Federal awarding agency that did not include accurate information for the activity of the reporting period.
Cause:	The Authority did not have adequate procedures in place to ensure accuracy and completeness of the federal report.
Recommendation:	We recommend the Authority implement procedures to ensure amounts reported to the Federal awarding agency include all activity for the period and are supported by the Authority's underlying accounting records.

Reno-Tahoe International Airport
P.O. Box 12490 • Reno, NV 89510-2490 • (775) 328-6400 • Fax (775) 328-6510

Management's Response to Schedule of Findings and Questioned Costs

Mr. George Aiken
Acting Manager
Federal Aviation Administration
Airports District Office
831 Mitten Road, Room 210
Burlingame, CA 94010

Dear Mr. Aiken:

On the Schedule of Findings and Questioned Costs for the year ended June 30, 2007, the Authority's external auditors, Kafoury Armstrong & Co. noted one finding.

Finding 07-01:

Due to a clerical error, FAA Form 5100-125, *Operating and Financial Summary (OMB No. 2120-0557)* for the year ended June 30, 2006, the amount reported for Other Nonaeronautical Operating Revenue did not agree to the audited financial statements for the same period. The form was submitted with a transposition error.

Upon notification of this inaccuracy, FAA Form 5100-125 was amended to agree to the audited financial statements. FAA Form 5100-125, Operating and Financial Summary (OMB No. 2120-0557) which is reported annually will be reconciled to the audited financial statements and an annual review will be performed to ensure accuracy and completeness of this report.

Sincerely,

Krys T. Bart

Krys T. Bart, A.A.E.
Executive Director

KTB:lw

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

There were no findings reported for the year ended June 30, 2006.

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

Independent Accountant's Report
on Nevada Revised Statute 354.6241

To the Board of Trustees of the
Reno-Tahoe Airport Authority

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified fund is being used expressly for the purposes for which it was created,
- The fund is administered in accordance with accounting principles generally accepted in the United States of America,
- The restricted net assets in the fund were reasonable and necessary to carry out the purposes of the fund at June 30, 2007 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues available for the fund are as noted in the financial statements,
- The fund conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2007,
- The net assets of the fund are as noted in the financial statements.

This assertion is the responsibility of the management of the Reno-Tahoe Airport Authority.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury, Armstrong & Co.

Reno, Nevada
November 16, 2007

RENO-TAHOE AIRPORT AUTHORITY
AUDITOR'S COMMENTS
JUNE 30, 2007

STATUTE COMPLIANCE

The Authority conformed to all significant statutory constraints on its financial administration during the year.

CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Authority conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2006.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2006.

Reno-Tahoe Airport Authority
P.O. Box 12490 • Reno, Nevada • 89510-2490
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