RENO-TAHOE AIRPORT AUTHORITY

RENO, NV

Comprehensive Annual Financial Report
For the year ended June 30, 2008

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

Prepared by
Accounting Division

Richard G. Gorman
Chief Financial Officer

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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November 25, 2008

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, 2007, through June 30, 2008. 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, 2008 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 2008 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 region. 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 (RNO) is a medium hub airport as defined by the Federal Aviation Administration (FAA), that served over 4.8 million passengers last fiscal year. RTIA is the home to the following air carriers: Alaska/Horizon, Allegiant Air, American, Delta/Delta Connection, Southwest, United, and US Airways.

Three major air cargo carriers, FedEx, United Parcel Service (UPS), and DHL (ABX) serve RTIA. Air cargo activity decreased slightly by 2.45 percent from fiscal year 2006-07 to 2007-08.

The geographical area served by RNO 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 RNO, Reno-Stead Airport (4SD) 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

RTAA serves an economically diverse and growing air trade area with a strong local origination and destination markets. The population in the air trade area registered 1.29 million residents in 2007, an increase of 0.95% over the previous year. In addition, the airport's geographic location limits direct competition from other airports, which are located from 150 to 350 miles from the Airport and separated to the west by the Sierra Nevada Mountain range.

During the last six months of 2007-2008 fiscal year, the airlines faced record setting increases in fuel costs, implemented increased air fares, and faced a decline in the economy. This resulted in both nationwide and local reductions in airline and passenger activity. To increase profitability, the airlines have redefined their business models, increased cash on hand, expanded fuel hedges, instituted a la carte fees, retired fuel inefficient aircraft, and announced significant schedule reductions.

Enplaned passenger levels at RNO registered 4.84 million during fiscal year 2007-2008, a decrease of 2.2% as compared to the previous year.

Air Cargo activity has tracked this same trend with declining cargo (in pounds) during the last six months of the 2007-08 fiscal year. A slowing economy and high fuel costs have reduce the volume of shipments and caused freight shippers to use more trucking services. RTIA handled 125.93 million of cargo pounds during the fiscal year, a decrease of 2.45% compared to the previous year. In the Reno-Sparks area, major warehousing and distribution facilities are an important and growing component of the economy. Major 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. Local companies, such as gaming machine manufacturer IGT, also use RTIA's air cargo carriers to distribute their product. Currently under development is the Tahoe-Reno Industrial Center, a mixed-use, nonresidential development, consisting of a wide range of industrial, office and commercial businesses. The park will support 100,000,000 ft. of industrial product in the first phase of 6,000 acres and roughly employ 30,000 to 40,000 new jobs.

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 (31%) of non-resident and forty-seven percent (47%) of resident travelers are traveling for business purposes according to previous passenger surveys.

The air transportation industry is a major factor in northern Nevada's economy. Economic impact studies show there is a $3.24 billion impact on the local economy from the RTAA airports and its passengers and tenants. This sector of the local economy provides close to 40,000 jobs.

Even in the face of these challenging economic conditions, RNO is actively competing with airports across the country to maintain current air service and attract new flights. A key factor in that campaign is maintaining low airline landing fees and terminal building rents which result in a low airline cost per enplaned passenger.

Outstanding fiscal performance has been a hallmark of the RTAA. In August 2008, the Air Transport Research Society ranked RNO fifth behind Atlanta, Raleigh-Durham, Minneapolis-St. Paul and Tampa International as the top five most efficient airports in North America. Canadian-based researchers gathered and analyzed information from sources such as airport financial statements and the Federal Aviation Administration (FAA). They also measured revenue streams from airport restaurants, stores and landing fees.

The primary goal for RNO 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. In addition, 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.

GOOD FOR BUSINESS

Regional development and economic growth have a significant impact on air service demand. For 2007, Inc. Magazine ranked the Reno/Sparks/Lake Tahoe region has 8th nationally of midsized cities in America for the "Top Cities for Doing Business in America." The tax climate is pro-business and designed to be less burdensome to both business and its employees. Nevada has no state corporate or personal income tax, no franchise tax, no capital gains tax and no inventory tax. Thirty-eight of the top 100 Fortune 500 companies have businesses located in the Reno/Sparks area.

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. Construction was completed on a $264 million 2.1 mile trench project that lowered railroad tracks

33 feet below ground level. 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 project was on schedule, on budget, and trains were using the tracks in the trench as scheduled.

Reno Sparks Convention & Visitors Authority (RSCVA) operates a downtown events center, golf courses, a livestock events center, and a recently expanded convention center. They promote the area to attract conventions and trade shows to the Reno-Tahoe region. The Convention Center houses 565,000 square foot of convention space. In addition, RSCVA also operates the National Bowling Stadium, a one of a kind facility dedicated to the sport of bowling, and the Reno Events Center, which serves as a downtown entertainment venue and hosts conventions and trade shows. With 118,000 square feet available for events, this $65 million facility reflects the City's commitment to diversifying the downtown economy.

Several hotel/casino resorts in the Reno/Sparks area are making significant investments in expanding and updating their facilities. The emphasis is on quality which has created very upscale venues. The Peppermill Resort has completed a $400 million expansion that includes a new tower with 600 rooms, and a 1,600 space parking structure. A 62,000 square foot expansion of their convention center brings their total convention space to 102,000 square feet. A second parking structure for employees and a new pool and spa area remain to be completed. The Atlantis Casino and Resort has completed construction of a high-tech, 14,261 square foot grand ballroom and a sky-bridge that will connect to the Reno-Sparks Convention Center, which is located across the street from the Reno/Sparks Convention Center, for convenient access. The Sky Bridge project, completed through a public-private partnership and funded entirely by the Atlantis, adds convenience for convention visitors and connects the rooms, restaurants and amenities of the Atlantis to the Reno-Sparks Convention Center. It is 650 feet long, spanning 110 feet, and is 18 feet wide on the inside.

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. Significant redevelopment efforts are also underway focusing on changes designed to enhance the area's visual, environmental and economic qualities. The redevelopment plan emphasizes design and construction of streets, public parking lots and streetscape improvements, public gathering places, enhanced transportation and traffic facilities and additions to parks and open areas to enhance Lake Tahoe's alpine setting.

The RSCVA's marketing message continues to differentiate the Reno-Tahoe area from other gaming locations. The focus is "America's Adventure Place" promoting the diverse outdoor activities that are possible in the area. The Reno Tahoe Open, a Professional Golfer's Association tour event, and a white water festival for kayaking, are examples of local events used to attract visitors. The Truckee River Whitewater Park is on the river that flows through downtown Reno. The fifth annual Reno River Festival was recently held at the Park. The festival brings together top professional and amateur kayakers from around the country to compete in various events.

Economic diversification continues in the Reno-Tahoe region. Several "Silicon Valley" companies including 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 region is repeatedly ranked as one of the best places to live and do business in the United States.

The most recent evidence of significant diversification is the start of construction of Legends at Sparks Marina, a destination development. This is a retail development which combines a unique mix of entertainment venues, restaurants and retail offerings designed to attract a majority of visitors from out-of-state. Unlike a typical shopping center that draws visitors from within a 10-mile radius, the uniqueness of the development will attract most of its visitors from more than 100 miles away. The growth of the business community will ultimately increase the demand for higher yield business travel for the airlines.

The Tahoe-Reno Industrial Center, the world's largest industrial center, is located nine miles east of Reno-Sparks. The 107,000 acre Park which encompasses a developable 30,000 acre industrial complex includes rail service; municipal water and sewer utility companies; high pressure gas available to all sites; four generating power plants on site; delivering more than 900 megawatts of electrical power, which is available directly to all park users; all supported by pre-approved land uses and a pro-growth Nevada county. Phase One of the property contains 6,000 acres and is currently occupied by tenants such as Wal-Mart, Royal Sierra Extrusions, APL Logistics, ALCOA Sierra Micromill, Duraflex and Hardie Building Products.

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 offer an amazing mix of history, art, and culture. Tourism and conventions continue to be big business.

The Reno-Sparks Convention & Visitors Authority (RSCVA) operates several facilities designed to draw out of town visitors. For example, the National Bowling Stadium hosts three-month long bowling competitions with 70,000 to 90,000 bowlers. The women’s bowling championship returns in 2008-09 with an expected 70,000 competitors. The larger men’s championship returns the following two years through 2011.

The Reno-Tahoe region 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 89th year and a PRCA (Professional Rodeo Cowboys Association) sanctioned sporting event. The Reno Rodeo is a non-profit organization made up of over 350 volunteers with over 120,000 fans in attendance; it is the 4th largest PRCA tour rodeo. The event impacts the Reno-Sparks area economy by approximately $40 million. The Reno Rodeo was nationally televised on OLN, ESPN, ESPN2 and CBS. This event is held at the Reno-Sparks Livestock Events Center, a 35,000 square foot exhibit space with an indoor arena seating 6,200 and a lighted outdoor arena seating 9,000.

Each July, Artown invites distinguished artists from down the street, across the country, and around the world for a month-long celebration of cultural diversity and artistic innovation. Artown's mission is to strengthen Reno's arts industry, enhance civic identity and national image, thereby creating a climate for the cultural and economic rebirth of the region. In 2007, Artown attracted over 350,000 attendees and generated $16 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 classic cars of the era. More than 800,000 people flock to the event with an economic impact of $351 million. 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 Great Reno Balloon Race is the largest free hot air ballooning event in the nation. Throughout the event an estimated 140,000 spectators braved the early morning chill to view more than 100 balloons each year.

The blue September skies of Reno are also the home of the National Championship Air Races (NCAR), which have been 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 has a local economic impact of $72 million. 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.

In addition, two large international events, the Safari Club and an annual Volleyball Festival, each have over 20,000 attendees over separate one week periods.

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 process.

Planning future expansion is performed to ensure phased development occurs in a coordinated fashion to maximize the limited resources available. The Master Plan process provides guidance for the future expansion of the terminal building and changes to the surrounding facilities. 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 RNO Master Plan is currently underway and includes alternative terminal building development plans. The progress of the update was reviewed with the Board of Trustees at a workshop in February 2008. The advantages and disadvantages of each alternative were reviewed, and one alternative was selected. That alternative was further refined in an effort to minimize its disadvantages, and incorporate the advantages of the other alternatives. A phased, long-term implementation plan is recommended to ensure terminal facilities are in balance with market demands.

Once the future terminal building improvement planning is complete, changes to the Airport's Layout Plan (ALP) may be required. The ALP, a requirement of the FAA, is essentially a map of the Airport's existing facilities and proposed future land uses. Once the FAA approves an airport's ALP, projects to implement the plan are eligible for FAA grants.

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 the level of customer service. This year the Airport upgraded the terminal building paging system to improve the passengers' experience as they move through the Airport.

The Airport is currently constructing a major project for the benefit of customers and the enhancement of safety and security. The Airport Baggage Check-In (ABC) Project will improve passenger flow while providing a high security baggage screening. After the events of September 11th, numerous baggage screening devices were installed by the Transportation Security Administration (TSA) in the ticketing lobby. These devices were in front of the ticket counters, and took up thirty three percent (33%) of the ticketing lobby, severely limiting the passenger queuing area as well as passenger flow. Completion of the ABC project will ensure high level security and enhance customer service.

The completed ABC Project will centralize the baggage security devices behind the ticket counter wall in space currently leased by the airlines. This program is funded by $48 million of RTAA Passenger Facility Charge (PFC) revenue and $12 million from the TSA. The TSA has also agreed to supply the security equipment needed for the reconfiguration.

To facilitate the ABC project, while maintaining a high level of service, the Airport constructed a temporary ticket lobby along the front curb of the terminal. This unique approach accelerated the completion time for the project while minimizing the impact on customers. When the ABC project is complete in December of 2009, it will offer a dramatically improved way for people and baggage to depart the community.

AT YOUR SERVICE

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

RNO has earned a reputation for integrity and professionalism when approaching airlines. While cooperative advertising programs and incentives help establish new airlines and service in the market, a spirit of partnership exists between the RTAA and the airlines that helps maintain existing service while supporting the community.

Reno-Tahoe International Airport serves as the gateway to the region. Operating the gateway brings a responsibility to provide a level of service representing the best in the community. Free WiFi service is a pleasant surprise for passengers looking to stay connected before and after they fly. In addition to dedicated customer service personnel, the appearance of facilities, ease of vehicle parking, the security experience, infrastructure condition and concessions all strive to create a positive experience for the 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. Much has changed since 1991 in the way of aircraft engine technology, as well as the aircraft fleet mix at RNO.

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 RTAA 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 RNO.

The completion of the current phase will bring the total number of homes sound insulated by the RTAA to more than 1,750. Eligible homes in neighborhoods north and south of the Airport, in Sparks, Reno, and Washoe County will continue to be insulated. In fiscal year 2007-08, the FAA committed $5 million in grants to the RTAA for Phase 17 of the Airport's sound insulation program; the RTAA's 6.25 percent financial share of the project is $312,500.

The RTAA is proactive in 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. 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 RNO. 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 enhanced 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 (4SD)

The second airport operated by the RTAA is the general aviation Reno-Stead Airport. General aviation airports typically do not have scheduled air service, but do provide other aviation related facilities. The Reno-Stead Airport has military, helicopter, charter, and private aircraft operations. Aircraft owners or aviation related businesses lease land or buildings at Reno-Stead from the RTAA. Reno-Stead is also the home of the annual National Championship Air Races, a Bureau of Land Management base for fire fighting aircraft, and a Nevada Army National Guard helicopter base.

The development of the Reno-Stead Airport is also continuing. The West Flight Line Taxiway, Runway 8/26 Edge Lights Taxiway "B" Overlay, Runway 32 Instrument Landing System, and Runway Safety Area Study were all completed this fiscal year. 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 2008-09 will find the Reno-Stead Airport involved in the Modernization of Fire Suppression Systems Capital Project and coordination with the FAA in the installation of the instrument landing system.

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 require 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 2007-08 was the first of a two year mutually agreed upon extension of the previous airline 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 was 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 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 policy allows investments in instruments issued by the Federal Government, such as Treasury Notes, Bonds and Agency Notes. Short-term investments are allowed in highly rated 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, 2007. This was the twenty-first consecutive year that the RTAA 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

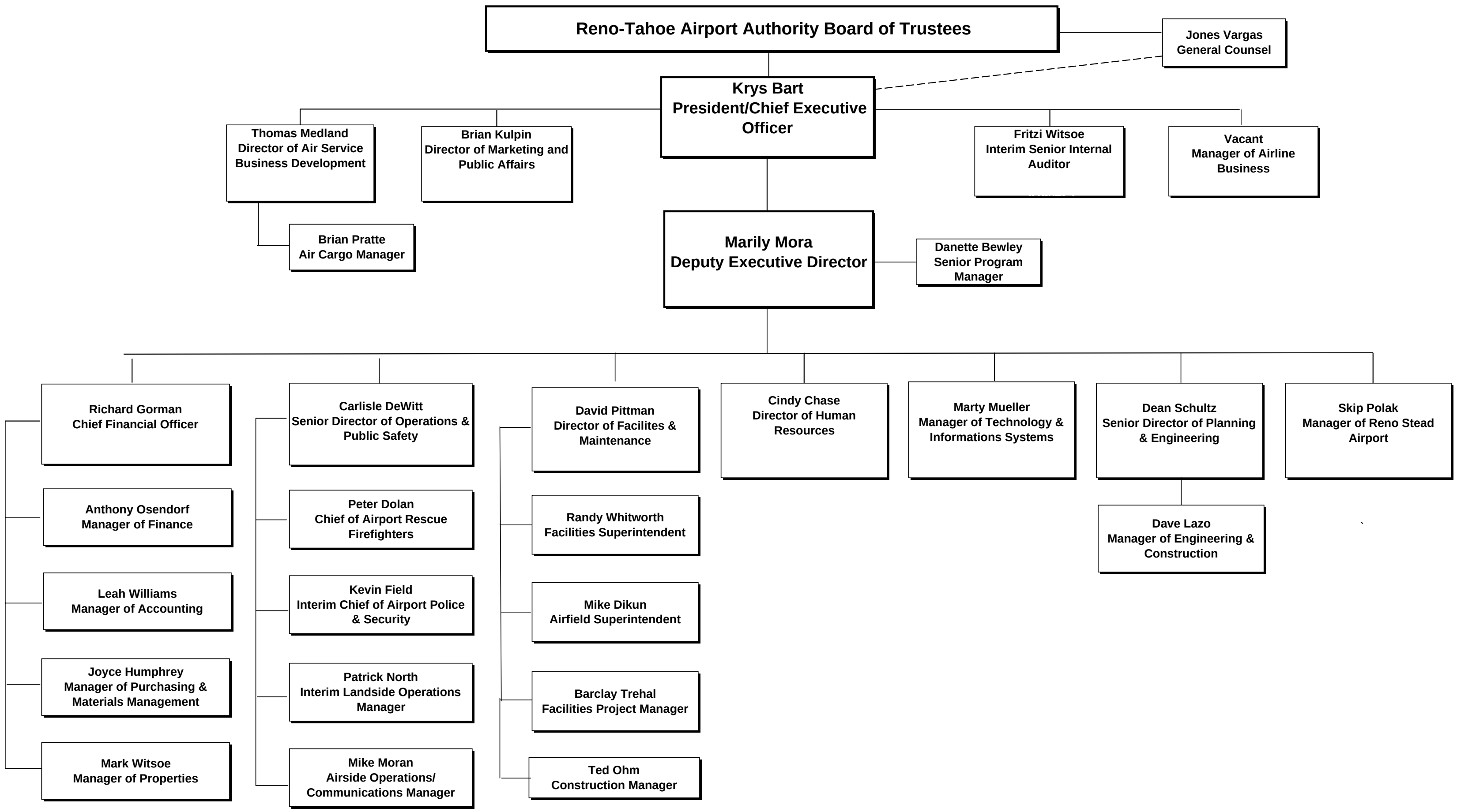
The timely and efficient preparation of this report has been achieved by the professionalism and dedication of the entire staff of the Finance and Administration Department. Also, it is important to recognize the dedication to customer service that is displayed on a daily basis by Airport staff, the airlines and tenants. It is the willingness to work together and to succeed that has made RNO and 4SD two 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.
President/ CEO

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2008

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

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, 2008 and 2007, 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, 2008 and 2007, and the changes in net assets and 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 25, 2008 on our consideration of the Authority's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 important for 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 opinions 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 25, 2008

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, 2008 and 2007. 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:

	2008	2007	% Change	2006	% Change
Assets:					
Current Assets	$ 62,075,622	$ 56,704,755	9%	$ 57,886,018	-2%
Current Assets – Restricted	52,647,982	55,621,942	-5%	45,570,458	22%
Total Capital Assets, Net	377,177,385	354,499,275	6%	343,482,758	3%
Other Assets	2,314,965	2,729,627	-15%	3,083,614	-11%
Total Assets	$ 494,215,954	$ 469,555,599	5%	$ 450,022,848	4%
Liabilities:					
Current Liabilities	$ 11,370,868	$ 12,821,166	-11%	$ 10,351,420	24%
Liabilities Payable from Restricted Assets	10,448,368	10,141,198	3%	10,089,544	1%
Non-Current Liabilities	56,403,166	64,847,669	-13%	72,813,955	-11%
Total Liabilities	78,222,402	87,810,033	-11%	93,254,919	-6%
Net Assets:					
Invested in Capital Assets, Net of Related Debt	311,373,534	281,168,872	11%	262,444,761	7%
Restricted Net Assets	50,911,600	53,606,914	-5%	42,831,382	25%
Unrestricted Net Assets	53,708,418	46,969,780	14%	51,491,786	-9%
Total Net Assets	415,993,552	381,745,566	9%	356,767,929	7%
Total Liabilities and Net Assets	$ 494,215,954	$ 469,555,599	5%	$ 450,022,848	4%

For the fiscal year ended 2008:

Net assets increased by 9% or $34.2 million. The increase is attributed to capital contributions from federal grants and agreements of $31 million for various airport improvement projects and income of $3.2 million.

Total assets increased 5% or $24.6 million over 2007. The majority of the increase is the result of increases in capital assets. Current assets increased mainly as a result of an increase in grants receivable of $7.6 million. Non-current assets increased as a result of an increase in land acquisition and construction of capital projects.

Total liabilities decreased 11% or $9.5 million for the year ended June 30, 2008. Current liabilities decreased $1.5 million, while non-current liabilities decreased $8 million from normal retirement of long-term debt as bond maturities came due and a decrease in the reclamation liability.

The largest portion of the RTAA's net assets each year, $311 million, or 75% at June 30, 2008, 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 $51 million, or 12% at June 30, 2008, 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	$	5,588,511
Renewal and Replacement		780,284
Passenger Facility Charge Projects		33,572,893
Debt Service		7,765,003
Flood Grant		2,809,779
Other Reserve Purposes		395,130
	$	50,911,600

The remaining unrestricted net assets of $54 million, or 13% at June 30, 2008, may be used to meet any of the RTAA's ongoing obligations.

For fiscal year ended June 30, 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 began 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, $281 million, or 74% 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. The remaining unrestricted net assets of $47 million, or 12% at June 30, 2007, may be used to meet any of the RTAA's ongoing obligations.

Revenues

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

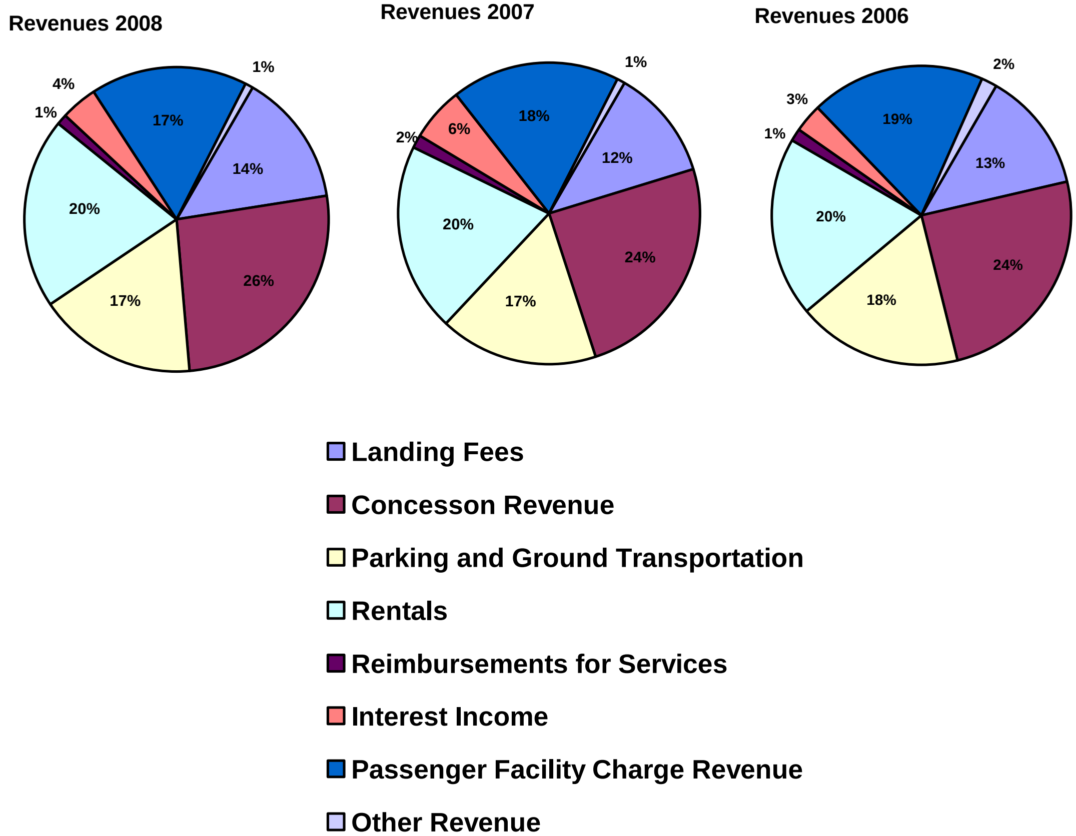
Below represents the summary of operating revenues by source for the years ended June 30:

	2008	2007	% Change	2006	% Change
Landing Fees	$ 8,503,502	$ 7,142,939	19%	$ 7,545,675	-5%
Concession Revenue	15,610,371	15,095,247	3%	14,385,592	5%
Parking and Ground Transportation	10,285,079	10,136,245	1%	10,253,964	-1%
Rentals	12,100,223	12,225,827	-1%	11,352,662	8%
Reimbursements for Services	630,653	929,434	-32%	827,853	12%
Other Revenue	13,206	37,005	-64%	27,238	36%
Total Operating Revenues	$ 47,143,034	$ 45,596,697	3%	$ 44,392,984	3%

Non-operating revenue consists of interest earnings on the funds the RTAA has on deposit and invested. Passenger Facility Charges (PFC) are the main source of non-rate base revenues, but also included are jet fuel tax revenue, the gain or loss on sale of capital assets, 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:

	2008	2007	% Change	2006	% Change
Interest Income	$ 2,440,071	$ 3,382,557	-28%	$ 1,723,481	96%
Passenger Facility Charge Revenue	9,931,917	10,992,217	-10%	11,029,218	0%
Jet Fuel Tax Revenue	400,006	338,810	-18%	414,874	18%
Gain (Loss) on Sale of Capital Assets	89,009	112,337	-21%	496,591	-77%
Insurance Settlement Proceeds	-	13,853	-100%	-	100%
Total Non-Operating Revenues	$ 12,861,003	$ 14,839,774	-13%	$ 13,664,164	9%

The graphs below represent the percentage and source of the Airport's revenues for fiscal years ended 2008, 2007 and 2006.



An analysis of significant changes in revenues for the year 2007-2008 is as follows:

Operating revenues of $47 million for 2007-2008 increased 3% over last years $46 million. Airline landing fees and terminal building rents comprise 28% of the RTAA's operating revenues. The landing fee and rental revenues are the result of calculations pursuant to cost recovery 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 $10.00 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 26% of the total RTAA's revenues for fiscal year 2008. Concession revenue increased 3% this year.

Non-operating revenues of $13 million decreased 13% over last year's $15 million. This decrease reflects a decrease in interest income, a smaller gain on sale of capital assets and no insurance settlement proceeds collected in fiscal year 2008.

Passenger Facility Charges comprises 17% 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 4%, 1%, 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 jet fuel tax revenue, insurance proceeds, late fees and discounts.

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 prior years $44 million. Airline landing fees and terminal building rents comprise 24% of the RTAA's operating revenues.

Parking and ground transportation accounts for 17% of total revenue. Parking revenue is relatively unchanged from the prior year

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% over prior year.

Non-operating revenues of $15 million increased 9% over last year's $14 million. This increase reflects a 96% increase in interest income.

Passenger Facility Charges comprises 18% of total revenue.

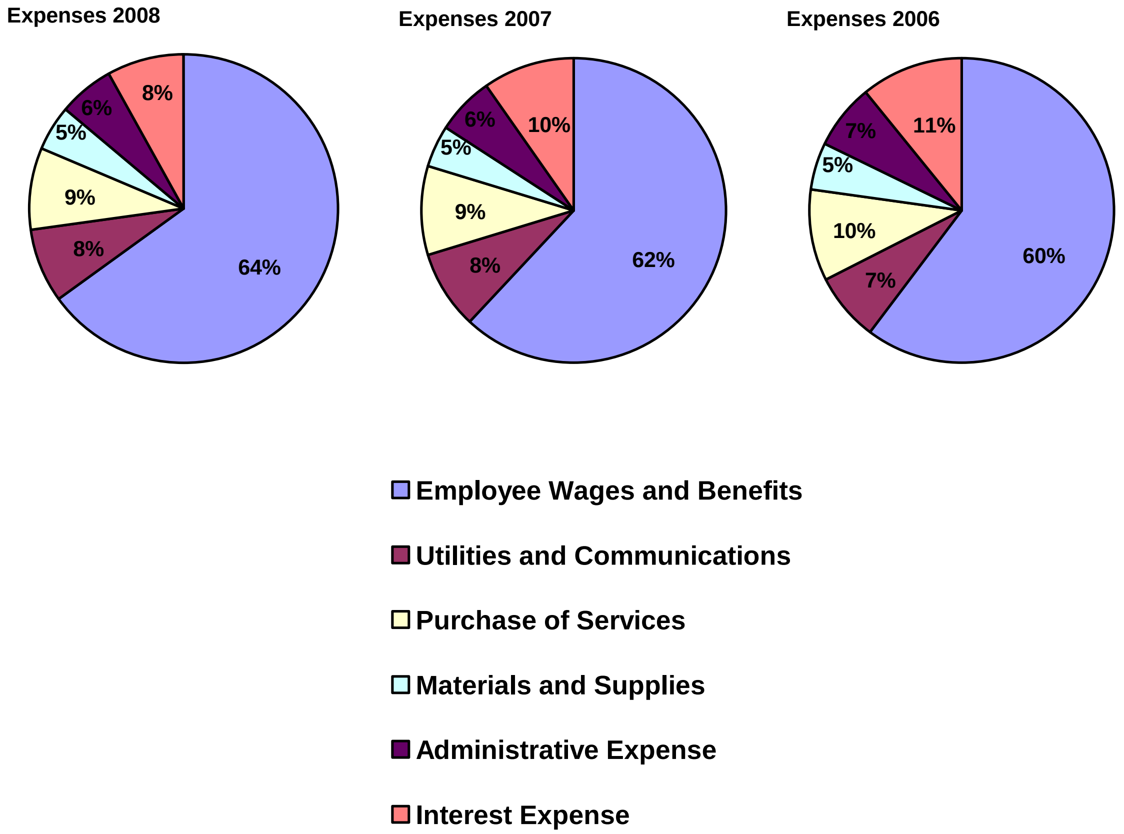
Interest income, reimbursements for services and other revenue make up the last three revenue sources with 6%, 2%, and 1%, respectively

Expenses

Operating expenses increased 5% in 2008 and total expenses increased 3%. The following is the summary of expenses (excluding depreciation) by source for the years ended June 30:

	2008	2007	% Change	2006	% Change
Employee Wages and Benefits	$ 22,612,550	$ 20,877,676	8%	$ 19,929,337	5%
Utilities and Communications	2,655,511	2,797,048	-5%	2,457,764	14%
Purchase of Services	3,039,115	3,131,901	-3%	3,232,102	-3%
Materials and Supplies	1,651,664	1,546,951	7%	1,649,492	-6%
Administrative Expenses	1,976,701	2,100,296	-6%	2,261,031	-7%
Total Operating Expenses	31,935,541	30,453,872	5%	29,529,726	3%
Interest Expense	2,834,064	3,229,056	-12%	3,608,057	-11%
Total Expenses	$ 34,769,605	$ 33,682,928	3%	$ 33,137,783	2%

The graphs below represent the percentage and source of the Airport's expenses for fiscal years ended 2008, 2007 and 2006.



An analysis of significant changes in expenses for the year 2007-2008 is as follows:

Employee wages and benefits of $22.6 million comprise 64% of total expenses. There was an 8% increase over last year's total of $20.9 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 $2.7 million displayed a decrease of 5% from the prior year. Utilities and communications represent 8% of total expenses.

Purchase of services expense, which includes professional and purchased services of $3,039,115, decreased by 3% over the prior year. This decrease represents savings in both contracted services and equipment rental. Purchase of services expense represents 9% of expenses.

Materials and supplies expense of $1,651,664 increased 7% over the prior year of $1,546,951. This increase is a reflection of increases in several different areas such as fuel costs, paint supplies, ice control chemicals, and asphalt and cement patch materials. Materials and supplies make up 5% of expenses.

Administrative expenses comprise 6% of total costs. Costs of $2.0 million decreased 6% from the prior fiscal year of $2.1 million. This decrease is predominantly due to decreased expenses for conference registration and travel.

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 prior year's total of $19.9 million.

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. 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.

Summary of Changes in Net Assets

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

	2008	2007	% Change	2006	% Change
Total Operating Revenues	$ 47,143,034	$ 45,596,697	3%	$ 44,392,984	3%
Total Operating Expenses	31,935,541	30,453,872	5%	29,529,726	3%
Operating Income Before Depreciation and Amortization	15,207,493	15,142,825	0%	14,863,258	2%
Depreciation and Amortization	(22,000,778)	(20,686,072)	6%	(18,564,621)	11%
Operating Income (Loss)	(6,793,285)	(5,543,247)	23%	(3,701,363)	50%
Non-Operating Revenues (Expenses)	10,026,939	11,610,718	-14%	10,056,107	15%
Capital Contributions	31,014,332	18,910,166	64%	23,701,303	-20%
Increase in Net Assets	34,247,986	24,977,637	37%	30,056,047	-17%
Net Assets, Beginning of Year	381,745,566	356,767,929	7%	326,711,882	9%
Net Assets, End of Year	$ 415,993,552	$381,745,566	9%	$356,767,929	7%

An analysis of significant changes in net assets for the year 2007-2008 is as follows:

Depreciation and amortization expense increased 6%, from $20,686,072 to $22,000,778 in 2007-2008. Non-operating revenue decreased 14%. This decrease is primarily due to decreases in interest income; gain on sale of capital assets and collection of insurance proceeds.

Capital contributions, which are comprised of federal grants from the United States Department of Transportation and an agreement between the RTAA and the Transportation Security Administration, increased 64% this year compared to the amounts received in 2006-2007.

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 are comprised mainly of federal grants from the United States Department of Transportation, decreased 20% compared to the amounts received in 2005-2006.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2008 is $377.2 million, net of depreciation. This investment in capital assets includes land, construction in progress, buildings, improvements, and equipment and development rights. The total increase in the investment in capital assets for the year 2007-2008 was 6% or $22.7 million.

Major capital asset events during fiscal year 2008 included the following:

Projects at RTAA that were funded by federal grants amounted to $24 million. Completed projects include ramp reconstruction and airfield lighting at RTIA and construction of a taxi lane at Stead Airport.

Projects that were funded by PFC revenue include jet bridge equipment, terminal fire alarm and paging systems, and continuing construction on the inline baggage handling project.

Several roofs were replaced through the airport area and improvements were made to the parking garage which included reconstruction and top deck coating.

$6.9 million was expended on land acquisition and noise mitigation through the Part 150 noise program, which is funded by federal grants.

Equipment purchases totaled $5.8 million, which included the purchase of a touch point fingerprinting machine and badge ID printer, an equipment trailer, concrete saw, a jet broom snow plow and broom lift, and five new trucks.

The RTAA's investment in capital assets as of June 30, 2007 was $354.5 million, net of depreciation. This investment in capital assets includes land, construction in progress, buildings, improvements, and equipment and development rights. The total increase in the investment in capital assets for the year 2006-2007 was 3% or $11 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.

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

	2008	2007	2006
Land	$ 140,564,527	$ 133,690,247	$ 125,973,983
Construction in Progress	45,226,019	42,433,996	30,515,489
Buildings, Improvements, and Equipment, net	189,735,974	176,651,066	185,196,220
Development rights, net	1,650,865	1,723,966	1,797,066
Total	$ 377,177,385	$ 354,499,275	$ 343,482,758

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

DEBT ADMINISTRATION

As of June 30, 2008, the RTAA had approximately $61 million (without regard to discounts or premiums) of outstanding revenue bonds. The payment of the Airport Revenue bonds is insured by three insurance companies, MBIA Insurance Corporation (MBIA), Financial Guaranty Insurance Company (FGIC) and Financial Security Assurance Inc. (FSA). The bonds are rated based on the rating of the insurance companies. Previously, all of the Authority's revenue bonds were rated AAA by Moody's and Standard & Poor's. The fallout from the sub-prime loan crisis in 2007-2008 has impacted nearly all the insurers of municipal bonds. The Series 1996B bonds are insured by MBIA and rated A2 by Moody's and AA by Standard & Poor's. The Series 2002 bonds are insured by FGIC and rated B1 and BB respectively by Moody's and Standard & Poor's. The Series 2003 and 2005 bonds are both insured by FSA and remain rated Aaa by Moody's and AAA by Standard & Poor's. Both Series 1996B and 2002 will be paid in 2009.

	2008	2007	2006
1996B	$ 1,200,000	$ 2,060,000	$ 2,860,000
2002	7,740,000	11,325,000	14,150,000
2003	22,340,000	25,160,000	27,535,000
2005	29,530,000	29,630,000	29,775,000
Total Debt	$ 60,810,000	$ 68,175,000	$ 74,320,000

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 and charges after the events of September 2001 and the negative impact on air passenger traffic.

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 2007 and 2008 fiscal years by $163,710 and $161,710, 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, 2008, the RTAA collected PFCs, including interest earnings thereon, totaling $10 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 with an expiration of June 30, 2009. Airlines that have signed this agreement are signatory airlines.

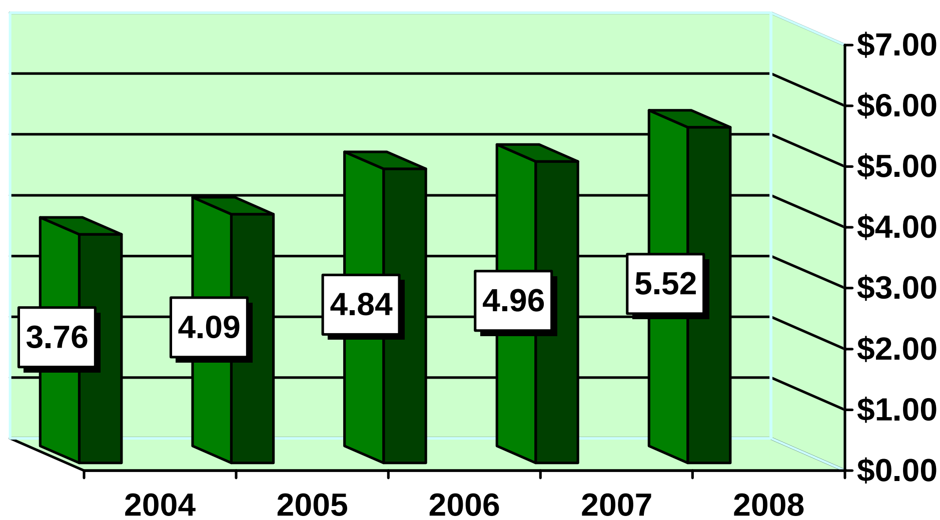
For 2007-2008, signatories to the Agreement include nine commercial and three cargo airlines.

	2008	2007	% Change	2006	% Change
Landing Fee Rate (per 1,000 pounds)					
Signatory Airlines	2.02	1.52	33%	1.73	-12%
Non-Signatory Airlines	2.45	2.60	-6%	2.30	13%
RON (Ramp Over Night)					
Signatory Fee Rate	0.30	0.29	3%	0.23	26%
Non-Signatory Fee Rate	0.61	0.65	-6%	0.58	12%
Terminal Rental Rate (Average)	58.43	59.52	-2%	55.06	8%

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 below 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, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$18,995,708	$20,171,118
Investments	29,440,185	29,595,192
Accounts receivable, net	2,755,921	3,581,537
Grants receivable	10,297,851	2,679,826
Interest receivable	261,286	350,220
Inventory	324,671	326,862
Total unrestricted assets	62,075,622	56,704,755
Restricted Assets:		
Cash and cash equivalents	21,635,848	42,113,605
Investments	30,967,542	13,372,370
Interest receivable	44,592	135,967
Total restricted assets	52,647,982	55,621,942
Total Current Assets	114,723,604	112,326,697
NON-CURRENT ASSETS		
Capital Assets:		
Land	140,564,527	133,690,247
Construction in progress	45,226,019	42,433,996
Buildings, improvements, and equipment, net of depreciation	189,735,974	176,651,066
Development rights, net of accumulated amortization	1,650,865	1,723,966
Total Capital Assets	377,177,385	354,499,275
Other Assets:		
Road credits	1,392,360	1,529,992
Bond issue costs and other deferred charges, net	858,162	1,110,952
Surety bond, net	64,443	88,683
Total Other Assets	2,314,965	2,729,627
Total Non-Current Assets	379,492,350	357,228,902
TOTAL ASSETS	$494,215,954	$469,555,599

LIABILITIES AND NET ASSETS	2008	2007
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$2,843,775	$4,160,850
Construction contracts payable	5,011,925	5,359,522
Rents received in advance	1,367,627	1,366,081
Accrued payroll	2,147,541	1,934,713
Total payable from unrestricted assets	11,370,868	12,821,166
Payable from Restricted Assets:		
Current portion of long-term debt	7,765,000	7,365,000
Accrued interest	1,502,739	1,700,234
Construction contracts payable	1,180,629	1,075,964
Total payable from restricted assets	10,448,368	10,141,198
Total Current Liabilities	21,819,236	22,962,364
NON-CURRENT LIABILITIES		
Revenue bonds, net	52,704,459	60,640,870
Deposits and unearned revenues	3,465,064	3,892,006
Reclamation liability	233,643	314,793
Total Non-Current Liabilities	56,403,166	64,847,669
Total Liabilities	78,222,402	87,810,033
NET ASSETS		
Invested in Capital Assets, net of Related Debt	311,373,534	281,168,872
Restricted for:		
Revenue bond operations and maintenance	5,588,511	5,404,769
Renewal and replacement	780,284	780,000
Passenger facility charge projects	33,572,893	34,736,022
Debt service	7,765,003	7,365,000
Flood grant	2,809,779	4,938,473
Other reserve purposes	395,130	382,650
Total Restricted	50,911,600	53,606,914
Unrestricted	53,708,418	46,969,780
Total Net Assets	415,993,552	381,745,566
TOTAL LIABILITIES AND NET ASSETS	$494,215,954	$469,555,599

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
OPERATING REVENUES		
Landing fees	$8,503,502	$7,142,939
Concession revenue	15,610,371	15,095,247
Parking and ground transportation	10,285,079	10,136,245
Rentals	12,100,223	12,225,827
Reimbursements for services	630,653	959,434
Other revenue	13,206	37,005
Total operating revenues	47,143,034	45,596,697
OPERATING EXPENSES		
Employee wages and benefits	22,612,550	20,877,676
Utilities and communications	2,655,511	2,797,048
Purchase of services	3,039,115	3,131,901
Materials and supplies	1,651,664	1,546,951
Administrative expenses	1,976,701	2,100,296
Total operating expenses	31,935,541	30,453,872
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	15,207,493	15,142,825
Depreciation and amortization:		
Depreciation	21,650,646	20,419,571
Amortization of development rights	73,101	73,101
Amortization of deferred charges	277,031	193,400
Total depreciation and amortization	22,000,778	20,686,072
OPERATING INCOME (LOSS)	(6,793,285)	(5,543,247)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	2,440,071	3,382,557
Passenger facility charge revenue	9,931,917	10,992,217
Jet fuel tax revenue	400,006	338,810
Gain (loss) on sale of capital assets	89,009	112,337
Insurance settlement proceeds	-	13,853
Interest expense	(2,834,064)	(3,229,056)
Total non-operating revenues (expenses)	10,026,939	11,610,718
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	3,233,654	6,067,471
CAPITAL CONTRIBUTIONS	31,014,332	18,910,166
Increase in net assets	34,247,986	24,977,637
TOTAL NET ASSETS, BEGINNING OF YEAR	381,745,566	356,767,929
TOTAL NET ASSETS, END OF YEAR	$415,993,552	$381,745,566

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 47,543,254	$ 46,388,959
Cash paid to employees	(22,399,722)	(20,668,023)
Cash paid to suppliers	(10,719,025)	(7,776,870)
Net cash provided by operating activities	14,424,507	17,944,066
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	400,006	338,810
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	23,396,307	19,361,109
Passenger facility charge revenue	9,931,917	10,992,217
Acquisition and construction of capital assets	(44,447,266)	(32,919,987)
Proceeds from sale of capital assets	29,118	117,091
Principal paid on bonds	(7,365,000)	(6,145,000)
Insurance settlement proceeds	-	13,853
Interest paid on bonds	(3,202,971)	(3,535,843)
Net cash provided by (used in) capital and related financing activities	(21,657,895)	(12,116,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	2,620,380	3,263,324
Sale (purchase) of investments	(17,440,165)	955,546
Net cash provided by (used in) investing activities	(14,819,785)	4,218,870
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(21,653,167)	10,385,186
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	62,284,723	51,899,537
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 40,631,556	$ 62,284,723

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2008	2007
Operating income (loss)	($6,793,285)	($5,543,247)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	21,650,646	20,419,571
Amortization of development rights	73,101	73,101
Amortization of deferred charges	277,031	193,400
(Increase) Decrease in Assets:		
Accounts receivable, net	825,616	205,986
Inventory	2,191	21,723
Increase (Decrease) in Liabilities:		
Accounts payable	(1,317,075)	1,866,728
Rents received in advance	1,546	927,025
Accrued payroll	212,828	209,653
Deposits and unearned revenues	(426,942)	(340,749)
Reclamation liability	(81,150)	(89,125)
Net cash provided by operating activities	$14,424,507	$17,944,066

Noncash investing activities:

The net decline in the fair value of investments was $334,604 at June 30, 2008, and $140,705 at June 30, 2007.

Capital asset activity:

	2008	2007
Road credits used for acquisition	$ 197,523	$ 179,666

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

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 President/CEO 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.

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, 2008 and 2007 there was no interest cost incurred that was capitalized.

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 improvements are also funded by an agreement between the RTAA and the Transportation Security Administration. Capital funding provided under government grants and agreements are considered earned as the related allowable expenses are incurred.

Grants and related agreements 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 2008 and 2007 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 (excluding depreciation) 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 2007 financial statements have been reclassified to conform to the 2008 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.

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

	2008	2007
Cash	$ 2,440,776	$ 2,336,558
Cash Equivalents:		
Short-Term Investments and Money Market Fund Treasury	19,590,960	12,866,626
Commercial Paper maturing within one month	18,599,820	47,081,539
Total Cash and Cash Equivalents	40,631,556	62,284,723
Investments:		
Mortgage Backed Securities maturing within five years	60,407,727	42,967,562
Total Cash, Cash Equivalents and Investments	101,039,283	105,252,285
Less Unrestricted Cash, Cash Equivalents and Investments	48,435,893	49,766,310
Total Restricted Cash, Cash Equivalents and Investments	$ 52,603,390	$ 55,485,975

3. Cash, Cash Equivalents and Investments (continued)

In accordance with its investment policy, the Authority manages its exposure to interest rate risk by regular evaluation of the Authority's cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and to project the term for such investments. 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, 2008, the Authority had the following investments, excluding short-term investments and money market funds.

			Maturity Date
Federal Home Loan Banks	$	975,000	April 11, 2013
Federal Home Loan Mortgage Corporation		994,610	March 27, 2013
Federal Home Loan Banks		2,312,888	April 15, 2009
Federal Home Loan Banks		2,023,807	August 18, 2009
Federal Home Loan Mortgage Corporation		2,029,380	December 15, 2009
Federal Home Loan Mortgage Corporation		1,007,250	June 25, 2009
Federal Home Loan Banks		2,022,500	January 8, 2010
Federal Home Loan Banks		3,050,640	November 13, 2009
Federal Home Loan Banks		2,050,000	August 5, 2009
Federal Home Loan Banks		1,992,500	April 21, 2009
Federal Home Loan Banks		2,983,140	March 12, 2010
Federal Home Loan Banks		996,560	May 5, 2010
Federal National Mortgage Association		990,310	April 01, 2011
Federal National Mortgage Association		1,000,310	June 9, 2010
Federal Home Loan Mortgage Corporation		2,025,560	September 22, 2009
Federal Home Loan Mortgage Corporation		991,360	May 1, 2013
Federal National Mortgage Association		3,000,929	December 5, 2008
Federal National Mortgage Association		1,999,654	November 3, 2008
Federal Home Loan Mortgage Corporation		997,970	November 15, 2011
Federal National Mortgage Association		1,000,630	June 10, 2013
Federal Home Loan Banks		15,004,378	November 26, 2008
Federal National Mortgage Association		5,001,471	January 16, 2009
Federal Home Loan Mortgage Corporation		998,270	May 28, 2013
Federal Home Loan Mortgage Corporation		997,970	November 15, 2011
Federal National Mortgage Association		1,979,380	April 9, 2010
Federal National Mortgage Association		1,981,260	May 5, 2011
Total	$	60,407,727	

3. Cash, Cash Equivalents and Investments (continued)

Credit Risk. State statutes, the Authority's revenue bond resolutions and the Authority's investment policy 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, 2008 and 2007, Standard & Poor's had rated the mortgage backed securities as AAA. At June 30, 2008 and 2007, the following investments equaled or exceeded 5% of the Authority's total investments:

Mortgage backed securities:	2008	2007
Federal Home Loan Banks	55%	71%
Federal National Mortgage Association	28%	10%
Federal Home Loan Mortgage Corporation	17%	16%

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, 2008 and 2007:

	2008	2007
Current:		
Unrestricted:		
Accounts Receivable	$ 2,952,139	$ 3,696,460
Less allowance for uncollectibles	196,218	114,923
Net Accounts Receivable	2,755,921	3,581,537
Grants Receivable	10,297,851	2,679,826
Total Current Unrestricted Receivables	$ 13,053,772	$ 6,261,363

The grants receivable in the accompanying Statements of Net Assets represent reimbursements due for project costs under Federal Aviation Administration (FAA) grants and an agreement between the RTAA and the Transportation Security Administration (TSA). 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 TSA 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.

5. Capital Assets (continued)

Capital asset balances and changes for the year ended June 30, 2008 are as follows:

	Balance June 30, 2007	Additions and Transfers	Deletions and Transfers	Balance June 30, 2008

Capital Assets, not being depreciated/amortized:				
Land	$ 133,690,247	$ 6,874,280	$ -	$ 140,564,527
Construction in progress	42,433,996	43,232,969	(40,440,946)	45,226,019
Total Capital Assets, not being depreciated/amortized	176,124,243	50,107,249	(40,440,946)	185,790,546
Capital Assets, being depreciated/amortized:				
Improvements	259,399,688	24,503,388	-	283,903,076
Buildings	140,566,693	4,426,413	-	144,993,106
Equipment	21,962,156	5,805,753	(117,687)	27,650,222
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, being depreciated/amortized	424,852,575	34,735,554	(117,687)	459,470,442
Less accumulated depreciation/amortization for:				
Improvements	133,126,019	10,792,891	-	143,918,910
Buildings	96,354,221	7,901,960	-	104,256,181
Equipment	15,797,231	2,955,795	(117,687)	18,635,339
Development rights	1,200,072	73,101	-	1,273,173
Total Accumulated Depreciation/Amortization	246,477,543	21,723,747	(117,687)	268,083,603
Total Capital Assets, being depreciated/amortized, net	178,375,032	13,011,807	-	191,386,839
Net Capital Assets	$ 354,499,275	$ 63,119,056	$ (40,440,946)	$ 377,177,385

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/amortized:				
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/amortized	156,489,472	37,697,936	(18,063,165)	176,124,243
Capital Assets, being depreciated/amortized:				
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
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, being depreciated/amortized	413,028,264	11,898,251	(73,940)	424,852,575
Less accumulated depreciation/amortization 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
Development rights	1,126,972	73,101	-	1,200,072
Total Accumulated Depreciation/Amortization	226,034,978	20,492,672	(50,106)	246,477,543
Total Capital Assets, being depreciated/amortized, net	186,993,286	(8,596,421)	(23,834)	178,375,032
Net Capital Assets	$ 343,482,758	$ 29,101,515	$ (18,086,999)	$ 354,499,275

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

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.

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 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 is 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 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 2007 and 2008 fiscal years by $163,710 and $161,710, respectively, and by similar amounts through 2026.

6. Long-Term Debt (continued)

The Series 1996B bonds with an aggregate principal of $1,200,000 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 $59,610,000 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.

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, 2008 and 2007.

6. Long-Term Debt (continued)

Long-term debt activity for the year ended June 30, 2008 is summarized as follows:

	Balance June 30, 2007	New Debt	Principal Repayment	Discount/ Premium Amortization	Balance June 30, 2008
Revenue Bonds:					
Series 1996B	$ 2,060,000	$ -	$ 860,000	$ -	$ 1,200,000
Series 2002	11,325,000	-	3,585,000	-	7,740,000
Unamortized premium	258,004	-	-	(129,060)	128,944
Series 2003	25,160,000	-	2,820,000	-	22,340,000
Unamortized premium	1,076,821	-	-	(269,205)	807,616
Deferred loss on refunding	(748,335)	-	-	187,084	(561,251)
Series 2005	29,630,000	-	100,000	-	29,530,000
Unamortized premium	1,416,847	-	-	(74,570)	1,342,277
Deferred loss on refunding	(2,172,467)	-	-	114,340	(2,058,127)
Total Revenue Bond Debt	68,005,870	$ -	$ 7,365,000	$ (171,411)	60,469,459
Less current portion	(7,365,000)				(7,765,000)
Total long term debt	$ 60,640,870				$ 52,704,459

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

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, 2008):

Bond year ended July 1,	Amount Principal	Amount Interest
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	1,245,000	1,276,150
2013-2017	7,110,000	5,491,950
2018-2022	8,975,000	3,625,000
2023-2026	8,940,000	1,145,000
	$ 60,810,000	$ 21,072,826

7. Pledged Revenues

Pledged revenues consist of the following at June 30:

	2008	2007
Airport system revenues:		
Scheduled airline fees and rentals:		
Landing fees	$ 6,558,193	$ 5,099,191
Terminal building space rental	6,824,910	7,135,709
Total scheduled airline fees and rentals	13,383,103	12,234,900
Concession fees	15,610,371	15,095,247
Other operating revenue	18,149,560	18,266,550
Non-operating revenues	1,794,812	2,475,203
Gross pledged revenues	48,937,846	48,071,900
Transfers – General Purpose Fund for Letter of Intent (“LOI”) Bond debt service	641,856	639,373
Airline revenue sharing	1,867,149	2,111,696
Airport system operation and maintenance expenses	(31,935,541)	(30,453,872)
35% of gaming revenue	(1,221,986)	(1,294,816)
Net pledged revenues	$ 18,289,324	$ 19,074,281
Debt Service Coverage Required	$ 13,463,095	$ 13,456,835

Debt Service Coverage Requirement is the greater of the following:

125% of Senior Revenue Bond Debt Service	$ 13,463,095	$ 13,465,835
100% of All Debt Service	$ 10,770,476	$ 10,765,468

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, 2008 and June 30, 2007, $15,610,371 and $15,095,247, 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:

2009	$ 23,571,476
2010	16,835,751
2011	4,559,954
2012	2,523,961
2013	2,516,137
2014-2019	3,395,507
Total	$ 53,402,786

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, 2008, 2007 and 2006 were $3,297,085, $2,939,695, and $2,839,235, respectively, equal to the required contributions for the year. The contribution rate for the year ended June 30, 2008 was 20.50% for regular members and 33.50% for fire and police members on all covered payroll. 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.

10. Capital Contributions

The Authority has received capital contributions as follows:

	Inception to date	Year Ended 2008	Year Ended 2007
Federal	$334,080,636	$31,014,332	$18,910,166
State	250,331	-	-
Other Sources	4,271,904	-	-
Total	$338,602,871	$31,014,332	$18,910,166

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, 2008:

Taxiway and Runway Improvements	$ 4,831,017
Airside Improvements	1,303,373
Landside Improvements	162,799
Terminal Building Improvements	41,820,893

Financial resources for these projects will come from Federal Aviation Administration and Transportation Security 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 $1,262,935 of which the Authority’s share is $233,643. These costs are anticipated to be incurred over the next 21 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, vision 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, 2008 and 2007, thirty-six and twenty retirees, respectively, were participating in the Public Employees’ Benefits Program. The Authority funded approximately $113,284 in 2008 and $83,000 in 2007. 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, 2008

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 9,153,540	$ 9,153,540	$ 8,503,502	$ (650,038)
Concession revenue	15,358,520	15,358,520	15,610,371	251,851
Parking and ground transportation	10,363,300	10,363,300	10,285,079	(78,221)
Rentals	12,177,363	12,177,363	12,100,223	(77,140)
Reimbursements for services	972,900	972,900	630,653	(342,247)
Other revenue	-	-	13,206	13,206
Total Operating Revenues	48,025,623	48,025,623	47,143,034	(882,589)
Operating expenses:				
Employee wages and benefits	23,612,300	23,612,300	22,612,550	999,750
Utilities and communications	2,990,213	2,990,213	2,655,511	334,702
Purchase of services	3,319,893	3,319,893	3,039,115	280,778
Materials and supplies	1,540,536	1,540,536	1,651,664	(111,128)
Administrative expenses	2,192,644	2,192,644	1,976,701	215,943
Total Operating Expenses before Depreciation and Amortization	33,655,586	33,655,586	31,935,541	1,720,045
Depreciation and amortization	19,250,000	19,250,000	22,000,778	(2,750,778)
Total Operating Expenses	52,905,586	52,905,586	53,936,319	(1,030,733)
Operating Income (Loss)	(4,879,963)	(4,879,963)	(6,793,285)	(1,913,322)
Non-operating revenues (expenses):				
Interest income	2,595,000	2,595,000	2,440,071	(154,929)
Passenger facility charge revenue	11,168,000	11,168,000	9,931,917	(1,236,083)
Jet fuel tax revenue	400,000	400,000	400,006	6
Gain (loss) on sale of capital assets	-	-	89,009	89,009
Interest expense	(3,005,476)	(3,005,476)	(2,834,064)	171,412
Total Non-Operating Revenues (Expenses)	11,157,524	11,157,524	10,026,939	(1,130,585)
Income (Loss) Before Capital Contributions	$ 6,277,561	$ 6,277,561	$ 3,233,654	$ (3,043,907)

RENO-TAHOE AIRPORT AUTHORITY
RECAPITULATION OF CASH AND INVESTMENT ACCOUNTS AND SUB-ACCOUNTS
ESTABLISHED BY REVENUE BOND RESOLUTIONS
FOR THE YEAR ENDED JUNE 30, 2008

	Issuer Cash and Investment Accounts		Bond Fund			
	Special Fund	Operation & Maintenance Fund	Interest Fund 1996	Principal Fund 1996	Bond Fund 2002	Bond Fund 2003
Beginning Balance July 1, 2007	$ 6,657,261	$ 2,074,613	$ 75,190	$ 860,000	$ 3,876,825	$ 3,449,000
Receipts:						
Gross pledged revenues received:						
Deposits from Airport revenues	-	-	-	-	-	-
Income received from investments pledged portion	352,874	86,331	833	15,423	67,712	59,393
Transfer among funds	531,507	(93,665)	86,767	909,577	4,097,725	4,022,607
Disbursements:						
Operation and maintenance expenses	-	-	-	-	-	-
Equipment and capital outlay	-	-	-	-	-	-
Payment of revenue bond interest and principal	-	-	(118,990)	(860,000)	(4,074,543)	(4,007,500)
Other capital improvement expenses	-	-	-	-	-	-
Change in investments transactions	(13,390)	(13,904)	-	-	-	-
Total at June 30, 2008	$7,528,252	$2,053,375	$43,800	$925,000	$3,967,719	$3,523,500
Components of ending balance:						
Investments and Cash Equivalents	$7,528,252	$2,053,375	$43,800	$925,000	$3,967,719	$3,523,500

RENO-TAHOE AIRPORT AUTHORITY
RECAPITULATION OF CASH AND INVESTMENT ACCOUNTS AND SUB-ACCOUNTS
ESTABLISHED BY REVENUE BOND RESOLUTIONS
FOR THE YEAR ENDED JUNE 30, 2008

	Bond Fund	Trustee's Cash and Investment Accounts				
	Bond Fund 2005	Operations & Maintenance Reserve Fund	Renewal & Replacement Fund	General Purpose Fund	Revenue Fund	Total Bond & Trustee Accounts
Beginning Balance July 1, 2007	$ 804,219	$ 5,354,738	$ 780,000	$ 20,715,898	$ 1,309,828	$ 37,225,698
Receipts:						
Gross pledged revenues received:						
Deposits from Airport revenues	-	-	-	-	48,266,707	48,266,707
Income received from investments pledged portion	14,391	300,959	29,845	1,065,641	44,740	1,598,937
Transfer among funds	1,496,051	(66,570)	(29,845)	2,967,533	(10,909,503)	2,574,342
Disbursements:						
Operation and maintenance expenses	-	-	-	-	(33,665,197)	(33,665,197)
Equipment and capital outlay	-	-	-	-	(3,664,475)	(3,664,475)
Payment of revenue bond interest and principal	(1,506,938)	-	-	-	-	(10,567,971)
Other capital improvement expenses	-	-	-	(5,932,875)	-	(5,932,875)
Change in investments transactions	-	(26,495)	-	(146,298)	-	(172,793)
Total at June 30, 2008	$807,723	$5,562,632	$780,000	$18,669,899	$1,382,100	$35,662,373
Components of ending balance:						
Investments and Cash Equivalents	$807,723	$5,562,632	$780,000	$18,669,899	$1,382,100	$35,662,373

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS
JUNE 30, 2008

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
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
	$ 1,200,000	$ 107,675	$ 7,740,000	$ 592,950	$ 22,340,000	$ 3,315,500	$ 29,530,000	$ 17,056,701	$ 81,882,826

Reno-Tahoe Airport Authority

Statistical Section

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, 1999 - 2008
(unaudited)

	1999	2000	2001	2002	2003
Operating revenues					
Landing fees	$8,008,724	$7,933,169	$6,807,434	$6,706,519	$6,102,736
Concession revenue	13,190,985	13,490,057	12,999,632	11,271,356	11,686,716
Parking and ground transportation	6,140,754	6,567,413	7,584,162	6,679,876	7,020,300
Rentals	7,983,522	7,839,775	8,485,295	8,774,487	8,438,313
Reimbursements for services	353,540	334,543	370,292	389,279	771,079
Other revenue	153,640	120,480	196,419	505,434	533,140
Total operating revenues	35,831,165	36,285,437	36,443,234	34,326,951	34,552,284
Nonoperating revenues					
Interest income	1,451,169	1,484,549	2,173,880	1,360,986	1,310,023
Passenger facility charge revenue	8,387,291	8,260,993	5,844,082	6,847,754	8,348,271
Insurance proceeds	-	-	-	750,000	18,245,962
Jet fuel tax income	-	-	-	-	-
Gain on sale of capital assets	-	-	418,004	-	-
Total nonoperating revenues	9,838,460	9,745,542	8,435,966	8,958,740	27,904,256
Total revenues	45,669,625	46,030,979	44,879,200	43,285,691	62,456,540
Operating expense					
Employee wages and benefits	13,709,659	13,718,705	14,153,568	14,382,329	16,194,694
Utilities and communications	1,601,423	1,612,878	1,813,407	1,855,231	1,918,689
Purchase of services	2,735,268	2,357,105	1,677,786	1,915,702	2,795,490
Materials and supplies	1,194,605	1,189,564	1,119,972	942,423	1,034,323
Administrative expenses	1,517,480	1,358,269	1,325,087	1,796,018	2,397,453
	20,758,436	20,236,521	20,089,820	20,891,703	24,340,649
Depreciation and amortization	14,316,472	14,763,908	15,013,369	15,260,870	15,516,102
Total operating expenses	35,074,908	35,000,429	35,103,189	36,152,573	39,856,751
Nonoperating expenses					
Reclamation expenses	-	-	925,000	-	-
Loss on sale of capital assets	-	-		80,587	47,882
Interest expense	8,035,201	7,617,091	7,792,177	6,903,972	5,729,405
Total nonoperating expenses	8,035,201	7,617,091	8,717,177	6,984,559	5,777,287
Total expenses	43,110,109	42,617,520	43,820,366	43,137,132	45,634,038
Capital contributions	12,436,166	21,279,630	24,039,375	20,278,604	16,764,255
Increase in Net Assets	$14,995,682	$24,693,089	$25,098,209	$20,427,163	$33,586,757
Net Assets at Year-End					
Invested in capital assets, net of related debt	N/A	N/A	N/A	$187,574,017	$212,779,814
Restricted	N/A	N/A	N/A	44,749,148	29,473,577
Unrestricted	N/A	N/A	N/A	18,606,083	42,262,614
Total Net Assets	$180,710,787	$205,403,876	$230,502,085	$250,929,248	$284,516,005

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	2004	2005	2006	2007	2008
Operating revenues					
Landing fees	$5,798,888	$5,801,560	$7,545,675	$7,142,939	$8,503,502
Concession revenue	11,595,147	12,618,012	14,385,592	15,095,247	15,610,371
Parking and ground transportation	7,928,016	9,082,135	10,253,964	10,136,245	10,285,079
Rentals	9,552,561	11,102,359	11,352,662	12,225,827	12,100,223
Reimbursements for services	940,509	477,425	827,853	959,434	630,653
Other revenue	193,519	8,648	27,238	37,005	13,206
Total operating revenues	36,008,640	39,090,139	44,392,984	45,596,697	47,143,034
Nonoperating revenues					
Interest income	345,940	1,370,190	1,723,481	3,382,557	2,440,071
Passenger facility charge revenue	10,343,967	8,771,723	11,029,218	10,992,217	9,931,917
Insurance proceeds	16,264	30,000	-	13,853	-
Jet fuel tax income	375,000	414,908	414,874	338,810	400,006
Gain on sale of capital assets	40,043	1,311,777	496,591	112,337	89,009
Total nonoperating revenues	11,121,214	11,898,598	13,664,164	14,839,774	12,861,003
Total revenues	47,129,854	50,988,737	58,057,148	60,436,471	60,004,037
Operating expense					
Employee wages and benefits	17,267,109	18,158,194	19,929,337	20,877,676	22,612,550
Utilities and communications	2,071,461	2,425,659	2,457,764	2,797,048	2,655,511
Purchase of services	2,863,032	3,115,090	3,232,102	3,131,901	3,039,115
Materials and supplies	1,057,637	1,524,721	1,649,492	1,546,951	1,651,664
Administrative expenses	2,855,358	2,167,021	2,261,031	2,100,296	1,976,701
	26,114,597	27,390,685	29,529,726	30,453,872	31,935,541
Depreciation and amortization	17,044,725	17,374,021	18,564,621	20,686,072	22,000,778
Total operating expenses	43,159,322	44,764,706	48,094,347	51,139,944	53,936,319
Nonoperating expenses					
Reclamation expenses	-	-	-	-	-
Loss on sale of capital assets	-	-	-	-	-
Interest expense	4,227,792	4,126,651	3,608,057	3,229,056	2,834,064
Total nonoperating expenses	4,227,792	4,126,651	3,608,057	3,229,056	2,834,064
Total expenses	47,387,114	48,891,357	51,702,404	54,369,000	56,770,383
Capital contributions	21,076,563	19,279,194	23,701,303	18,910,166	31,014,332
Increase in Net Assets	$20,819,303	$21,376,574	$30,056,047	$24,977,637	$34,247,986
Net Assets at Year-End					
Invested in capital assets, net of related debt	$230,574,469	$241,394,417	$262,444,761	$281,168,872	$311,373,534
Restricted	26,469,671	36,564,162	42,831,382	53,606,914	50,911,600
Unrestricted	48,291,168	48,753,303	51,491,786	46,969,780	53,708,418
Total Net Assets	$305,335,308	$326,711,882	$356,767,929	$381,745,566	$415,993,552

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	1999	2000	2001	2002	2003
Operating Revenues	$35,831,166	$36,287,629	$36,443,234	$34,326,951	##########
Operating Expenses	(20,758,435)	(20,236,521)	(20,089,820)	(20,891,703)	(24,340,649)
Operating Income before Depreciation and Amortization	15,072,731	16,051,108	16,353,414	13,435,248	10,211,635
Depreciation and Amortization	(14,316,472)	(14,763,908)	(15,013,369)	(15,260,870)	(15,516,102)
Operating Income (Loss)	756,259	1,287,200	1,340,045	(1,825,622)	(5,304,467)
Nonoperating Revenues and (Expenses):					
Interest Income	1,451,169	1,484,549	2,173,880	1,360,986	1,310,023
PFC Revenue	8,387,291	8,260,993	5,844,082	6,847,754	8,348,271
Insurance Proceeds	-	-	-	750,000	18,245,962
Jet Fuel Tax Revenue (Expense)	-	-	-	-	-
Reclamation Expense	-	-	(925,000)	-	-
Interest Expense	(8,035,201)	(7,617,091)	(7,792,177)	(6,903,972)	(5,729,405)
Gain (Loss) on Sale of Assets	-	(2,192)	418,004	(80,587)	(47,882)
	1,803,259	2,126,259	(281,211)	1,974,181	22,126,969
Income (Loss) Before Capital Contributions	$2,559,518	$3,413,459	$1,058,834	$148,559	##########

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	2004	2005	2006	2007	2008
Operating Revenues	$36,008,640	$39,090,139	$44,392,984	$45,596,697	$47,143,034
Operating Expenses	(25,626,456)	(27,390,685)	(29,529,726)	(30,453,872)	(31,935,541)
Operating Income before Depreciation and Amortization	10,382,184	11,699,454	14,863,258	15,142,825	15,207,493
Depreciation and Amortization	(17,044,725)	(17,374,021)	(18,564,621)	(20,686,072)	(22,000,778)
Operating Income (Loss)	(6,662,541)	(5,674,567)	(3,701,363)	(5,543,247)	(6,793,285)
Nonoperating Revenues and (Expenses):					
Interest Income	345,940	1,370,190	1,723,481	3,382,557	2,440,071
PFC Revenue	10,343,967	8,771,723	11,029,218	10,992,217	9,931,917
Insurance Proceeds	16,264	30,000	-	13,853	-
Jet Fuel Tax Revenue (Expense)	(113,141)	414,908	414,874	338,810	400,006
Reclamation Expense	-	-	-	-	-
Interest Expense	(4,227,792)	(4,126,651)	(3,608,057)	(3,229,056)	(2,834,064)
Gain (Loss) on Sale of Assets	40,043	1,311,777	496,591	112,337	89,009
	6,405,281	7,771,947	10,056,107	11,610,718	10,026,939
Income (Loss) Before Capital Contributions	($257,260)	$2,097,380	$6,354,744	$6,067,471	$3,233,654

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 1999-2008
(unaudited)

	Landing Fee		RON (Ramp Over Night)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2008	2.02	2.45	0.30	0.61	58.43	5.52
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

Ramp Over Night Fees are charged at the budgeted amount.

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, 1999-2008
(unaudited)

YEAR	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt and Obligation Payments	PRINCIPAL	INTEREST	TOTAL	COVERAGE
2008	$49,672,114	($31,935,541)	$17,736,573	$7,365,000	$3,400,468	$10,765,468	1.65
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

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, 1999 - 2008
(unaudited)

	1999	2000	2001	2002	2003
Operating Revenues	$35,831,166	$36,287,629	$36,443,234	$34,326,951	$34,552,284
Trust Fund Investment Interest Income	1,392,638	1,377,257	1,785,895	1,268,375	1,200,102
Gross Pledged Revenues	37,223,804	37,664,886	38,229,129	35,595,326	35,752,386
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	672,753	679,517	656,730
Airline revenue share prior yea	-	-	2,727,766	2,550,000	1,421,946
Operating Expenses	(20,758,435)	(20,236,521)	(20,089,820)	(20,891,703)	(24,340,649)
35% of Gaming Revenues	(1,142,939)	(971,819)	(969,523)	(933,202)	(882,000)
Net Pledged Revenues	$15,322,430	$16,456,546	$20,570,305	$16,999,938	$12,608,413
125% of Revenue Bond Debt Service	$13,882,613	$12,412,351	$14,533,705	$14,530,776	$7,030,344
Rate Maintenance Minimum Revenues	$13,882,613	$12,412,351	$14,533,705	$14,530,776	$7,030,344

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	2004	2005	2006	2007	2008
Operating Revenues	$36,008,640	$39,090,139	$44,392,984	$45,596,697	$47,143,034
Trust Fund Investment Interest Income	244,461	728,223	1,220,400	2,475,203	1,794,812
Gross Pledged Revenues	36,253,101	39,818,362	45,613,384	48,071,900	48,937,846
Transfers - General Purpose Fund for LOI Bond Debt Service	654,578	647,661	649,427	639,373	641,856
Airline revenue share prior yea	2,246,836	1,653,595	1,537,929	2,111,696	1,867,149
Operating Expenses	(25,626,456)	(27,077,027)	(29,328,473)	(30,453,872)	(31,935,541)
35% of Gaming Revenues	(882,000)	(1,079,961)	(1,199,079)	(1,294,816)	(1,221,986)
Net Pledged Revenues	$12,646,059	$13,962,630	$17,273,188	$19,074,281	$18,289,324
125% of Revenue Bond Debt Service	$8,277,935	$10,145,266	$12,039,713	$13,456,835	$13,463,095
Rate Maintenance Minimum Revenues	$8,277,935	$10,145,266	$12,039,713	$13,456,835	$13,463,095

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	1999	**2000**	**2001**	**2002**	**2003**
Outstanding Debt					
Revenue bonds	$138,395,000	$128,585,000	$117,780,000	$104,300,000	$89,545,000
Notes payable	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	10,000,000	-
Total outstanding debt	$142,766,000	$142,736,000	$128,105,849	$114,300,000	$89,545,000
Outstanding debt per enplaned passenger	$46	$48	$48	$51	$40
Debt Service					
Principal	$9,560,000	$10,020,000	$11,035,000	$13,720,849	$14,130,000
Interest	8,264,567	7,964,976	7,477,175	7,567,964	6,838,464
Total debt service	$17,824,567	$17,984,976	$18,512,175	$21,288,813	$20,968,464
Ratio of debt service to total expenses	41.35%	42.20%	42.25%	49.35%	45.95%

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

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	2004	2005	2006	2007	2008
Outstanding Debt					
Revenue bonds	$80,350,000	$77,975,000	$74,320,000	$68,175,000	$60,810,000
Notes payable	-	-	-	-	-
Tax-exempt PFC backed note	-	-	-	-	-
Subordinate revenue taxable note	-	-	-	-	-
Total outstanding debt	$80,350,000	$77,975,000	$74,320,000	$68,175,000	$60,810,000
Outstanding debt per enplaned passenger	$33	$31	$29	$27	$25
Debt Service					
Principal	$9,195,000	$2,375,000	$3,970,000	$6,145,000	$7,365,000
Interest	3,837,211	4,247,348	4,146,213	3,486,770	3,400,468
Total debt service	$13,032,211	$6,622,348	$8,116,213	$9,631,770	$10,765,468
Ratio of debt service to total expenses	27.50%	13.55%	15.70%	17.72%	18.96%

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 1998-2007
(unaudited)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Nevada										
County										
Churchill	23,147	23,405	24,025	24,469	24,248	24,241	24,289	24,556	25,036	24,891
Douglas	36,815	37,602	41,465	42,227	43,230	44,170	45,933	47,017	45,909	45,406
Humboldt	18,083	17,876	15,919	15,969	16,143	16,562	16,863	17,129	17,446	17,523
Lyon	30,131	31,459	34,893	36,254	38,019	40,290	43,336	47,515	51,231	52,479
Pershing	4,834	4,803	6,665	6,588	6,566	6,446	6,396	6,360	6,414	6,376
Storey	2,951	2,988	3,393	3,424	3,421	3,541	3,731	4,074	4,132	4,193
Washoe	313,008	319,816	341,348	351,584	361,640	371,062	380,612	389,872	396,428	406,079
Carson City	49,163	50,046	52,548	53,446	54,547	55,269	55,926	56,062	55,289	54,939
Subtotal	478,132	487,995	520,256	533,961	547,814	561,581	577,086	592,585	601,885	611,886
California										
County										
Alpine	1,192	1,161	1,207	1,204	1,217	1,188	1,197	1,159	1,180	1,145
El Dorado	158,322	161,358	157,198	161,363	165,711	169,119	172,723	176,841	178,066	175,689
Lassen	33,281	33,028	33,767	33,652	33,569	34,114	34,606	34,751	34,715	35,031
Mono	10,307	10,512	12,866	12,895	12,993	12,832	12,687	12,509	12,754	12,801
Nevada	91,114	92,014	92,537	93,868	95,071	96,235	97,447	98,394	98,764	97,027
Placer	229,216	239,485	251,327	264,818	278,911	293,457	306,305	317,028	326,242	332,920
Plumas	20,362	20,370	20,781	20,899	21,006	21,185	21,328	21,477	21,263	20,615
Sierra	3,376	3,334	3,576	3,528	3,497	3,542	3,486	3,434	3,455	3,328
Subtotal	547,170	561,262	573,259	592,227	611,975	631,672	649,779	665,593	676,439	678,556
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	1,290,442
Percentage increase		2.34%	4.22%	2.99%	2.98%	2.89%	2.82%	2.55%	1.60%	0.95%
Unemployment rate										
Washoe County	3.9%	3.5%	3.6%	4.4%	5.1%	4.7%	4.2%	3.9%	4.0%	4.4%

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

RENO-TAHOE AIRPORT AUTHORITY
FORTUNE 100 COMPANIES WITHIN AIR TRADE AREA
FISCAL YEAR ENDED 2008
(unaudited)

Ranking	Company	Ranking	Company
1	Wal-Mart Stores	63	PepsiCo
3	General Motors	65	Sysco
6	General Electric	67	Johnson Controls
8	Citigroup	68	FedEx
9	Bank of America	69	Honeywell International
19	Cardinal Health	71	Alcoa
20	Morgan Stanley	77	Cisco Systems
22	Merrill Lynch	78	New York Life
27	AT&T	79	American Express
28	Boeing	81	Washington Mutual
29	AmerisourceBergen	83	Delphi
31	State Farm	90	Mass Mutual
39	Pfizer	91	Countrywide Financial
41	Wells Fargo	93	International Paper
43	United Parcel Service	94	Coca-Cola
46	Wachovia Corp	95	Liberty Mutual
49	Microsoft	96	Raytheon
55	Caterpillar	98	Deere
57	Lockheed Martin	99	Merck

Thirty-eight Fortune 100 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 2008 AND 1999
(unaudited)

	2008		1999	
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	3	2,500-2,999
Washoe County	3	3,000-3,499	4	2,500-2,999
International Game Technology	4	2,500-2,999	-	-
Renown Regional Medical Center	5	2,000-2,499	7	2,000-2,499
Silver Legacy Resort Casino	6	2,000-2,499	5	2,500-2,999
Peppermill Hotel Casino-Reno	7	2,000-2,499	-	-
City of Reno	8	2,000-2,499	-	-
Atlantis Casino Resort	9	1,500-1,999	-	-
Sparks Nugget, Inc.	10	1,500-1,999	9	2,000-2,499
Eldorado Hotel & Casino	-	-	6	2,000-2,499
Grand Sierra Resort (Reno Hilton)	-	-	2	2,500-2,999
Circus Circus Casinos, Inc. - Reno	-	-	8	2,000-2,499
Harrah's Reno	-	-	10	2,000-2,499

Each of the years reflect respective 4th quarter (December) information. Nevada Revised Statute Chapter 612 stipulates 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, 1999-2008
(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
2008	9	51	67	43	15	20	64.5	269.5
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

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 complement for each fiscal year.

RENO-TAHOE AIRPORT AUTHORITY
OPERATIONAL STATISTICAL SUMMARY
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

Year	Enplanements (Scheduled and Non-Scheduled)	Airport Growth	Landed Weight (Scheduled and Non-Scheduled)	Airport Growth	Air Carrier Operations	Airport Growth
2008	2,427,364	-2.2%	3,736,173	-2.7%	59,153	9.8%
2007	2,482,162	-3.7%	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	4.2%	3,780,605	8.8%	55,394	5.8%
2003	2,362,443	5.3%	3,474,736	10.9%	52,366	-1.0%
2002	2,244,380	-15.9%	3,133,977	-9.4%	52,882	-12.0%
2001	2,669,399	-9.4%	3,458,357	-20.2%	60,061	-19.6%
2000	2,947,622	-4.1%	4,334,668	-7.9%	74,747	-4.8%
1999	3,073,166	-9.2%	4,706,028	-10.9%	78,527	-9.5%

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, 1999 - 2008
(unaudited)

		1999			2000			2001		
Scheduled Airline	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	0%	178,022	6%	-8%	128,043	4%	-28%	113,411	4%	-11%
Aloha Airlines	0%	-	0%	0%	-	0%	0%	-	0%	0%
America West	-9%	161,068	5%	1%	165,655	6%	3%	194,417	7%	17%
American	-20%	80,078	3%	2%	650,232	22%	712%	381,984	14%	-41%
Atlantic Southeast	0%	-	0%	0%	-	0%	0%	-	0%	0%
Continental	0%	13,540	0%	0%	34,423	1%	154%	41,283	2%	20%
Frontier	0%	-	0%	0%	-	0%	0%	-	0%	0%
Horizon Air	0%	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	0%	-	0%	0%	-	0%	0%	-	0%	0%
Northwest	53%	136,567	4%	-16%	123,221	4%	-10%	95,394	4%	-23%
Scenic	0%	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	-11%	22,582	1%	-11%	29,844	1%	32%	65,481	2%	119%
Southwest	-3%	944,487	31%	4%	1,066,053	36%	13%	1,248,606	47%	17%
United	6%	323,801	11%	-1%	326,781	11%	1%	325,870	12%	0%
Allegiant Air	0%	-	0%	0%	-	0%	0%	19,094	1%	100%
Casino Express	0%	-	0%	0%	10,684	0%	100%	5,835	0%	-45%
American Transair	0%	-	0%	0%	1,580	0%	100%	-	0%	-100%
Canadian Air Int'	0%	-	0%	0%	1,594	0%	100%	-	0%	-100%
Champion Air	0%	-	0%	0%	10,163	0%	100%	3,693	0%	-64%
Delta	6%	228,025	7%	3%	225,247	8%	-1%	169,805	6%	-25%
National		-	0%	0%	-	0%	0%	-	0%	0%
Reno Air	4%	908,968	30%	-26%	125,260	4%	-86%	-	0%	-100%
Sierra Pacific/Sunwest	0%	-	0%	0%	-	0%	0%	2,527	0%	100%
Sunworld	0%	162	0%	100%	1,268	0%	683%	-	0%	-100%
TWA	16%	75,131	2%	-11%	47,574	2%	-37%	-	0%	-100%
Other	-100%	735	0%	100%	-	0%	0%	1,999	0%	100%
	2%	3,073,166	100%	-9%	2,947,622	100%	-4%	2,669,399	100%	-9%

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, 1999 - 2008
(unaudited)

	2002			2003			2004		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	103,740	5%	-9%	114,267	5%	10%	181,866	7%	59%
Aloha Airlines	-	0%	0%	113,223	5%	0%	32,133	1%	100%
America West	177,250	8%	-9%	198,392	8%	12%	206,307	8%	4%
American	293,393	13%	-23%	233,442	10%	-20%	239,167	10%	2%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	48,846	2%	18%	58,502	2%	20%	77,461	3%	32%
Frontier	31,342	1%	100%	40,331	2%	29%	54,709	2%	36%
Horizon Air	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	1,265	0%	0%	-	0%	-100%
Northwest	81,894	4%	-14%	87,121	4%	6%	91,230	4%	5%
Scenic	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	113,418	5%	73%	117,884	5%	4%	183,632	7%	56%
Southwest	1,112,648	50%	-11%	1,134,256	48%	2%	1,160,906	47%	2%
United	251,034	11%	-23%	256,635	11%	2%	204,840	8%	-20%
Allegiant Air	183	0%	-99%	413	0%	126%	29,015	1%	6925%
Casino Express	88	0%	-98%	-	0%	-100%	35	0%	0%
American Transair	1,050	0%	100%	-	0%	-100%	-	0%	0%
Canadian Air Int'l	-	0%	0%	-	0%	0%	-	0%	0%
Champion Air	-	0%	-100%	-	0%	0%	-	0%	0%
Delta	27,819	1%	-84%	-	0%	-100%	-	0%	0%
National	-	0%	0%	6,712	0%	0%	-	0%	0%
Reno Air	-	0%	0%	-	0%	0%	-	0%	0%
Sierra Pacific/Sunwest	-	0%	-100%	-	0%	0%	-	0%	0%
Sunworld	-	0%	0%	-	0%	0%	-	0%	0%
TWA	-	0%	0%	-	0%	0%	-	0%	0%
Other	1,675	0%	-16%	-	0%	-100%	393	0%	0%
	2,244,380	100%	-16%	2,362,443	100%	5%	2,461,694	100%	4%

RENO-TAHOE AIRPORT AUTHORITY
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ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	2005			2006			2007			2008		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	173,865	7%	-4%	111,961	4%	-36%	105,437	4%	-6%	34,135	1%	-68%
Aloha Airlines	43,378	2%	100%	31,502	1%	100%	26,639	1%	-15%	22,091	1%	-17%
America West	228,743	9%	11%	202,610	8%	-11%	183,965	7%	-9%	155,643	7%	-15%
American	250,509	10%	5%	240,675	9%	-4%	202,654	8%	-16%	191,839	8%	-5%
Atlantic Southeast	23,149	1%	0%	26,254	1%	13%	15,481	1%	-41%	-	0%	-100%
Continental	66,663	3%	-14%	59,379	2%	-11%	71,216	3%	20%	70,108	3%	-2%
Frontier	31,441	1%	-43%	39,036	2%	24%	33,280	1%	-15%	7,759	0%	-77%
Horizon Air	26,984	1%	0%	90,366	4%	235%	113,315	5%	25%	183,955	8%	62%
Mesa	3,674	0%	0%	38,238	1%	941%	41,512	2%	9%	43,503	2%	5%
Northwest	82,998	3%	-9%	35,758	1%	-57%	-	0%	-100	-	0%	0%
Scenic	1,586	0%	0%	4,122	0%	160%	-	0%	-100	-	0%	0%
Skywest	188,436	7%	3%	151,168	6%	-20%	117,820	5%	-22%	111,688	5%	-5%
Southwest	1,182,838	46%	2%	1,251,809	49%	6%	1,222,526	49%	-2%	1,177,434	49%	-4%
United	182,893	7%	-11%	185,751	7%	2%	238,640	10%	28%	220,543	9%	-8%
Allegiant Air	28,731	1%	-1%	32,307	1%	12%	1,194	0%	-96%	12,748	1%	968%
Casino Express	88	0%	151%	-	0%	-100%	-	0%	0%	-	0%	0%
American Transair	132	0%	0%	-	0%	-100%	-	0%	0%	-	0%	0%
Canadian Air Int'	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Champion Air	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Delta	34,165	1%	0%	67,838	3%	99%	105,718	4%	56%	100,467	4%	-5%
National	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Reno Air	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Sierra Pacific/Sunwest	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Sunworld	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
TWA	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Other	-	0%	100%	8,772	0%	0%	2,771	0%	-68%	59,601	2%	2051%
	2,550,273	100%	4%	2,577,546	100%	1%	2,482,168	100%	-4%	2,391,514	100	-4%

RENO-TAHOE AIRPROT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	1999			2000			2001			2002		
Scheduled Airline	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
Alaska	197,462	4%	-22%	143,705	3%	-27%	136,172	4%	-5%	128,950	4%	-5%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
America West	225,187	5%	2%	249,521	6%	11%	235,655	7%	-6%	255,695	8%	9%
American	103,570	2%	-3%	1,099,902	25%	962%	538,236	16%	-51%	405,332	13%	-25%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Continental	22,432	0%	0%	40,624	1%	81%	45,434	1%	12%	52,588	2%	16%
Frontier	-	0%	0%	-	0%	0%	-	0%	0%	65,200	2%	0%
Horizon	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Northwest	203,000	4%	-13%	182,092	4%	-10%	114,607	3%	-37%	100,013	3%	-13%
Scenic	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	44,196	1%	-5%	48,937	1%	11%	94,889	3%	94%	134,930	4%	42%
Southwest	1,539,102	33%	-2%	1,587,667	37%	3%	1,623,092	47%	2%	1,631,799	52%	1%
United	412,936	9%	-2%	397,453	9%	-4%	385,756	11%	-3%	321,466	10%	-17%
Allegiant Air	-	0%	0%	-	0%	0%	45,449	1%	0%	-	0%	-100%
Airborne Express	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Federal Express	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
United Parcel Service	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Delta	358,963	8%	-11%	323,853	7%	-10%	239,067	7%	-26%	38,004	1%	-84%
National	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
Reno Air	1,505,840	32%	-22%	204,680	5%	-86%	-	0%	-100%	-	0%	0%
TWA	93,340	2%	-12%	56,234	1%	-40%	-	0%	-100%	-	0%	0%
Other	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
	4,706,028	100%	-11%	4,334,668	100%	-8%	3,458,357	100%	-20%	3,133,977	100%	-9%

Rounding errors may occur.

RENO-TAHOE AIRPROT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 1999 - 2008
(unaudited)

	2003			2004			2005		
Scheduled Airline	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change
Alaska	145,453	4%	13%	272,567	7%	87%	225,303	6%	-17%
Aloha Airlines	-	0%	0%	46,899	1%	0%	73,125	2%	0%
America West	275,247	8%	8%	301,178	8%	9%	323,416	8%	7%
American	290,583	8%	-28%	296,588	8%	2%	318,810	8%	7%
Atlantic Southeast	-	0%	0%	-	0%	0%	31,021	1%	0%
Continental	63,004	2%	20%	91,532	2%	45%	79,589	2%	-13%
Frontier	61,296	2%	-6%	87,471	2%	43%	49,713	1%	-43%
Horizon	-	0%	0%	-	0%	0%	30,017	1%	0%
Mesa	2,679	0%	0%	-	0%	0%	8,748	0%	0%
Northwest	99,675	3%	0%	104,254	3%	5%	93,582	2%	-10%
Scenic	-	0%	0%	-	0%	0%	3,600	0%	0%
Skywest	138,994	4%	3%	215,743	6%	55%	230,224	6%	7%
Southwest	1,644,432	47%	1%	1,682,256	44%	2%	1,694,986	44%	1%
United	310,702	9%	-3%	262,964	7%	-15%	241,294	6%	-8%
Allegiant Air	26,996	1%	0%	38,710	1%	43%	42,323	1%	9%
Airborne Express	25,908	1%	0%	26,112	1%	1%	26,010	1%	0%
Federal Express	219,322	6%	0%	209,816	6%	-4%	213,469	6%	2%
United Parcel Service	113,002	3%	0%	116,029	3%	3%	122,350	3%	5%
Delta	-	0%	-100%	-	0%	0%	44,142	1%	0%
National	25,344	1%	0%	-	0%	-100%	-	0%	0%
Reno Air	-	0%	0%	-	0%	0%	-	0%	0%
TWA	-	0%	0%	-	0%	0%	-	0%	0%
Other	32,099	1%	0%	28,486	1%	-11%	26,202	1%	-8%
	3,474,736	100%	11%	3,780,605	100%	9%	3,877,924	100%	3%

RENO-TAHOE AIRPROT AUTHORITY
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(unaudited)

Scheduled Airline	2006 Landed Weights (000)lbs	2006 Share	2006 Percent Change	2007 Landed Weights (000)lbs	2007 Share	2007 Percent Change	2008 Landed Weights (000)lbs	2008 Share	2008 Percent Change
Alaska	142,111	4%	-37%	136,127	4%	-4%	41,376	1%	-70%
Aloha Airlines	47,802	1%	0%	47,028	1%	0%	35,271	1%	0%
America West	258,369	7%	-20%	237,084	6%	-8%	215,025	6%	-9%
American	270,454	7%	-15%	234,199	6%	-13%	224,056	6%	-4%
Atlantic Southeast	33,031	1%	6%	19,329	1%	-41%	-	0%	-100%
Continental	63,076	2%	-21%	79,075	2%	25%	77,562	2%	-2%
Frontier	54,646	1%	10%	47,964	1%	-12%	8,978	0%	-81%
Horizon	93,135	3%	210%	116,770	3%	25%	199,390	5%	71%
Mesa	43,610	1%	399%	48,490	1%	11%	46,188	1%	-5%
Northwest	41,726	1%	-55%	-	0%	-100%	-	0%	0%
Scenic	7,728	0%	115%	-	0%	-100%	-	0%	0%
Skywest	167,176	4%	-27%	131,325	3%	-21%	132,837	4%	1%
Southwest	1,726,284	46%	2%	1,773,750	46%	3%	1,722,580	46%	-3%
United	221,035	6%	-8%	291,748	8%	32%	279,625	7%	-4%
Allegiant Air	41,573	1%	-2%	44,782	1%	8%	60,634	2%	35%
Airborne Express	25,990	1%	0%	60,472	2%	133%	71,094	2%	18%
Federal Express	239,288	6%	12%	247,103	6%	3%	238,814	6%	-3%
United Parcel Service	131,104	4%	7%	176,952	5%	35%	160,481	4%	-9%
Delta	81,464	2%	85%	125,790	3%	54%	117,684	3%	-6%
National	-	0%	0%	-	0%	0%	-	0%	0%
Reno Air	-	0%	0%	-	0%	0%	-	0%	0%
TWA	-	0%	0%	-	0%	0%	-	0%	0%
Other	34,931	1%	33%	23,543	1%	-33%	104,578	3%	344%
	3,724,533	100%	-4%	3,841,531	100%	3%	3,736,173	100%	-3%

continued

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 1999 - 2008
(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, 1999 - 2008
(unaudited)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Terminal Space - sq. ft.										
Airlines	154,875	154,875	154,875	154,875	154,630	154,482	154,482	154,482	154,810	154,810
Ground Transportation	3,103	3,103	3,103	3,326	3,326	3,326	3,723	3,723	3,723	3,723
Concession Space	18,825	18,825	18,825	18,602	18,602	18,750	18,353	18,353	18,353	18,353
Public Areas	157,081	157,081	157,081	157,081	157,081	157,081	157,081	157,081	156,606	156,606
RTAA	36,271	36,271	36,271	36,271	34,109	34,109	34,109	34,109	34,109	34,109
Unfinished Areas	5,426	5,426	5,426	5,426	7,833	7,833	7,833	7,833	7,980	7,980
	375,581	375,581	375,581	375,581	375,581	375,581	375,581	375,581	375,581	375,581
Passenger Boarding Gates	23	23	23	23	23	23	23	23	23	23
Parking - Number of Spaces										
Short -Term	450	450	450	450	450	450	450	450	450	450
Long-Term	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565
	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665
Cargo - sq. ft.										
Building	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
Landside	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Airside	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	412,500	412,500
	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	630,000	630,000

Reno-Tahoe Airport Authority

Compliance Section

KAFOURY, ARMSTRONG & CO.
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November 25, 2008

To the Finance and Business Development Committee of the
Reno-Tahoe Airport Authority

We have audited the financial statements of the Reno-Tahoe Airport Authority (the "Authority") for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133 and the Passenger Facility Audit Guide for Public Agencies

As stated in our engagement letter dated February 16, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program or the Passenger Facility Charge Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide).

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 grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Authority's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular

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A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the Authority's compliance with those requirements. In accordance with the Guide, we also examined, on a test basis, evidence about the Authority's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* applicable to its passenger facility charge program for the purpose of expressing an opinion on the Authority's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Authority's compliance with those requirements.

Management's Discussion and Analysis is not a required part of the 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 audit was conducted for the purpose of forming an opinion on the financial statements of the Authority. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. 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 audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the 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 financial statements and, accordingly, we express no opinion on them.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation expense (based on estimated useful lives of the related capital assets), the allowance for uncollectible accounts receivable, and the liability established for reclamation of an area located near the Reno-Stead Airport. We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit:

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

The following material misstatement detected as a result of audit procedures was corrected by management and included in the audit report as a financial statement audit finding:

Grant receivable	$3,299,503	
Capital contributions		$3,299,503

Disagreements with Management:

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations:

We have requested certain representations from management that are included in the management representation letter dated November 25, 2008.

Management Consultations with Other Independent Accountants:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

There were four findings reported for the year ended June 30, 2008 in relation to compliance with requirements applicable to the major federal award programs. The findings relate to the Airport Checked Baggage Screening Program.

1) As noted above, an adjustment was recorded during the audit process to the grant receivable account and related capital contribution account in the amount of $3,299,503.
2) The contract related to the Inline Explosive Detection System did not contain a certification from the contractor that they were not a suspended or debarred party.
3) The contract related to the Inline Explosive Detection System was a cost-plus-a-percentage-of-cost agreement with a guaranteed maximum price provision, which may constitute a contract with prohibited remuneration terms.
4) Certified payrolls were submitted on a monthly basis rather than a weekly basis, as required by the Davis-Bacon Act and Department of Labor regulations.

* * * * *

This information is intended solely for the use of the Finance and Business Development Committee and management of the Reno-Tahoe Airport Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kafoury, Armstrong & Co.

Kafoury, Armstrong & Co.

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

DATE		PERCENT OF PARTICIPATION	DESCRIPTION OF PROJECT	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSE-MENTS RECEIVED IN FY 2008	REIMBURSABLE EXPENSES
	Granting Agency: United States Department of Transportation							
	Property Acquisition and Relocation Assistance							
09/20/01	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-49	$ 6,000,000	$ (3,230)	$ -
08/31/04	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-61	1,875,000	181,081	568,156
08/31/04	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-62	2,000,000	80,588	78,893
08/18/05	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-65	2,000,000	6,014	-
08/18/05	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-66	2,000,000	466,525	91,050
06/13/06	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-68	5,000,000	1,461,468	1,151,556
07/20/06	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-69	2,000,000	1,251,561	1,293,188
06/04/07	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-74	2,000,000	2,000,000	1,631,544
08/31/07	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-76	2,000,000	808,840	1,817,910
05/15/08	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-78	5,000,000	304,982	322,826
	Security							
09/26/02	Airport Improvement Program	93.75%	Various Security Projects	20.106	3-32-0017-54	6,201,726	(25,282)	-
08/10/06	Airport Improvement Program	93.75%	SIDA Access Control System Design	20.106	3-32-0017-73	1,200,000	253,171	255,204
	Construction							
08/18/05	Airport Improvement Program	93.75%	Upgrade Airfield Lighting Control System	20.106	3-32-0017-67	413,641	26,089	-
07/20/06	Airport Improvement Program	93.75%	Aircraft Rescue & Fire Fighting Facility	20.106	3-32-0017-70	3,750,000	3,732,937	3,570,866
07/20/06	Airport Improvement Program	93.75%	Taxiway "C" Reconstruction Design	20.106	3-32-0017-72	468,622	358,261	-
05/24/07	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-75	10,530,401	6,911,350	6,798,742
05/15/08	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-77	10,204,555	-	23,459
05/20/04	Airport Improvement Program	95.00%	Construct Taxilanes	20.106	3-32-0018-21	3,201,563	2,294,645	1,220,483
08/10/06	Airport Improvement Program	95.00%	Ramp Road Reconstruction	20.106	3-32-0018-23	2,049,375	552,699	417,192
08/22/07	Airport Improvement Program	95.00%	Various Construction Projects	20.106	3-32-0018-25	520,313	302,150	309,397
06/11/08	Airport Improvement Program	95.00%	Reconstruction of Taxilanes	20.106	3-32-0018-26	908,900	-	18,167
	Planning							
07/20/06	Airport Improvement Program	95.00%	Update Airport Master Plan	20.106	3-32-0018-24	300,000	17,745	28
07/20/06	Airport Improvement Program	93.75%	Runway Safety Area Standards Study	20.106	3-32-0017-71	111,625	7,028	-
						69,735,721	20,988,622	19,568,661
	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	752,500	150,500	150,500
09/18/07	Aviation and Transportation Security Act	Fixed	Law Enforcement Officer Reimbursement Program	97.090	HSTS02-08-H-SLR249	230,638	204,055	230,638
08/28/06	Aviation and Transportation Security Act	Fixed	Airport Checked Baggage Screening Program	97.100	HSTS04-06-A-DEP393	12,000,000	2,218,895	11,034,639
						12,983,138	2,573,450	11,415,777
						$ 82,718,859	$ 23,562,072	$ 30,984,438

* Catalog of Federal Domestic Assistance

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

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, 2008

Balance July 1, 2007	$	34,692,824
Collection of Passenger Facility Charges, July 1, 2007 through June 30, 2008		8,646,520
Interest earnings		1,355,844
Proceeds expended for Passenger Facility Charge Projects July 1, 2007 through June 30, 2008		(11,143,425)
Balance June 30, 2008	$	33,551,763

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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, 2008.

2. A significant deficiency was identified during the audit of the financial statements as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*. The deficiency was not considered a material weakness.

3. The audit disclosed no instances of noncompliance which were material to the financial statements of the Authority.

4. A significant deficiency in the internal control over major federal award programs was disclosed during the audit.

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

6. Audit findings relative to the major federal award programs 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

   U.S. Department of Homeland Security:
   Airport Checked Baggage Screening Program, CFDA 97.100

8. The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2008 was $929,533.

9. The Authority qualified as a low-risk auditee for the year ended June 30, 2008 under the criteria set forth in section .530 of OMB Circular A-133.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Recording of Accounts Receivable:

Criteria and Condition: Generally accepted accounting principles require that, under a reimbursement grant, a receivable be recorded when work has been completed under a grant and amounts are due to the entity.

While reviewing the activity related to the grant, U.S Department of Homeland Security CFDA 97.100, it was noted that a receivable in the amount of $3,299,503 was not recorded at June 30, 2008. Work had been completed on the grant project and amounts were due the Authority.

Questioned costs: None.

Context: The condition noted above appears to be an isolated incident.

Effect: Grants receivable and capital contributions were understated in the financial statements for the year ended June 30, 2008. An adjustment was made to the records of the Authority during the audit process.

Cause: The Authority inadvertently recorded the capital contribution in the period ending June 30, 2009 rather than reflecting it in the period when the work was performed.

Recommendation: We recommend that the Authority review submissions for reimbursement, particularly near year end, in order to ensure the receivable is recorded in the proper accounting period.

Management's Response: See Management's Response on pages 88-89.

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

U.S. Department of Homeland Security:

Finding 08-1

Airport Checked Baggage Screening Program, CFDA 97.100

Grant Award Number:	Affects grant award HSTS04-06-A-DEP393 included under CFDA 97.100 on the Schedule of Expenditures of Federal Awards.
Finding:	See Part B, Findings - Financial Statement Audit on page 81.
Management's Response:	See Management's Response on pages 88-89.

U.S. Department of Homeland Security:

Finding 08-2

Airport Checked Baggage Screening Program, CFDA 97.100

Grant Award Number:	Affects grant award HSTS04-06-A-DEP393 included under CFDA 97.100 on the Schedule of Expenditures of Federal Awards.
Criteria and Condition:	The OMB Circular A-133 Compliance Supplement states that non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. While reviewing the $48,117,407 contract for the construction of the Inline Explosive Detection System, it was noted that the contract did not contain a certification from the contractor that they were not a suspended or debarred party. In addition, there was no evidence that the Authority had taken alternate steps to ensure the contractor was not suspended or debarred.
Questioned costs:	None.

Context:	The condition noted above appears to be an isolated incident.
Effect:	The Authority may have contracted with an entity that had been suspended or debarred or otherwise declared ineligible from receiving federal contracts.
Cause:	The Authority did not follow their routine procurement procedures for this project, which include obtaining a suspension and debarment certification with each bid solicited. Because of the sensitive security information (SSI) related to the project, the Authority did not solicit competitive bids for the project, therefore, they did not receive contractor certification with bid documents.
Recommendation:	We recommend that the Authority ensure suspension and debarment certifications are received for all covered contracts, regardless of the procurement procedures followed.
Management's Response:	See Management's Response on pages 88-89.

U.S. Department of Homeland Security:

Finding 08-3

Airport Checked Baggage Screening Program, CFDA 97.100

Grant Award Number: Affects grant award HSTS04-06-A-DEP393 included under CFDA 97.100 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: Article VI of the grant award, referred to above, states that the Transportation Security Administration (TSA) has adopted Federal Aviation Administration (FAA) Cost Principles. Article XVI of the grant award states that the FAA Procurement Guidance for Contract Cost Principles establishes standards for determining allowability of costs.

The FAA guidance referred to, states that Title 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements, to State and Local Governments, should be followed for procurement and contract requirements. Title 49 CFR Part 18.36 states that the cost-plus-a-percentage-of-cost method of contracting shall not be used.

While reviewing the $48,117,407 contract for the construction of the Inline Explosive Detection System, it was noted that the contract was structured as a cost-plus-a-percentage-of-cost agreement with a guaranteed maximum price provision.

Questioned costs: Undetermined.

Context: The condition noted above appears to be an isolated incident.

Effect: The Authority may have entered into a contract that included prohibited remuneration terms.

Cause: Due to the sensitive security information (SSI) related to the project, the Authority did not compete the project and award a routine and allowable fixed-price contract, but instead negotiated the terms of the construction contract based on a cost verification study of one proposal collected.

Recommendation:	We recommend the Authority use their routine and allowable contract terms when entering into all construction contracts.
Management's Response:	See Management's Response on pages 88-89.

U.S. Department of Homeland Security:

Finding 08-4

Airport Checked Baggage Screening Program, CFDA 97.100

Grant Award Number:	Affects grant award HSTS04-06-A-DEP393 included under CFDA 97.100 on the Schedule of Expenditures of Federal Awards.
Criteria and Condition:	The OMB Circular A-133 Compliance Supplement requires that non-federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the Department of Labor regulations (Title 29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). The above references include a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). The primary construction contract for the Inline Explosive Detection System was selected for testing. Our tests included reviewing the contract for the Davis-Bacon provisions and reviewing the payroll files collected and maintained by a contracted project manager. Although the body of the contract included disclosure that the project includes federal funding and is subject to the requirements of the Davis-Bacon Act, a special provision was added to the contract stating that weekly certified payrolls shall be submitted no later than 15 days after the end of the month in which that week occurred. During our review of the certified payrolls, we noted that the payroll submissions were made on a monthly basis rather than weekly.
Questioned Cost:	None.
Context:	The condition noted above appears to be an isolated instance.
Effect:	Material noncompliance with the Davis-Bacon Act by the contractor or a subcontractor could occur and not be detected or followed up on by the Authority in a timely manner.

Cause:	Rather than adhering to the standard contract language for projects that include federal funding, which appropriately addresses the Davis-Bacon Act requirements, the Authority added a special provision to the contract that provided for certified payroll submission terms that did not meet the federal requirement.
Recommendation:	We recommend the Authority ensure that all construction contracts that include federal funding include the appropriate Davis-Bacon Act requirements without exception.
Management's Response:	See Management's Response on pages 88-89.

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

Ms Connie Thornton
Contracting Officer
Transportation Security Administration
4275 Airport Road, Suite C
Rapid City, SD 57703

Dear Ms Thornton:

On the Schedule of Findings and Questioned Costs for the year ended June 30, 2008, the Authority's external auditors, Kafoury Armstrong & Co. noted the following findings.

Finding 08-01:

Amounts receivable for work completed and due were not initially recorded at June 30, 2008. Without this amount recorded, grants receivable and capital contributions would be understated.

Upon notification, the Authority made the adjustment to the records during the audit process to reflect correct grants receivable and capital contributions on the financial statements. Grants receivable will be reviewed and reconciled to the financial statements periodically throughout the year to ensure accuracy and completeness.

Finding 08-02:

The contract for the Inline Explosive Detection System did not contain a certification from the contractor that they were not a suspended or debarred party. Additionally, no alternative steps were taken to ensure the contractor was not suspended or debarred.

The Authority will ensure suspension and debarment certifications are received for all covered contracts and/or alternate steps may be taken to ensure the contractor was not suspended or debarred.

Finding 08-03:

The $48,117,408 contract for the construction of the Inline Explosive Detection System is a cost-plus-a-percentage-of-cost agreement. Title 49 CFR Part 18.36 states that the cost-plus-a-percentage-of-cost method of contracting shall not be used.

The Authority feels the finding takes a narrow interpretation of the contracting allowed by the FAA Cost Principles and Title 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements. The contract for the Inline Explosive Detection System establishes a guaranteed maximum price ("GMP"). While progress payments reflect actual costs plus a percentage, the contractor is at risk on a GMP contract because it assumes all risk of loss in excess of the GMP, just as with a fixed price contract.

contract. For this reason, the contractor has a very real incentive to minimize costs. The intent of the prohibition against cost-plus-a-percentage contract ("CPPC") is that the contractor does not have this incentive to reduce costs. This is not the case for this contract.

In addition, the FAA Airport Improvement Program Handbook (FAA Order 5100.38C) ("FAA Handbook") recognizes other forms of project delivery methods to carry out airport construction projects because such methods cause delivery time to be reduced and change orders to be minimized, resulting in overall lower costs and higher quality. In Section 930-31 of the FAA Handbook, alternative delivery methods such as Construction Manager at Risk and Design Build recognize that the negotiation of the ceiling amounts and a guaranteed maximum price is an important part of these construction processes. If GMP contracts were CPPC contracts, the GMP contracts would not be available under the alternative delivery forms of contracting permitted by the FAA.

The delivery method selected for this contract was driven by sensitive security information ("SSI") requirements and the need to install the inline baggage systems as soon as possible to protect the traveling public. Therefore, the Authority's use of routine and conventional contracting terms was not an option to meet the unique needs of this project.

Finding 08-04:

Although the body of the contract included disclosure that the project includes federal funding and is subject to the requirements of the Davis-Bacon Act, a special provision was added to the contract stating that weekly certified payrolls shall be submitted no later than 15 days after the end of the month in which that week occurred.

The Authority will ensure that all construction contracts that include federal funding include the appropriate Davis-Bacon Act requirements and certified payrolls be submitted weekly.

Sincerely,

Krys T. Bart

Krys T. Bart, A.A.E.
President/CEO

KTB:lw

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

U.S. Department of Transportation:

Finding 07-1

Airport Improvement Program, CFDA 20.106

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.
Recommendation:	We recommended that 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.
Current Year Status:	Corrective action has been fully implemented. The Authority has established a review process of Form 5100-125 to ensure all amounts reported are reviewed before final submission to ensure the accuracy of data input.

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, 2008 (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, 2008,
- 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 25, 2008

RENO-TAHOE AIRPORT AUTHORITY
AUDITOR'S COMMENTS
JUNE 30, 2008

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Authority conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2007.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2007.

CURRENT YEAR RECOMMENDATIONS

The recommendation made for the current year are included in the Schedule of Findings and Questioned Costs as part of the June 30, 2008 audit.