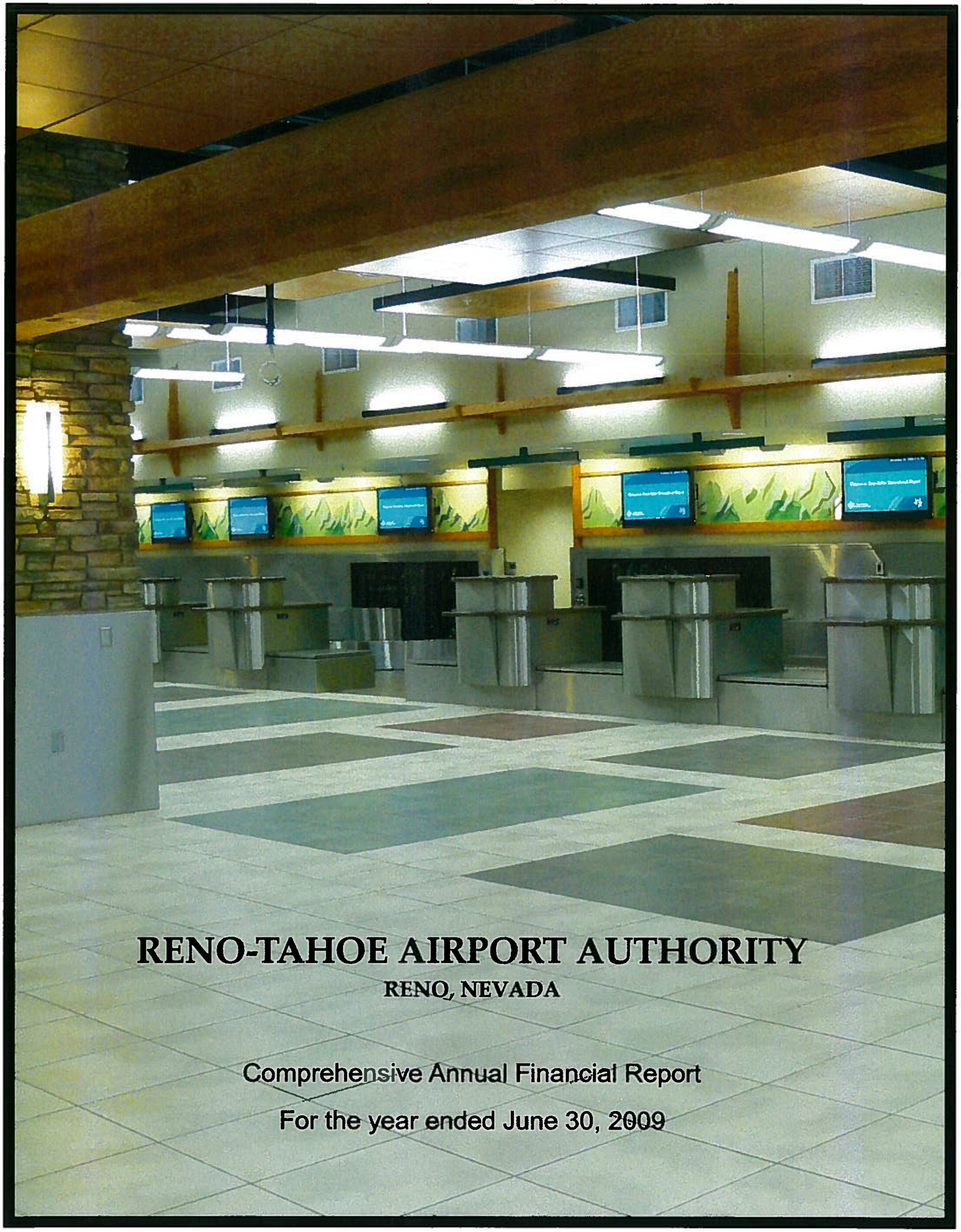

RENO-TAHOE AIRPORT AUTHORITY

RENO, NEVADA

Comprehensive Annual Financial Report

For the year ended June 30, 2009

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

Prepared by
Accounting Division

Richard G. Gorman
Chief Financial Officer

RENO-TAHOE AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

Table of Contents

Reno-Tahoe International Airport

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November 30, 2009

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, 2008 through June 30, 2009. 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, 2009 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 2009 CAFR meets program standards, and it will be submitted to the GFOA for review.

REPORTING ENTITY

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

Reno-Tahoe International Airport (RTIA) is a medium hub airport as defined by the Federal Aviation Administration (FAA), that served almost 4.0 million passengers last fiscal year. During Fiscal Year 2009, RTIA was the home to the following air carriers: Allegiant, American, Delta, Horizon, Mesa, SkyWest, Southwest, United, and US Airways.

Two major air cargo carriers, FedEx and United Parcel Service (UPS) serve RTIA.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The airline industry has been severely affected by a deep economic recession, which began in 2008 and has continued through 2009. The regional and national economy is just starting to recover and RTAA's local air service market has been impacted by unemployment, real estate foreclosures, lower housing prices and consumer spending, and a reduced demand for the region's tourism and convention services. Reno-Tahoe area unemployment rate registered 11.7 percent in June 2009, which is slightly better than the Las Vegas area which registered 12.3 percent. The State of Nevada overall unemployment rate was 12 percent. One factor contributing to the better results is that Reno-Tahoe economy is more diverse than Las Vegas with 8.2 percent of jobs based on the gaming industry as compared to 18.0 percent in Las Vegas.

In this environment, the airline industry has gone from oil prices that soared to over $145 a barrel in July 2008, with its unprecedented pressure on bottom-lines, to facing a decline in spending by passengers and shippers due to the global recession. Lower fuel prices today have been replaced with slower economic activity, decreased disposable income and a reduced propensity to travel. In response to this series of events, the airlines have significantly reduced domestic capacity.

The airlines targeted unprofitable markets, cutting routes, adjusting frequencies, and moving to seasonal service. In addition, the airlines have significantly lowered air fares to attract additional passengers. In light of this lower revenue, the airlines have adopted a strategy of increasing the amount of revenue per passenger (i.e. charging for an exit row seat, a sandwich, or to check a first or second piece of baggage).

Unfortunately, the Reno-Tahoe Airport Authority (RTAA) has not been immune from this unprecedented wave of activity. For the Fiscal Year 2008-09, the Authority's total passenger traffic is down 17.8 percent as compared to the same period last year. While the number of available flights and seats has been reduced as the economy has declined and demand for air travel has fallen, the percentage of occupied seats has risen. This increased "load factor" is a hopeful sign that capacity in the RTIA market has been adjusted to accurately meet the current demand level.

Even in the face of these challenging economic conditions, RTIA 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. Recent announcements have signaled a slight recovery with new non-stop service to Denver on Southwest Airlines starting January 10, 2010 with same-plane service to Boston, Massachusetts. Horizon Air is expanding air service to Mammoth Mountain Resort for the upcoming snow season by offering new daily non-stop service from RTIA with additional service to Los Angeles. In addition, RTIA will be adding new non-stop daily flights to Phoenix, Arizona and Boise, Idaho on Southwest also starting in January, 2010.

The recession also affected air cargo activity, as measured by pounds of freight, decreasing 13.5 percent from Fiscal Year 2007-08 to Fiscal Year 2008-09. As the economy improves, air cargo activity will increase due to the major warehousing and distribution facilities in the region. In addition, more companies such as Amazon.com, Barnes & Noble, and Dell Computers have established distribution centers in the Reno area that use air cargo to distribute their products. Growth in areas such as Wal-Mart's recently constructed 1 million square foot distribution center at the Tahoe-Reno Industrial Center also help spur cargo growth and economic diversity.

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 leisure travelers, with the growing economic diversity in the region. Over thirty-five percent (35%) 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.

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

RTAA PROACTIVE RESPONSE

RTAA has taken significant proactive steps in response to lower passenger and aircraft activity and its impact on revenues. These steps include significant reductions in the following operating categories:

- Salaries and Benefits

a) RTAA has not filled existing vacant positions in the budget. Newly vacant positions are left unfilled if not "mission critical" and staff has been reduced through layoffs. Currently, 25.5 vacant positions out of the 263.5 authorized positions are vacant. This represents a reduction of 9.6% of the total authorized personnel complement.

b) A salary freeze with no merit increases has been implemented for all Management Guidelines and Civil Service Plan employees for an 18-month period effective on January 1, 2009. In addition, all collective bargaining units have also agreed to a salary freeze with no merit increase through the end of the 2009-10 fiscal year ending June 30, 2010.

c) Retirement Buy-Out Packages were offered to employees who are at least 60 years old with 20 years of service.

d) The Authority restructured its health plan to reduce the size of the cost increase.

- Capital improvement projects and capital assets have been deferred or eliminated.
- Preventive and non-essential maintenance projects have been deferred.
- Outside consulting and professional services have been reduced and the Authority has focused its service efforts on mission critical functions.
- Offsite travel/training have been significantly downsized and all travel requires the approval of the President/CEO or the Executive Vice-President/COO.

Staff has worked diligently to reduce costs to maintain reasonable airline rates and fees while striving to maintain the levels of customer service that passengers have come to expect at RTIA. These results of these efforts are clearly shown in the operating expense results for Fiscal Year 2008-09.

Outstanding fiscal performance has been a hallmark of the RTAA. In August 2008, the Air Transport Research Society ranked RTIA 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.

GOOD FOR BUSINESS

Reno, Sparks, and Lake Tahoe area developments have a significant impact on air service demand in this market and each of these communities is taking proactive steps and a long-term view toward the future. Despite the economic slowdown, 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 and, more recently a baseball stadium that is home to the Triple-A affiliate of Major League Baseball's Arizona Diamondbacks, the Reno Aces. 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. 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.

Located in the City of Sparks, a new shopping development, "The Legends at Sparks Marina", with an estimated cost of $1 billion, is providing dozens of new retailers, restaurants and entertainment venues. This development will occupy nearly two million square feet and is expected to draw 800,000 tourists annually.

The Atlantis Casino and Resort recently completed a sky-bridge that connects to the Reno-Sparks Convention Center, which is located across the street from the property, for convenient access. The Peppermill Hotel 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 have also been completed.

South Lake Tahoe is also upgrading its recreational facilities as a $1 billion redevelopment project has been completed 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 December 2009. On the California side at the south end of the lake, small old motels and shops are being razed to become parks and open areas to enhance the perception of Lake Tahoe's alpine setting. These changes are designed to enhance the area's visual, environmental and economic qualities.

The economic diversification effort continues in the RTIA area. Several "Silicon Valley" companies have relocated to the RTIA area. Dell Computers, Cisco Systems, Intuit, Oracle, and Microsoft have been attracted by the favorable business climate and the livability of the northern Nevada region. The Reno/Sparks area is repeatedly ranked as one of the best places to live and do business in the United States. The growth of the business community will ultimately increase the demand for higher yield business travel for the airlines and also an increase in the cargo activities.

SPECIAL EVENTS

The Reno-Tahoe region is described as "America's Adventure Place". With over five million annual visitors, Reno and Lake Tahoe events are growing each year. In addition to the area's breath-taking beauty, Reno and Lake Tahoe offers an amazing mix of history, art, and culture. Tourism and conventions continue to be big business in the Reno-Sparks area.

The Reno-Sparks Convention & Visitors Authority (RSCVA) owns and 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. In 2009 the United States Bowling Congress Women's Bowling Championship was held. A total of 8,330 five player teams representing 50 states and six foreign countries competed in the event that kicked off in March and ended in July. The men's tournament will be held in 2011 with an estimated 85,000 bowlers and 60,000 guests. The economic impact for local restaurants, hotels, shops, and tourist attractions will be around $127 million.

The Reno-Sparks-Tahoe area draws hundreds of thousands of visitors to northern Nevada for community-wide special events throughout the year. This year's special event season started with the Reno Rodeo, a ten-day event in its 90th 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 $42 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 feet exhibit space with an indoor arena seating 6,200 and a lighted outdoor arena seating 9,000.

Artown, noted by the National Endowment for the Arts as one of the most comprehensive festivals in the country, brings the arts to Reno each July with a packed calendar of events. Artown captures the imagination and brings with it a celebration of distinguished artists from around the world, across the country, and those that live in the community, all for the sake of cultural diversity and artistic innovation. To experience the best and the latest in visual and performing arts, Artown features more than 400 events, from over 100 presenters designed to inspire and impress the 350,000 people that experience the festival annually.

The first week of August is reserved for Hot August Nights; a celebration of the 50's and 60's emphasizing the cars of the era. More than 800,000 people flock to the event and bring 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 Races are the largest free hot air ballooning event in the nation. Throughout the event an estimated 140,000 spectators brave 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). The NCAR and Air Show have run at the Reno-Stead Airport 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, the Safari Club has over 20,000 attendees over a one week period and a new Volleyball Festival .

MAJOR INITIATIVES AND DEVELOPMENT

RTAA actively plans and prepares for the airport facility needs for both the Reno-Tahoe International and Reno-Stead Airports in order to accommodate future aviation needs. The Authority has made significant economic contributions toward helping the economy within our service area and generating jobs during this difficult period. The following are projects either completed or substantially underway during the fiscal year:

Airport Baggage Check-In/Integrated In-Line Explosive Detection System Project

The Airport is nearing the completion of 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 modernizing 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 33 percent of the ticketing lobby, severely limiting the passenger queuing area as well as passenger flow. By relocating the large bag screening devices currently in the ticketing lobby, the need for passengers to carry their checked bags from the airline ticket counter to the bag screening devices will be eliminated. Moving these devices will also result in more passenger queuing and movement space in the ticketing lobby.

The completed ABC Project will centralize the baggage security devices behind the ticket counter wall in space currently leased by the airlines. ABC is funded by $51.2 million of RTAA PFC revenue and $12.6 million from the TSA. The TSA also provided 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 bags to depart the community.

Aircraft Rescue and Firefighting Facility (ARFF)

In August 2008, the new ARFF was completed. This 25,000 square foot building has five double drive through bays and accommodates housing for ten firefighters. It was funded 66% by FAA grants. The project was constructed $1.1 million under budget with an actual cost of $11,723,778. This new facility allows all firefighting equipment to be stored out of the weather and provides proper storage and accounting of personnel protective equipment and specialized firefighting agents. It includes upgraded training facilities for Airport and tenant groups and serves as an alternate RTAA Emergency Operations Center (EOC).

Air Traffic Control Tower (ATCT)

The FAA is completing a new ATCT at Reno-Tahoe International Airport, which is expected to be fully operational in October 2010. The new ATCT will be 195 feet tall, and will have a cab that is twice as large as the existing cab, and a 10,000 square foot base building. The new ATCT will provide an optimum view of the airfield and terminal gates and meets current security setback requirements.

Dassault Falcon Service Center

Reno-Tahoe International Airport is the new home of the West Coast service center for international aviation manufacturer Dassault Falcon. Dassault Falcon is responsible for selling and supporting Falcon business jets throughout the world. It is part of Dassault Aviation, a leading aerospace company with a presence in over 70 countries across five continents. Dassault Aviation produces the renowned Mirage and Rafale fighter jets as well as a complete line of Falcon business jets. The company has assembly and production plants in both France and the United States and service facilities on both continents. It employs a total workforce of over 12,000. Since the rollout of the first Falcon 20 in 1963, over 1,950 Falcon jets have been delivered to more than 65 countries worldwide.

Hyatt Place Reno-Tahoe

Located less than one mile from Reno-Tahoe International Airport, the Hyatt Place Reno-Tahoe is a new non-gaming business hotel property with 127 modern suites. This development, located on Authority property and clearly visible from US 395, will serve as the anchor tenant and promote future development of the remaining site. The Hyatt Place Reno-Tahoe opened in October 2009.

Olympic Portal

Reno-Tahoe International Airport has been selected as an Olympic Portal airport for the 2010 Vancouver Winter Olympic Games. RTIA is one of three United States airports to receive this designation. Canadian officials expect approximately 300 to 500 aircraft per day to fly into British Columbia during the busiest days of the Games. The portal system will help air traffic controllers and Canadian security officials coordinate the safe arrival and departure of the aircraft. Reno was selected as a portal because of its excellent airport infrastructure and landing systems, airport businesses that cater to corporate aircraft, and its good winter weather.

Reno-Stead Airport

The second airport operated by the RTAA is the Reno-Stead Airport, a general aviation airport. The development of the Reno-Stead Airport is an ongoing process. In Fiscal Year 2008-2009, several projects began: Final design for the improvement of the runway safety areas, t-hangar taxiway reconstruction, parcel map and abandonment project, and a new terminal feasibility study. All of these projects will be complete in Fiscal Year 2009-2010. Additionally, the newly installed instrument landing system for Runway 32 became operational in Fiscal Year 2008-2009.

NOISE REDUCTION AND ENVIRONMENTAL INITIATIVES

To mitigate the impact of aircraft noise on the local community, RTAA through use FAA grants implemented a sound insulation program consisting of the installation of new acoustically rated doors and windows in homes near the RNO. During Fiscal Year 2008-2009, the FAA committed \$8 million in grants to the RTAA for the conclusion of Phase 17 and the inception of Phase 18 of the RTAA's sound insulation program. In Fiscal Year 2009-2010, the FAA has already committed an additional \$5,120,938 for Phase 19. The RTAA's 6.25 percent financial share is \$874,729.

Construction on eligible homes in neighborhoods located north and south of RNO, in Sparks, Reno, and Washoe County, occurs typically between late April and early November of each calendar year. The colder months of late November through early April are not conducive to construction and are typically reserved for design, bid and materials manufacturing. During Fiscal Year 2008-2009, 278 homes from Phases 16B, 17A and 17B completed construction. This brings the total number of homes insulated by the RTAA to more than 2,050.

RTAA staff are also actively involved with the immediate environmental issues facing the aviation industry including Storm Water Pollution Prevention, and the Environmental Protection Agency's Effluent Limitation Guidelines (ELGs), Spill Prevention Control and Countermeasures (SPCC) issues, and air quality issues. In Fiscal Year 2008-2009, staff held the Chair position on the American Association of Airport Executives (AAAE) Environmental Services Committee which provides the AAAE Board of Directors with vital information and guidance on critical aviation environmental issues.

Also in Fiscal Year 2008-2009, staff completed the development and implementation of a formal Environmental Management System (EMS) to identify and act upon environmental issues at RNO. The EMS serves 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 initiatives.

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 the environment.

FINANCIAL INFORMATION

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

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

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

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

Agreements with the airlines contain a formula for the calculation of the landing fee and rental rates charged by the RTAA. The current Airline Operating Agreement expires on June 30, 2010 and a new five year agreement is currently being negotiated. The current 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 budgeted expenses is completed and a settlement made with the airlines depending on whether fees were over or under collected.

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

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, 2008. This was the 22nd 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, and Passenger Facility Charges, 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.

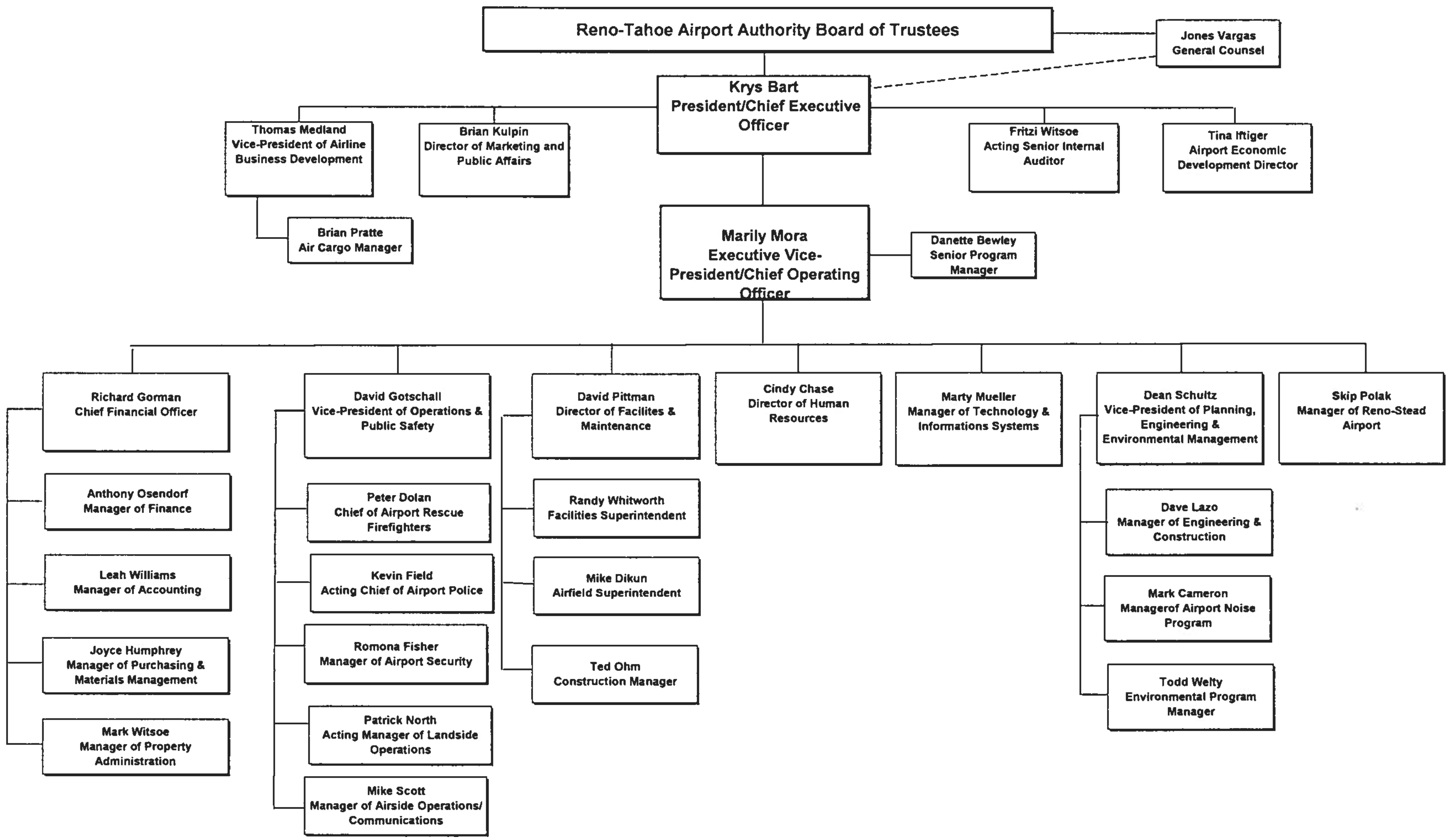
Respectfully submitted,

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

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2009

Staff	Title
Krys T. Bart, A.A.E.	President/CEO
Marily Mora, A.A.E.	Executive Vice President/COO
Cindy Chase	Director of Human Resources
Rick Gorman	Chief Financial Officer
David Gotschall	Vice-President of Operations and Public Safety
Brian Kulpin	Director of Marketing and Public Affairs
Thomas Medland	Vice-President of Airline Business Development
Marty Mueller	Manager of Technology and Information Services
David Pittman	Director of Facilities and Maintenance
Skip Polak	Manager of Reno-Stead Airport
Dean Schultz, A.A.E.	Vice-President of Planning, Engineering and Environmental Management

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, 2008

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

Reno-Tahoe Airport Authority

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

Independent Auditor's Report

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

We have audited the basic financial statements of the Reno-Tahoe Airport Authority (the "Authority"), as of and for the years ended June 30, 2009 and 2008, 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, 2009 and 2008, 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 30, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3-15 and the Schedule of Funding Progress-Other Postemployment Benefits on page 37 are not a required part of the basic financial statements but are 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 Supplementary 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 Supplementary 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, Supplementary Schedule of Expenditures of Federal Awards and the Supplementary 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 30, 2009

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, 2009 and 2008. 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:

	2009	2008	% Change	2007	% Change
Assets:					
Current Assets	$ 53,690,930	$ 62,075,622	-14%	$ 56,704,755	9%
Current Assets – Restricted	30,483,034	52,647,982	-42%	55,621,942	-5%
Total Capital Assets, Net	415,977,909	377,177,385	10%	354,499,275	6%
Other Assets	2,174,153	2,314,965	-6%	2,729,627	-15%
Total Assets	$ 502,326,026	$ 494,215,954	2%	$ 469,555,599	5%
Liabilities:					
Current Liabilities	$ 12,346,433	$ 11,370,868	9%	$ 12,821,166	-11%
Liabilities Payable from Restricted Assets	12,033,719	10,448,368	15%	10,141,198	3%
Non-Current Liabilities	47,772,422	56,403,166	-15%	64,847,669	-13%
Total Liabilities	72,152,574	78,222,402	-8%	87,810,033	-11%
Net Assets:					
Invested in Capital Assets, Net of Related Debt	355,306,544	311,373,534	14%	281,168,872	11%
Restricted Net Assets	29,015,626	50,911,600	-43%	53,606,914	-5%
Unrestricted Net Assets	45,851,282	53,708,418	-14%	46,969,780	14%
Total Net Assets	430,173,452	415,993,552	3%	381,745,566	9%
Total Liabilities and Net Assets	$ 502,326,026	$ 494,215,954	2%	$ 469,555,599	5%

For the fiscal year ended 2009:

Net assets increased by 3% or $14.2 million. The increase is primarily attributed to capital contributions from federal grants and agreements for various airport improvement projects.

Total assets increased 2% or $8.1 million over 2008. The majority of the increase is the result of increases in capital assets. Current assets (unrestricted) decreased as a result of a decrease in grants receivable of $6.9 million. Current assets (restricted) decreased mainly as the result of outlays for airport improvements programs ($22.1 million).

Total liabilities decreased 8% or $6.1 million for the year ended June 30, 2009. Current liabilities increased $2.6 million, while non-current liabilities decreased $8.6 million from normal retirement of long-term debt as bond maturities came due.

The largest portion of the RTAA's net assets each year, $355 million, or 83% at June 30, 2009, 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 $29 million, or 7% at June 30, 2009, 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	$	5,907,119
Renewal and Replacement		780,000
Passenger Facility Charge Projects		11,754,792
Debt Service		8,180,067
Flood Grant		1,951,326
Other Reserve Purposes		442,322
	$	29,015,626

The remaining unrestricted net assets of $46 million, or 11% at June 30, 2009, may be used to meet any of the RTAA's ongoing obligations.

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.

Revenues

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

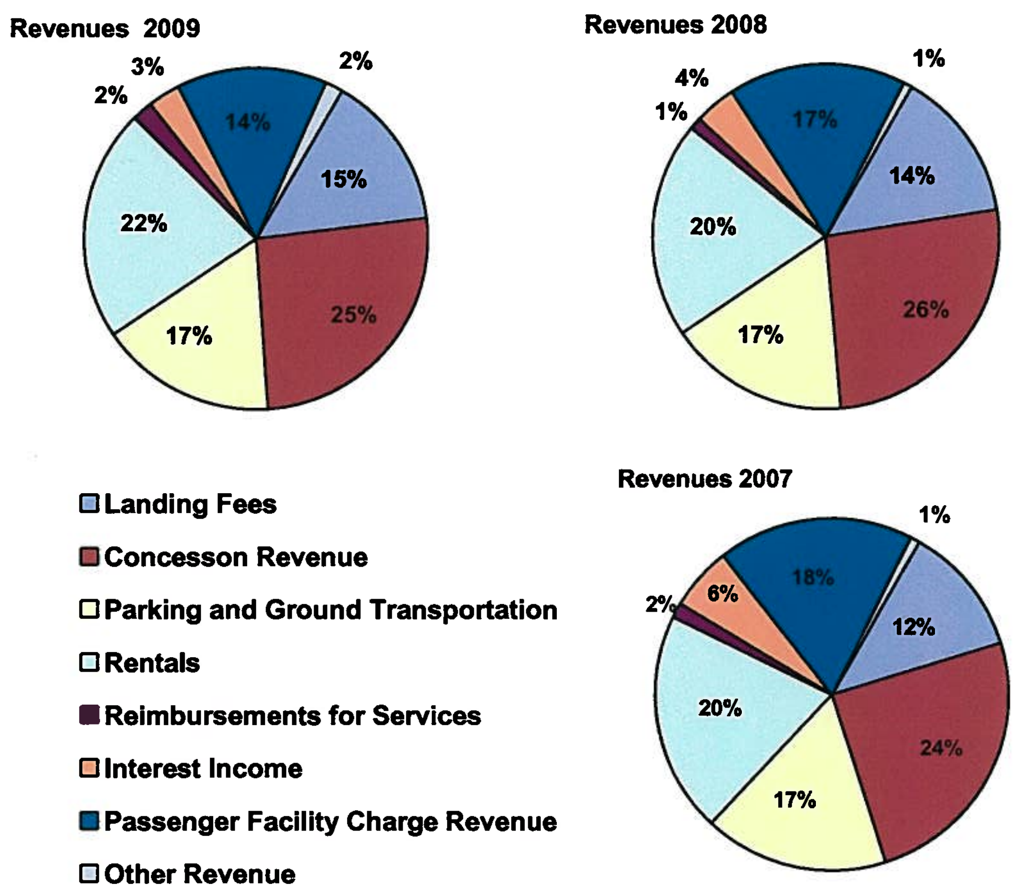
Below represents the summary of operating revenues by source for the years ended June 30:

	2009	2008	% Change	2007	% Change
Landing Fees	$ 8,020,650	$ 8,503,502	-6%	$ 7,142,939	19%
Concession Revenue	14,267,318	15,610,371	-9%	15,095,247	3%
Parking and Ground Transportation	9,102,015	10,285,079	-12%	10,136,245	1%
Rentals	12,172,296	12,100,223	1%	12,225,827	-1%
Reimbursements for Services	957,499	630,653	52%	929,434	-32%
Other Revenue	82,970	13,206	528%	37,005	-64%
Total Operating Revenues	$ 44,602,748	$ 47,143,034	-5%	$ 45,596,697	3%

Non-operating revenue includes 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:

	2009	2008	% Change	2007	% Change
Interest Income	$ 1,814,681	$ 2,440,071	-26%	$ 3,382,557	-28%
Passenger Facility Charge Revenue	7,688,656	9,931,917	-23%	10,992,217	-10%
Jet Fuel Tax Revenue	313,204	400,006	-22%	338,810	18%
Gain (Loss) on Sale of Capital Assets	544,222	89,009	511%	112,337	-21%
Insurance Settlement Proceeds	-	-	-	13,853	-100%
Total Non-Operating Revenues	$ 10,360,763	$12,861,003	-19%	$14,839,774	-13%

The graphs below represent the percentage and source of the Airport's revenues for fiscal years ended 2009, 2008 and 2007.



An analysis of significant changes in revenues for the year 2008-2009 is as follows:

Operating revenues of $45 million for 2008-2009 decreased 5% over last years $47 million. With the national and regional economic slowdown, this lower revenue reflects the impact of a 17.8% decrease in passenger traffic activity as compared to the same period last year.

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 20% of total operating revenue. Parking revenue decreased $1.2 million or 11.5% 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 $24.00 per day for short-term, $14.00 per day for the long-term garage and $10.00 per day for long-term surface lot parking. These rates represents an overall increase of $4.00 per day for short-term and $2.00 per day for long-term garage as compared to last year.

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 2009. Concession revenue decreased 9% this year.

Non-operating revenues of $10 million decreased 19% over last year's $13 million. This decrease reflects a decrease in interest income, passenger facility charge revenue and jet fuel tax revenue. Gain on sale of capital assets increased due to the sale of easements at the Reno-Stead Airport.

Passenger Facility Charges comprises 14% 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 3%, 2%, and 2% of total revenues, 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 revenues; gain on sale of capital assets, late fees and discounts.

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. Primarily due to minimum annual guaranteed revenue established in each of the rental car concession agreements, overall 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.

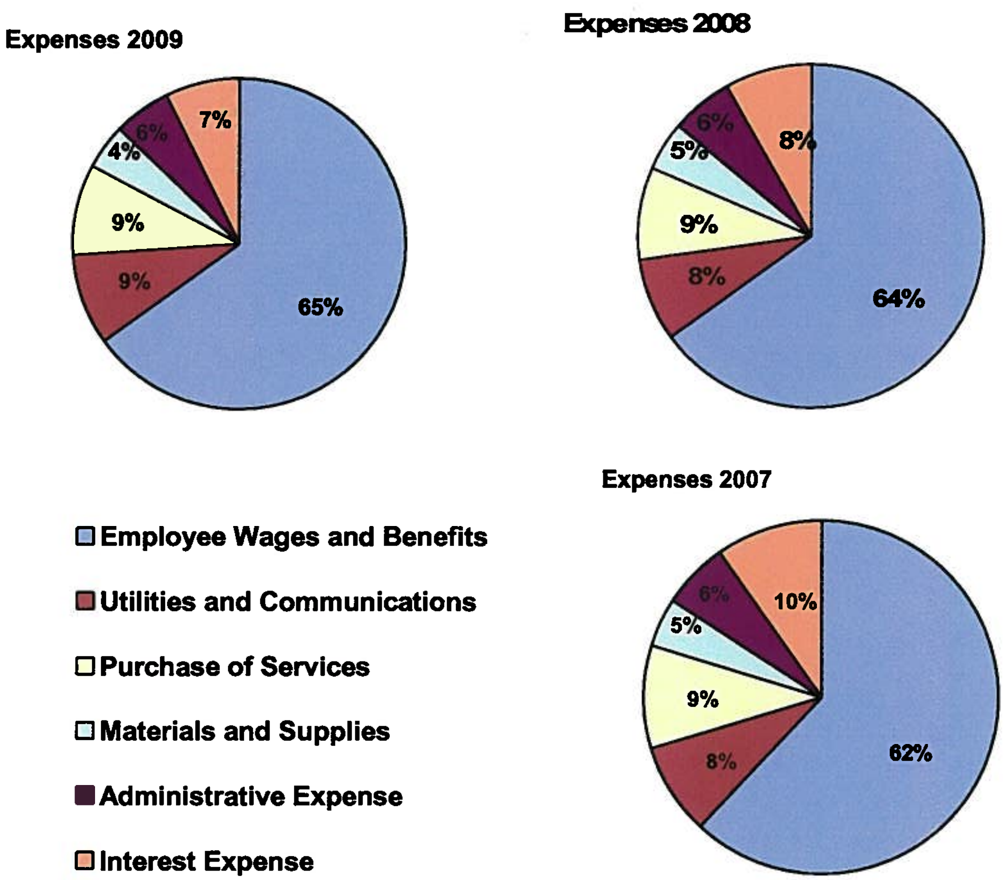
Interest income, reimbursements for services and other revenue make up the last three revenue sources with 4%, 1%, and 1%, respectively. Interest income represents the earnings on investments. Reimbursements for services include tenant payments for reimbursement of services such as utilities, disposal fees, administrative fees and security costs. Other revenue consists of jet fuel tax revenue, insurance proceeds, late fees and discounts.

Expenses

Operating expenses decreased 2% in 2009 and total expenses also decreased 3%. The following is the summary of expenses (excluding depreciation) by source for the years ended June 30:

	2009	2008	% Change	2007	% Change
Employee Wages and Benefits	$ 21,868,506	$ 22,612,550	-3%	$ 20,877,676	8%
Utilities and Communications	2,978,879	2,655,511	12%	2,797,048	-5%
Purchase of Services	3,037,358	3,039,115	0%	3,131,901	-3%
Materials and Supplies	1,424,020	1,651,664	-14%	1,546,951	7%
Administrative Expenses	1,911,933	1,976,701	-3%	2,100,296	-6%
Total Operating Expenses	31,220,696	31,935,541	-2%	30,453,872	5%
Interest Expense	2,417,329	2,834,064	-15%	3,229,056	-12%
Total Expenses	$ 33,638,025	$ 34,769,605	-3%	$ 33,682,928	3%

The graphs below represent the percentage and source of the Airport's expenses for fiscal years ended 2009, 2008 and 2007.



An analysis of significant changes in expenses for the year 2008-2009 is as follows:

Employee wages and benefits of $21.9 million comprise 65% of total expenses. There was a 3% decrease over last year's total of $22.6 million.

Utilities and communications expense of $3 million displayed an increase of 12% from the prior year. This increase was expected and budgeted. Utilities and communications represent 9% of total expenses.

Purchase of services expense, which includes professional and purchased services of $3,037,358, decreased slightly over the prior year. Purchase of services expense represents 9% of expenses.

Materials and supplies expense of $1,424,020 decreased 14% over the prior year of $1,651,664. This decrease is a reflection of decreases in several different areas such as office supplies, janitorial supplies, fuel costs, ice control chemicals, and sign purchases and sign maintenance. Materials and supplies make up 4% of expenses.

Administrative expenses comprise 6% of total costs. Costs of $2.0 million decreased 3% from the prior fiscal year. This decrease is predominantly due to decreased expenses for travel and advertising and promotion.

Interest expense decreased from $2,834,064 in 2008 to $2,417,329 in 2009, a decrease of $416,735 or 15%.

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.

Summary of Changes in Net Assets

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

	2009	2008	% Change	2007	% Change
Total Operating Revenues	$ 44,602,748	$47,143,034	-5%	$ 45,596,697	3%
Total Operating Expenses	31,220,696	31,935,541	-2%	30,453,872	5%
Operating Income Before Depreciation and Amortization	13,382,052	15,207,493	-12%	15,142,825	0%
Depreciation and Amortization	(21,904,868)	(22,000,778)	0%	(20,686,072)	6%
Operating Income (Loss)	(8,522,816)	(6,793,285)	25%	(5,543,247)	23%
Non-Operating Revenues (Expenses)	7,943,434	10,026,939	-21%	11,610,718	-14%
Capital Contributions	14,759,282	31,014,332	-52%	18,910,166	64%
Increase in Net Assets	14,179,900	34,247,986	-59%	24,977,637	37%
Net Assets, Beginning of Year	415,993,552	381,745,566	9%	356,767,929	7%
Net Assets, End of Year	$ 430,173,452	$415,993,552	3%	$381,745,566	9%

An analysis of significant changes in net assets for the year 2008-2009 is as follows:

Depreciation and amortization expense decreased slightly from $22,000,778 to $21,904,868 in 2008-2009. Non-operating revenue decreased 21%. This decrease is primarily due to decreases in interest income, passenger facility charge revenue, and jet fuel tax revenue. Gain on sale of capital assets increased $455,213 due primarily to the sale of permanent utility easements at the Reno-Stead Airport for electric distribution purposes.

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, decreased 52% this year compared to the amounts received in 2007-2008.

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 mainly of federal grants from the United States Department of Transportation and an agreement between the RTAA and the Transportation Security Administration, increased 64% compared to the amounts received in 2006-2007.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2009 is $416.0 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 2008-2009 was 10% or $38.8 million.

Major capital asset events during fiscal year 2009 included the following:

Projects at RTAA that were funded by federal grants amounted to $19 million. Completed projects include taxiway reconstruction and construction of a new airport rescue and fire fighting fire station at RTIA. Projects completed at Stead Airport include an airport access road and T hanger lane reconstruction.

Projects funded by PFC revenue include the continued construction of the new inline baggage screening system, purchase of jet bridge and snow removal equipment, and upgrades to the terminal fire alarm and paging systems.

An Elgin Whirlwind MV Dual Sweeper was purchased for $209,996. The RTAA executed a cooperative agreement with the State of Nevada, Department of Transportation for the acceptance of a Federal Congestion Mitigation Air Quality equipment purchase program grant for reimbursement of an air quality-certified street sweeper. This sweeper met the requirements and replaced a 1985 Johnston street sweeper.

$5.3 million was expended on land acquisition and noise mitigation through the Part 150 noise program, which is funded by federal grants.

RTAA purchased a commercial office building located at 1280 Terminal Way. The purchase of this building will assure that the long term ability to develop the Terminal Area is not constrained. During the interim period, the Authority will lease and operate the building as a source of non-airline revenue.

Building improvements included remodeling of current terminal space to accommodate additional office space, airfield maintenance facility relocation and replacement of various roofs.

Equipment purchases totaled $11.6 million, which included office furniture, a security camera, a water heater, a pull sprayer, a revenue control system for the parking garage and two segways for the security department.

The RTAA's investment in capital assets as of June 30, 2008 was $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 following represents the RTAA's capital assets for the years ended June 30:

	2009	2008	2007
Land	$ 140,569,044	$ 140,564,527	$ 133,690,247
Construction in Progress	66,538,046	45,226,019	42,433,996
Buildings, Improvements, and Equipment, net	207,293,055	189,735,974	176,651,066
Development rights, net	1,577,764	1,650,865	1,723,966
Total	$ 415,977,909	$ 377,177,385	$ 354,499,275

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

DEBT ADMINISTRATION

As of June 30, 2009, the RTAA had approximately $53 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 2008, and continuing through this year, has impacted nearly all the insurers of municipal bonds. The Series 1996B bonds are insured by MBIA and rated Ba3 by Moody's and BB+ by Standard & Poor's. The Series 2002 bonds are insured by FGIC and are not rated by either Moody's or Standard & Poor's. The Series 2003 and 2005 bonds are both insured by FSA with revised ratings of Aa+ by Moody's and AA+ by Standard & Poor's. Both Series 1996B and 2002 were paid in July 2009.

	2009	2008	2007
1996B	$ 275,000	$ 1,200,000	$ 2,060,000
2002	3,970,000	7,740,000	11,325,000
2003	19,375,000	22,340,000	25,160,000
2005	29,425,000	29,530,000	29,630,000
Total Debt	$ 53,045,000	$ 60,810,000	$ 68,175,000

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 2008 and 2009 fiscal years by $161,710 and $159,860, 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 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, 2009, the RTAA collected PFCs, including interest earnings thereon, totaling $7.9 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 a five-year term. The airline agreement sets forth the rate setting formula by which airlines pay for the facilities and services they use. This agreement has been extended several times over the years. The existing agreement expired June 30, 2009. A one-year extension was agreed to with the airlines and a new five-year airline operating agreement is being negotiated. Airlines that have signed this agreement are signatory airlines.

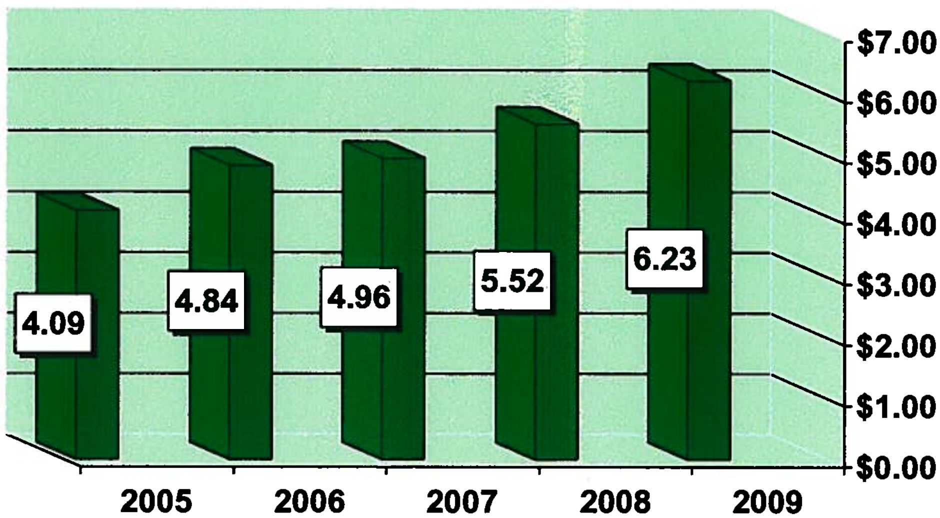
For 2008-2009, signatories to the Agreement include eight commercial and two cargo airlines.

	2009	2008	% Change	2007	% Change
Landing Fee Rate (per 1,000 pounds)					
Signatory Airlines	2.28	2.02	13%	1.52	33%
Non-Signatory Airlines	2.82	2.45	15%	2.60	-6%
RON (Ramp Over Night)					
Signatory Fee Rate	0.35	0.30	17%	0.29	3%
Non-Signatory Fee Rate	0.71	0.61	16%	0.65	-6%
Terminal Rental Rate (Average)	55.39	58.43	-5%	59.52	-2%

The current airline agreement's rate setting formula is a derivation of what is known as a hybrid 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, 2009 AND 2008

ASSETS	2009	2008
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$15,430,779	$18,995,708
Investments	32,496,209	29,440,185
Accounts receivable, net	1,764,671	2,755,921
Grants receivable	3,395,991	10,297,851
Interest receivable	247,999	261,286
Inventory	355,281	324,671
Total unrestricted assets	53,690,930	62,075,622
Restricted Assets:		
Cash and cash equivalents	17,183,088	21,635,848
Investments	13,239,121	30,967,542
Interest receivable	60,825	44,592
Total restricted assets	30,483,034	52,647,982
Total Current Assets	84,173,964	114,723,604
NON-CURRENT ASSETS		
Capital Assets:		
Land	140,569,044	140,564,527
Construction in progress	66,538,046	45,226,019
Buildings, improvements, and equipment, net of depreciation	207,293,055	189,735,974
Development rights, net of accumulated amortization	1,577,764	1,650,865
Total Capital Assets	415,977,909	377,177,385
Other Assets:		
Road credits	1,392,360	1,392,360
Assets held in lieu of revenue	59,454	-
Bond issue costs and other deferred charges, net	676,363	858,162
Surety bond, net	45,976	64,443
Total Other Assets	2,174,153	2,314,965
Total Non-Current Assets	418,152,062	379,492,350
TOTAL ASSETS	$502,326,026	$494,215,954

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$3,647,525	$2,843,775
Construction contracts payable	6,255,161	5,011,925
Rents received in advance	562,441	1,367,627
Accrued payroll	1,881,306	2,147,541
Total payable from unrestricted assets	12,346,433	11,370,868
Payable from Restricted Assets:		
Current portion of long-term debt	8,180,000	7,765,000
Accrued interest	1,294,315	1,502,739
Construction contracts payable	2,559,404	1,180,629
Total payable from restricted assets	12,033,719	10,448,368
Total Current Liabilities	24,380,152	21,819,236
NON-CURRENT LIABILITIES		
Revenue bonds, net	44,353,163	52,704,459
Net other postemployment benefits obligation	127,070	-
Deposits and unearned revenues	3,119,097	3,465,064
Reclamation liability	173,092	233,643
Total Non-Current Liabilities	47,772,422	56,403,166
Total Liabilities	72,152,574	78,222,402
NET ASSETS		
Invested in Capital Assets, net of Related Debt	355,306,544	311,373,534
Restricted for:		
Revenue bond operations and maintenance	5,907,119	5,588,511
Renewal and replacement	780,000	780,284
Passenger facility charge projects	11,754,792	33,572,893
Debt service	8,180,067	7,765,003
Flood grant	1,951,326	2,809,779
Other reserve purposes	442,322	395,130
Total Restricted	29,015,626	50,911,600
Unrestricted	45,851,282	53,708,418
Total Net Assets	430,173,452	415,993,552
TOTAL LIABILITIES AND NET ASSETS	$502,326,026	$494,215,954

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
OPERATING REVENUES		
Landing fees	$8,020,650	$8,503,502
Concession revenue	14,267,318	15,610,371
Parking and ground transportation	9,102,015	10,285,079
Rentals	12,172,296	12,100,223
Reimbursements for services	957,499	630,653
Other revenue	82,970	13,206
Total operating revenues	44,602,748	47,143,034
OPERATING EXPENSES		
Employee wages and benefits	21,868,506	22,612,550
Utilities and communications	2,978,879	2,655,511
Purchase of services	3,037,358	3,039,115
Materials and supplies	1,424,020	1,651,664
Administrative expenses	1,911,933	1,976,701
Total operating expenses	31,220,696	31,935,541
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	13,382,052	15,207,493
Depreciation and amortization:		
Depreciation	21,631,501	21,650,646
Amortization of development rights	73,101	73,101
Amortization of deferred charges	200,266	277,031
Total depreciation and amortization	21,904,868	22,000,778
OPERATING INCOME (LOSS)	(8,522,816)	(6,793,285)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	1,814,681	2,440,071
Passenger facility charge revenue	7,688,656	9,931,917
Jet fuel tax revenue	313,204	400,006
Gain (loss) on sale of capital assets	544,222	89,009
Interest expense	(2,417,329)	(2,834,064)
Total non-operating revenues (expenses)	7,943,434	10,026,939
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(579,382)	3,233,654
CAPITAL CONTRIBUTIONS	14,759,282	31,014,332
Increase in net assets	14,179,900	34,247,986
TOTAL NET ASSETS, BEGINNING OF YEAR	415,993,552	381,745,566
TOTAL NET ASSETS, END OF YEAR	$430,173,452	$415,993,552

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 44,383,391	$ 47,543,254
Cash paid to employees	(22,007,671)	(22,399,722)
Cash paid to suppliers	(8,639,601)	(10,719,025)
Net cash provided by operating activities	13,736,119	14,424,507
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	313,204	400,006
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	19,044,279	23,396,307
Passenger facility charge revenue	7,688,656	9,931,917
Acquisition and construction of capital assets	(55,285,109)	(44,447,266)
Proceeds from sale of capital assets	563,079	29,118
Principal paid on bonds	(7,765,000)	(7,365,000)
Interest paid on bonds	(2,797,049)	(3,202,971)
Net cash provided by (used in) capital and related financing activities	(38,551,144)	(21,657,895)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	1,811,735	2,620,380
Sale (purchase) of investments	14,672,397	(17,440,165)
Net cash provided by (used in) investing activities	16,484,132	(14,819,785)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,017,689)	(21,653,167)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	40,631,556	62,284,723
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 32,613,867	$ 40,631,556

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	($8,522,816)	($6,793,285)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	21,631,501	21,650,646
Amortization of development rights	73,101	73,101
Amortization of deferred charges	200,266	277,031
Assets received in lieu of revenue	(59,454)	-
(Increase) Decrease in Assets:		
Accounts receivable, net	991,250	825,616
Inventory	(30,610)	2,191
Increase (Decrease) in Liabilities:		
Accounts payable	803,750	(1,317,075)
Rents received in advance	(805,186)	1,546
Accrued payroll	(266,235)	212,828
Deposits and unearned revenues	(345,967)	(426,942)
Net OPEB obligation	127,070	-
Reclamation liability	(60,551)	(81,150)
Net cash provided by operating activities	$13,736,119	$14,424,507

Noncash investing activities:

The net decline in the fair value of investments was $162,463 at June 30, 2009, and $334,604 at June 30, 2008.

	2009	2008
Capital asset activity:		
Building received by contribution	$ 2,616,863	$ -
Road credits used for acquisition	$ -	$ 197,523

See accompanying notes

1. Organization and Reporting Entity

<u>Organization:</u>

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.

<u>Reporting Entity:</u>

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

<u>Basis of Accounting</u>

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.

2. Summary of Significant Accounting Policies (continued)

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 one month 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, 2009 and 2008 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 2009 and 2008 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.

2. Summary of Significant Accounting Policies (continued)

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.

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. The liability for compensated absences is a current liability included in accrued payroll.

Inventory

Inventory is valued by the weighted average method. Weighted average measures the total cost of items in inventory divided by the total number of units available for issuance. 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.

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:

	2009	2008
Cash	$ 16,533,285	$ 2,440,776
Cash Equivalents:		
Short-Term Investments and Money Market Fund Treasury	16,080,582	19,590,960
Commercial Paper maturing within one month	-	18,599,820
Total Cash and Cash Equivalents	32,613,867	40,631,556
Investments:		
Mortgage Backed Securities maturing within five years	45,735,330	60,407,727
Total Cash, Cash Equivalents and Investments	78,349,197	101,039,283
Less Unrestricted Cash, Cash Equivalents and Investments	47,926,988	48,435,893
Total Restricted Cash, Cash Equivalents and Investments	$ 30,422,209	$ 52,603,390

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, 2009, the Authority had the following investments, excluding short-term investments and money market funds.

			Maturity Date
Federal Home Loan Banks	$	2,009,380	August 5, 2009
Federal Home Loan Banks		2,014,402	August 18, 2009
Federal National Mortgage Association		2,499,250	September 1, 2009
Federal Home Loan Mortgage Corporation		2,016,480	September 22, 2009
GE Moneybank -CD		240,948	September 30, 2009
Federal National Mortgage Association		1,499,250	October 14, 2009
Federal Home Loan Banks		3,044,070	November 13, 2009
Federal Home Loan Banks		4,995,500	November 18, 2009
Federal Home Loan Mortgage Corporation		2,033,760	December 15, 2009
Federal Home Loan Banks		2,035,000	January 8, 2010
Federal Home Loan Banks		3,047,820	March 12, 2010
Federal Home Loan Banks		5,159,400	March 12, 2010
Federal National Mortgage Association		2,031,260	April 9, 2010
Federal National Mortgage Association		1,025,000	June 9, 2010
Federal Home Loan Mortgage Corporation		2,502,900	December 29, 2010
Federal Home Loan Mortgage Corporation		2,518,400	March 18, 2011
Federal National Mortgage Association		2,043,760	May 5, 2011
Federal National Mortgage Association		5,018,750	December 23, 2013
Total	$	45,735,330	

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, 2009 and 2008, Standard & Poor's had rated the mortgage backed securities as AAA. At June 30, 2009 and 2008, the following investments equaled or exceeded 5% of the Authority's total investments:

Mortgage backed securities:	2009	2008
Federal Home Loan Banks	49%	55%
Federal National Mortgage Association	30%	28%
Federal Home Loan Mortgage Corporation	20%	17%

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, 2009 and 2008:

	2009	2008
Current:		
Unrestricted:		
Accounts Receivable	$ 1,888,174	$ 2,952,139
Less allowance for uncollectibles	123,503	196,218
Net Accounts Receivable	1,764,671	2,755,921
Grants Receivable	3,395,991	10,297,851
Total Current Accounts and Grants Receivable	$ 5,160,662	$ 13,053,772

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 $5,000 or more and an estimated useful life of more than one year. The capitalization limit for the year ended June 30, 2008 was $2,000.

5. Capital Assets (continued)

Capital asset balances and changes for the year ended June 30, 2009 are as follows:

	Balance June 30, 2008	Additions and Transfers	Deletions and Transfers	Balance June 30, 2009
Capital Assets, not being depreciated/amortized:				
Land	$ 140,564,527	$ 221,027	$ (216,510)	$ 140,569,044
Construction in progress	45,226,019	58,888,094	(37,576,067)	66,538,046
Total Capital Assets, not being depreciated/amortized	185,790,546	59,109,121	(37,792,577)	207,107,090
Capital Assets, being depreciated/amortized:				
Improvements	283,903,076	10,209,753	-	294,112,829
Buildings	144,993,106	17,313,607	-	162,306,713
Equipment	27,650,222	11,666,004	(52,103)	39,264,123
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, being depreciated/amortized	459,470,442	39,189,364	(52,103)	498,607,703
Less accumulated depreciation/amortization for:				
Improvements	143,918,910	11,554,620	-	155,473,530
Buildings	104,256,181	7,603,147	-	111,859,328
Equipment	18,635,339	2,473,734	(51,321)	21,057,752
Development rights	1,273,173	73,101	-	1,346,274
Total Accumulated Depreciation/Amortization	268,083,603	21,704,602	(51,321)	289,736,884
Total Capital Assets, being depreciated/amortized, net	191,386,839	17,484,762	(782)	208,870,819
Net Capital Assets	$ 377,177,385	$ 76,593,883	$ (37,793,359)	$ 415,977,909

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

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 2009 and 2008 fiscal years by $159,860 and, $161,710, respectively, and by similar amounts through 2026.

The Series 1996B bonds with an aggregate principal of $275,000 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 $52,770,000 are not subject to redemption prior to maturity.

6. Long-Term Debt (continued)

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

Gross Revenues are defined as all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the Authority from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by the Authority in the operation thereof. Gross revenues are to be deposited at least weekly in the Revenue Fund. 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 resolutions to be applied monthly 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 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.

Pursuant to the bond resolutions, the Revenue Fund, the Operation and Maintenance Fund, The Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Special Fund and the General Purpose Fund may be held by the Authority. The Bond Fund and all accounts therein are held by the Trustee.

The revenue bond resolutions require the Authority to meet a rate maintenance covenant (see Note 7), 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, 2009 and 2008.

6. Long-Term Debt (continued)

Long-term debt activity for the year ended June 30, 2009 is summarized as follows:

	Balance June 30, 2008	New Debt	Principal Repayment	Discount/ Premium Amortization	Balance June 30, 2009
Revenue Bonds:					
Series 1996B	$ 1,200,000	$ -	$ 925,0000	$ -	$ 275,000
Series 2002	7,740,000	-	3,770,0000	-	3,970,000
Unamortized premium	128,944	-	-	(128,944)	-
Series 2003	22,340,000	-	2,965,0000	-	19,375,000
Unamortized premium	807,616	-	-	(269,206)	538,410
Deferred loss on refunding	(561,251)	-	-	187,084	(374,167)
Series 2005	29,530,000	-	105,0000	-	29,425,000
Unamortized premium	1,342,277	-	-	(74,570)	1,267,707
Deferred loss on refunding	(2,058,127)	-	-	114,340	(1,943,787)
Total Revenue Bond Debt	60,469,459	$ -	$ 7,765,000	$ (171,296)	52,533,163
Less current portion	(7,765,000)				(8,180,000)
Total revenue bonds	$ 52,704,459				$ 44,353,163
Net Other Postemployment Benefits Obligation	$ -	$ 361,586	$ 234,516	$ -	$ 127,070

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

6. Long-Term Debt (continued)

Maturities of revenue bonds will require the following principal and interest payments (based on amounts outstanding at June 30, 2009):

	Amount	
Bond year ended July 1,	Principal	Interest
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	1,310,000	1,213,900
2014-2018	7,425,000	5,173,800
2019-2023	9,425,000	3,176,250
2024-2026	6,865,000	698,000
	$ 53,045,000	$ 18,067,350

7. Rate Maintenance Covenant

The RTAA's debt is limited by the outstanding bond resolution requirement that net revenues (operating revenues less operating expenses) pledged to pay debt service exceed 125% of annual debt service.

Pledged revenues consist of the following at June 30:

	2009	2008
Airport system revenues:		
Scheduled airline fees and rentals:		
Landing fees	$ 6,231,678	$ 6,558,193
Terminal building space rental	6,307,997	6,824,910
Total scheduled airline fees and rentals	12,539,675	13,383,103
Concession fees	14,267,318	15,610,371
Other operating revenue	17,795,755	18,149,560
Non-operating revenues	1,450,653	1,794,812
Gross pledged revenues	46,053,401	48,937,846
Transfers – General Purpose Fund for Letter of Intent ("LOI") Bond debt service	644,911	641,856
Airline revenue sharing	1,892,768	1,867,149
Airport system operation and maintenance expenses	(31,220,696)	(31,935,541)
35% of gaming revenue	(946,661)	(1,221,986)
Net pledged revenues	$ 16,423,723	$ 18,289,324
Debt Service Coverage Required	$ 13,460,781	$ 13,463,095

Debt Service Coverage Requirement is the greater of the following:

125% of Senior Revenue Bond Debt Service	$ 13,460,781	$ 13,463,095
100% of All Debt Service	$ 10,768,625	$ 10,770,476

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, 2009 and June 30, 2008, $14,267,318 and $15,610,371, respectively, result from 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:

2010	$ 19,618,480
2011	4,837,847
2012	3,438,212
2013	3,430,388
2014	2,092,871
2015-2020	9,212,388
Total	$ 42,630,186

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 contribution rates based on employee members covered payroll and amounts contributed (equal to the required contributions) for the last three years are as follows:

	Contribution Rates		
Fiscal Year	Regular	Police/Fire	Total Contribution
2008-2009	20.50%	33.50%	$3,118,772
2007-2008	20.50%	33.50%	$3,297,085
2006-2007	19.75%	32.00%	$2,939,695

10. Capital Contributions

The Authority has received capital contributions as follows:

	Inception to date	Year Ended 2009	Year Ended 2008
Federal	$346,201,820	$12,121,184	$31,014,332
State	250,331	-	-
Other Sources	6,910,002	2,638,098	-
Total	$353,362,153	$14,759,282	$31,014,332

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, 2009:

Taxiway and Runway Improvements	$ 501,768
Airside Improvements	834,234
Landside Improvements	2,800,360
Terminal Building Improvements	13,178,100

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, 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 based upon projected costs of the remediation and is approximately $935,633 of which the Authority's share is $173,092. These costs are anticipated to be incurred over the next 20 years and may fluctuate due to inflation, changes in technology, or changes in laws or regulations.

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. Other Postemployment Benefits

In adopting, prospectively, Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", during the fiscal year ended June 30, 2009, the Authority recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability for other postemployment benefits, and provides information useful in assessing potential demands on the Authority's future cash flows. At June 30, 2009, the net other postemployment benefit liability was $127,070. Currently, the Authority finances their liability on the pay-as-you go basis.

The Authority provides other postemployment benefits (OPEB) for eligible retirees through two plans – RTAA Group Health Plan or, if retired prior to September 1, 2008, coverage under the State of Nevada's Public Employee Benefit Plan (PEBP). Each plan provides medical benefits to eligible retired Authority employees and beneficiaries.

RTAA Group Health Plan

Plan Description and Eligibility: Benefit provisions for the RTAA Group Health Plan are established pursuant to NRS 287.010 and RTAA Retiree Health Insurance Policy 350-02. The plan is a single employer defined benefit plan. The plan is not accounted for as a trust fund, as an irrevocable trust fund has not been established to account for the plan; all required disclosures are included in the financial statements. The RTAA plan offers qualified retirees medical, prescription, vision, and dental insurance for themselves and their dependents.

A qualified retiree may continue medical insurance benefits upon retirement if all the following requirements are met:

1. At the date of retirement, the employee occupies a full-time or a part-time position with the RTAA and is currently enrolled in RTAA Group Health Insurance coverage;
2. At the date of retirement, the employee has completed a minimum of five (5) consecutive years of employment with the RTAA;
3. The employee retires directly into the Nevada Public Employees Retirement System (PERS) with no gap between RTAA separation and PERS retirement date; and
4. The employee is not eligible for Medicare.

Eligibility requirements, benefit levels and contributions are governed by the Authority and can be amended by the Authority.

Funding Policy: The full premium cost of the RTAA Retiree Insurance Coverage is paid by the retiree, with no contribution made by the RTAA. Qualified retirees are eligible to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. As of June 30, 2009 there were three retirees participating in the plan.

Annual OPEB Cost and Net OPEB Obligation: The Authority had an actuarial valuation performed for the plan as of January 1, 2009. The valuation was done to determine the funded status of the plan as well as the Authority's annual required contribution (ARC) for the fiscal year ended June 30, 2009. As of June 30, 2009, the plan was zero percent funded. For fiscal year 2009, the Authority's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was $13,640.

13. Other Postemployment Benefits (continued)

Fiscal Year Ended June 30	Annual OPEB	Employer Cost Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 97,590	$ 13,640	13.98%	$ 83,950

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Determination of Annual Required Contribution:		
Normal cost	$	76,397
Amortization of Unfunded Actuarial Accrued Liability (UAAL)		21,193
Annual Required Contribution (ARC)	$	97,590
Determination of Net OPEB Obligation:		
Annual Required Contribution	$	97,590
Interest on Net OPEB Obligation		-
Adjustment to ARC		-
Annual OPEB Cost		97,590
Retiree Benefit Payments Paid by the Authority		(13,640)
Increase (Decrease) in Net OPEB Obligation		83,950
Net OPEB Obligation, Beginning of Year		-
Net OPEB Obligation, End of Year	$	83,950

Funded Status and Funding Progress:

Actuarial Accrued Liability (AAL)	$	505,695
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	505,695
Funded Ratio (Actual Value of Plan Assets/AAL)		0.00%
Covered Payroll (Active Plan Members as of June 30, 2009)	$	12,205,469
UAAL as Percentage of Covered Payroll		4.14%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information as it becomes available.

Actuarial Methods and Assumption: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

13. Other Postemployment Benefits (continued)

In the January 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4% valuation interest rate on investments and an annual healthcare trend rate beginning at 10.0% for fiscal year 2009, declining by 1.0% per year to an ultimate trend of 5% for the 2014-2017 fiscal years. These rates include a 3.0% inflation assumption. The actuarial value of plan assets was not determined as the Authority has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on an open basis. It was assumed the Authority's payroll would increase 6.5% per year for regular employees and 8% for law enforcement employees for the purpose of amortization.

State of Nevada's Public Employee Benefit Plan (PEBP)

Plan Description and Eligibility: NRS 287.023 allows retired employees of governmental entities within the State of Nevada to join the State's Public Employee Benefit Program (PEBP), an agent multiple-employer defined benefit OPEB plan administered by a nine member governing board. PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. Retirees are responsible for payment of unsubsidized premiums. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan and no financial reports are issued.

Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. The statutes were revised with an effective date of November 30, 2008, to create new participation limitations so that only active members of PEBP can elect coverage after retirement. As a result, no employees retiring from the Authority on or after September 1, 2008 are eligible to participate in this plan as a retiree at the Authority's expense.

Funding Policy: The Authority is required to provide a subsidy for their retirees that have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEPB Board annually. The contributions required for PEBP subsidies depends on the date of retirement or prior years of Public Employees Retirement System (PERS) service former employees earned while working for the Authority. The subsidies are determined by years of service and range from a minimum of $103 to a maximum of $564 per month. Subsidies for retiree premiums are paid directly to the State PEBP when due. The Authority's obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was $220,876 for 55 retirees, which equaled the required contribution.

Annual OPEB Cost and Net OPEB Obligation: The Authority had an actuarial valuation performed for the plan as of January 1, 2009. The valuation was done to determine the funded status of the plan as well as the Authority's annual required contribution (ARC) for the fiscal year ended June 30, 2009. As of June 30, 2009, the plan was zero percent funded.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 263,996	$ 220,876	83.67%	$ 43,120

13. Other Postemployment Benefits (continued)

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Determination of Annual Required Contribution:		
Normal cost	$	-
Amortization of Unfunded Actuarial Accrued Liability (UAAL)		263,996
Annual Required Contribution (ARC)	$	263,996
Determination of Net OPEB Obligation:		
Annual Required Contribution	$	263,996
Interest on Net OPEB Obligation		-
Adjustment to ARC		-
Annual OPEB Cost		263,996
Retiree Benefit Payments Paid by the Authority		(220,876)
Increase (Decrease) in Net OPEB Obligation		43,120
Net OPEB Obligation, Beginning of Year		-
Net OPEB Obligation, End of Year	$	43,120

Funded Status and Funding Progress:

Actuarial Accrued Liability (AAL)	$	6,776,313
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	6,776,313
Funded Ratio (Actual Value of Plan Assets/AAL)		0.00%
Covered Payroll (Active Plan Members as of June 30, 2009)		N/A
UAAL as a Percentage of Covered Payroll		N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information as it becomes available.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4% valuation interest rate on investments and an annual healthcare trend rate beginning at 10.0% for fiscal year 2009, declining by 1.0% per year to an ultimate trend of 5% for the 2014-2017 fiscal years. These rates include a 3.0% inflation assumption. The actuarial value of plan assets was not determined as the Authority has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is amortized as a level dollar amount over 30 years on an open basis.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

Schedule of Funding Progress - Other Postemployment Benefits

Reno-Tahoe Airport Authority Group Health Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Accrued Actuarial Liability (UAAL)	Covered Payroll	UAAL as a Percent of Covered Payroll
January 1, 2009	$ -	$ 505,695	0%	$ 505,695	$ 12,205,469	4.14%

State of Nevada's Public Employee Benefit Plan (PEBP)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Accrued Actuarial Liability (UAAL)	Covered Payroll	UAAL as a Percent of Covered Payroll
January 1, 2009	$ -	$ 6,776,313	0%	$ 6,776,313	$ N/A	N/A

Multiyear information will be provided as it becomes available.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2009

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 9,207,834	$ 9,207,834	$ 8,020,650	$ (1,187,184)
Concession revenue	16,474,832	16,474,832	14,267,318	(2,207,514)
Parking and ground transportation	10,821,000	10,821,000	9,102,015	(1,718,985)
Rentals	12,317,132	12,317,132	12,172,296	(144,836)
Reimbursements for services	790,400	790,400	957,499	167,099
Other revenue	-	-	82,970	82,970
Total Operating Revenues	49,611,198	49,611,198	44,602,748	(5,008,450)
Operating expenses:				
Employee wages and benefits	23,814,090	23,814,090	21,868,506	1,945,584
Utilities and communications	3,268,225	3,268,225	2,978,879	289,346
Purchase of services	3,686,157	3,686,157	3,037,358	648,799
Materials and supplies	1,839,857	1,839,857	1,424,020	415,837
Administrative expenses	2,200,177	2,200,177	1,911,933	288,244
Total Operating Expenses before Depreciation and Amortization	34,808,506	34,808,506	31,220,696	3,587,810
Depreciation and amortization	23,000,000	23,000,000	21,904,868	1,095,132
Total Operating Expenses	57,808,506	57,808,506	53,125,564	4,682,942
Operating Income (Loss)	(8,197,308)	(8,197,308)	(8,522,816)	(325,508)
Non-operating revenues (expenses):				
Interest income	2,722,000	2,722,000	1,814,681	(907,319)
Passenger facility charge revenue	10,763,000	10,763,000	7,688,656	(3,074,344)
Jet fuel tax revenue	400,000	400,000	313,204	(86,796)
Gain (loss) on sale of capital assets	-	-	544,222	544,222
Interest expense	(2,588,625)	(2,588,625)	(2,417,329)	171,296
Total Non-Operating Revenues (Expenses)	11,296,375	11,296,375	7,943,434	(3,352,941)
Income (Loss) Before Capital Contributions	$ 3,099,067	$ 3,099,067	$ (579,382)	$ (3,678,449)

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS
JUNE 30, 2009

Bond Year Ended July 1	Airport Revenue (Taxable) Bonds Series 1996B		Airport Revenue Refunding Bonds Series 2002		Airport Revenue Refunding Bonds Series 2003		Airport Revenue Refunding Bonds Series 2005		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
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
	$ 275,000	$ 20,075	$ 3,970,000	$ 197,512	$ 19,375,000	$ 2,198,500	$29,425,000	$15,651,263	$ 71,112,350

Statistical Section

Reno-Tahoe Airport Authority

STATISTICAL SECTION EXPLANATIONS

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

Contents

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, 2000 - 2009

(unaudited)

	2000	2001	2002	2003	2004
Operating revenues					
Landing fees	$7,933,169	$6,807,434	$6,706,519	$6,102,736	$5,798,888
Concession revenue	13,490,057	12,999,632	11,271,356	11,686,716	11,595,147
Parking and ground transportation	6,567,413	7,584,162	6,679,876	7,020,300	7,928,016
Rentals	7,839,775	8,485,295	8,774,487	8,438,313	9,552,561
Reimbursements for services	334,543	370,292	389,279	771,079	940,509
Other revenue	120,480	196,419	505,434	533,140	193,519
Total operating revenues	36,285,437	36,443,234	34,326,951	34,552,284	36,008,640
Nonoperating revenues					
Interest income	1,484,549	2,173,880	1,360,986	1,310,023	345,940
Passenger facility charge revenue	8,260,993	5,844,082	6,847,754	8,348,271	10,343,967
Insurance proceeds	-	-	750,000	18,245,962	16,264
Jet fuel tax income	-	-	-	-	375,000
Gain on sale of capital assets	-	418,004	-	-	40,043
Total nonoperating revenues	9,745,542	8,435,966	8,958,740	27,904,256	11,121,214
Total revenues	46,030,979	44,879,200	43,285,691	62,456,540	47,129,854
Operating expense					
Employee wages and benefits	13,718,705	14,153,568	14,382,329	16,194,694	17,267,109
Utilities and communications	1,612,878	1,813,407	1,855,231	1,918,689	2,071,461
Purchase of services	2,357,105	1,677,786	1,915,702	2,795,490	2,863,032
Materials and supplies	1,189,564	1,119,972	942,423	1,034,323	1,057,637
Administrative expenses	1,358,269	1,325,087	1,796,018	2,397,453	2,855,358
	20,236,521	20,089,820	20,891,703	24,340,649	26,114,597
Depreciation and amortization	14,763,908	15,013,369	15,260,870	15,516,102	17,044,725
Total operating expenses	35,000,429	35,103,189	36,152,573	39,856,751	43,159,322
Nonoperating expenses					
Reclamation expenses	-	925,000	-	-	-
Loss on sale of capital assets	-	-	80,587	47,882	-
Interest expense	7,617,091	7,792,177	6,903,972	5,729,405	4,227,792
Total nonoperating expenses	7,617,091	8,717,177	6,984,559	5,777,287	4,227,792
Total expenses	42,617,520	43,820,366	43,137,132	45,634,038	47,387,114
Capital contributions	21,279,630	24,039,375	20,278,604	16,764,255	21,076,563
Increase in Net Assets	$24,693,089	$25,098,209	$20,427,163	$33,586,757	$20,819,303
Net Assets at Year-End					
Invested in capital assets, net of related debt	N/A	N/A	$187,574,017	$212,779,814	$230,574,469
Restricted	N/A	N/A	44,749,148	29,473,577	26,469,671
Unrestricted	N/A	N/A	18,606,083	42,262,614	48,291,168
Total Net Assets	$205,403,876	$230,502,085	$250,929,248	$284,516,005	$305,335,308

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2000 - 2009
(unaudited)

	2005	2006	2007	2008	2009
Operating revenues					
Landing fees	$5,801,560	$7,545,675	$7,142,939	$8,503,502	$8,020,650
Concession revenue	12,618,012	14,385,592	15,095,247	15,610,371	14,267,318
Parking and ground transportation	9,082,135	10,253,964	10,136,245	10,285,079	9,102,015
Rentals	11,102,359	11,352,662	12,225,827	12,100,223	12,172,296
Reimbursements for services	477,425	827,853	959,434	630,653	957,499
Other revenue	8,648	27,238	37,005	13,206	82,970
Total operating revenues	39,090,139	44,392,984	45,596,697	47,143,034	44,602,748
Nonoperating revenues					
Interest income	1,370,190	1,723,481	3,382,557	2,440,071	1,814,681
Passenger facility charge revenue	8,771,723	11,029,218	10,992,217	9,931,917	7,688,656
Insurance proceeds	30,000	-	13,853	-	-
Jet fuel tax income	414,908	414,874	338,810	400,006	313,204
Gain on sale of capital assets	1,311,777	496,591	112,337	89,009	544,222
Total nonoperating revenues	11,898,598	13,664,164	14,839,774	12,861,003	10,360,763
Total revenues	50,988,737	58,057,148	60,436,471	60,004,037	54,963,511
Operating expense					
Employee wages and benefits	18,158,194	19,929,337	20,877,676	22,612,550	21,868,506
Utilities and communications	2,425,659	2,457,764	2,797,048	2,655,511	2,978,879
Purchase of services	3,115,090	3,232,102	3,131,901	3,039,115	3,037,358
Materials and supplies	1,524,721	1,649,492	1,546,951	1,651,664	1,424,020
Administrative expenses	2,167,021	2,261,031	2,100,296	1,976,701	1,911,933
	27,390,685	29,529,726	30,453,872	31,935,541	31,220,696
Depreciation and amortization	17,374,021	18,564,621	20,686,072	22,000,778	21,904,868
Total operating expenses	44,764,706	48,094,347	51,139,944	53,936,319	53,125,564
Nonoperating expenses					
Reclamation expenses	-	-	-	-	-
Loss on sale of capital assets	-	-	-	-	-
Interest expense	4,126,651	3,608,057	3,229,056	2,834,064	2,417,329
Total nonoperating expenses	4,126,651	3,608,057	3,229,056	2,834,064	2,417,329
Total expenses	48,891,357	51,702,404	54,369,000	56,770,383	55,542,893
Capital contributions	19,279,194	23,701,303	18,910,166	31,014,332	14,759,282
Increase in Net Assets	$21,376,574	$30,056,047	$24,977,637	$34,247,986	$14,179,900
Net Assets at Year-End					
Invested in capital assets, net of related debt	$241,394,417	$262,444,761	$281,168,872	$311,373,534	$355,306,544
Restricted	36,564,162	42,831,382	53,606,914	50,911,600	29,015,626
Unrestricted	48,753,303	51,491,786	46,969,780	53,708,418	45,851,282
Total Net Assets	$326,711,882	$356,767,929	$381,745,566	$415,993,552	$430,173,452

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2000 - 2009
(unaudited)

	2000	2001	2002	2003	2004
Operating Revenues	$36,287,629	$36,443,234	$34,326,951	$34,552,284	$36,008,640
Operating Expenses	(20,236,521)	(20,089,820)	(20,891,703)	(24,340,649)	(25,626,456)
Operating Income before Depreciation and Amortization	16,051,108	16,353,414	13,435,248	10,211,635	10,382,184
Depreciation and Amortization	(14,763,908)	(15,013,369)	(15,260,870)	(15,516,102)	(17,044,725)
Operating Income (Loss)	1,287,200	1,340,045	(1,825,622)	(5,304,467)	(6,662,541)
Nonoperating Revenues and (Expenses):					
Interest Income	1,484,549	2,173,880	1,360,986	1,310,023	345,940
PFC Revenue	8,260,993	5,844,082	6,847,754	8,348,271	10,343,967
Insurance Proceeds	-	-	750,000	18,245,962	16,264
Jet Fuel Tax Revenue (Expense)	-	-	-	-	(113,141)
Reclamation Expense	-	(925,000)	-	-	-
Interest Expense	(7,617,091)	(7,792,177)	(6,903,972)	(5,729,405)	(4,227,792)
Gain (Loss) on Sale of Assets	(2,192)	418,004	(80,587)	(47,882)	40,043
	2,126,259	(281,211)	1,974,181	22,126,969	6,405,281
Income (Loss) Before Capital Contributions	$3,413,459	$1,058,834	$148,559	$16,822,502	($257,260)

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2000 - 2009
(unaudited)

	2005	2006	2007	2008	2009
Operating Revenues	$39,090,139	$44,392,984	$45,596,697	$47,143,034	$44,602,748
Operating Expenses	(27,390,685)	(29,529,726)	(30,453,872)	(31,935,541)	(31,220,696)
Operating Income before Depreciation and Amortization	11,699,454	14,863,258	15,142,825	15,207,493	13,382,052
Depreciation and Amortization	(17,374,021)	(18,564,621)	(20,686,072)	(22,000,778)	(21,904,868)
Operating Income (Loss)	(5,674,567)	(3,701,363)	(5,543,247)	(6,793,285)	(8,522,816)
Nonoperating Revenues and (Expenses):					
Interest Income	1,370,190	1,723,481	3,382,557	2,440,071	1,814,681
PFC Revenue	8,771,723	11,029,218	10,992,217	9,931,917	7,688,656
Insurance Proceeds	30,000	-	13,853	-	-
Jet Fuel Tax Revenue (Expense)	414,908	414,874	338,810	400,006	313,204
Reclamation Expense	-	-	-	-	-
Interest Expense	(4,126,651)	(3,608,057)	(3,229,056)	(2,834,064)	(2,417,329)
Gain (Loss) on Sale of Assets	1,311,777	496,591	112,337	89,009	544,222
	7,771,947	10,056,107	11,610,718	10,026,939	7,943,434
Income (Loss) Before Capital Contributions	$2,097,380	$6,354,744	$6,067,471	$3,233,654	($579,382)

RENO-TAHOE AIRPORT AUTHORITY

REVENUE RATES

FOR THE YEARS ENDED JUNE 30, 2000-2009

(unaudited)

	Landing Fee		RON (Ramp Over Night)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2009	$2.28	$2.82	$0.35	$0.71	$55.39	$6.23
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

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, 2000-2009

(unaudited)

YEAR	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt and Obligation Payments	PRINCIPAL	INTEREST	TOTAL	COVERAGE
2009	$46,961,651	($31,220,696)	$15,740,955	$7,765,000	$3,005,476	$10,770,476	1.46
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

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, 2000 - 2009

(unaudited)

	2000	2001	2002	2003	2004
Operating Revenues	$36,287,629	$36,443,234	$34,326,951	$34,552,284	$36,008,640
Trust Fund Investment Interest Income	1,377,257	1,785,895	1,268,375	1,200,102	244,461
Gross Pledged Revenues	37,664,886	38,229,129	35,595,326	35,752,386	36,253,101
Transfers - General Purpose Fund for LOI Bond Debt Service	-	672,753	679,517	656,730	654,578
Airline revenue share prior year	-	2,727,766	2,550,000	1,421,946	2,246,836
Operating Expenses	(20,236,521)	(20,089,820)	(20,891,703)	(24,340,649)	(25,626,456)
35% of Gaming Revenues	(971,819)	(969,523)	(933,202)	(882,000)	(882,000)
Net Pledged Revenues	$16,456,546	$20,570,305	$16,999,938	$12,608,413	$12,646,059
125% of Revenue Bond Debt Service	$12,412,351	$14,533,705	$14,530,776	$7,030,344	$8,277,935
Rate Maintenance Minimum Revenues	$12,412,351	$14,533,705	$14,530,776	$7,030,344	$8,277,935

RENO-TAHOE AIRPORT AUTHORITY

RATE MAINTENANCE COVENANT PERFORMANCE

FOR THE YEARS ENDED JUNE 30, 2000 - 2009

(unaudited)

	2005	2006	2007	2008	2009
Operating Revenues	$39,090,139	$44,392,984	$45,596,697	$47,143,034	$44,602,748
Trust Fund Investment Interest Income	728,223	1,220,400	2,475,203	1,794,812	1,450,653
Gross Pledged Revenues	39,818,362	45,613,384	48,071,900	48,937,846	46,053,401
Transfers - General Purpose Fund for LOI Bond Debt Service	647,661	649,427	639,373	641,856	644,911
Airline revenue share prior year	1,653,595	1,537,929	2,111,696	1,867,149	1,892,768
Operating Expenses	(27,077,027)	(29,328,473)	(30,453,872)	(31,935,541)	(31,220,696)
35% of Gaming Revenues	(1,079,961)	(1,199,079)	(1,294,816)	(1,221,986)	(946,661)
Net Pledged Revenues	$13,962,630	$17,273,188	$19,074,281	$18,289,324	$16,423,723
125% of Revenue Bond Debt Service	$10,145,266	$12,039,713	$13,456,835	$13,463,095	$13,460,781
Rate Maintenance Minimum Revenues	$10,145,266	$12,039,713	$13,456,835	$13,463,095	$13,460,781

RENO-TAHOE AIRPORT AUTHORITY

RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE

FOR THE YEARS ENDED JUNE 30, 2000 - 2009

(unaudited)

	2000	2001	2002	2003	2004
Outstanding Debt					
Revenue bonds	$128,585,000	$117,780,000	$104,300,000	$89,545,000	$80,350,000
Notes payable	800,000	325,849	-	-	-
Tax-exempt PFC backed note	3,351,000	-	-	-	-
Subordinate revenue taxable note	10,000,000	10,000,000	10,000,000	-	-
Total outstanding debt	$142,736,000	$128,105,849	$114,300,000	$89,545,000	$80,350,000
Outstanding debt per enplaned passenger	$48	$48	$51	$38	$33
Debt Service					
Principal	$10,020,000	$11,035,000	$13,720,849	$14,130,000	$9,195,000
Interest	7,964,976	7,477,175	7,567,964	6,838,464	3,837,211
Total debt service	$17,984,976	$18,512,175	$21,288,813	$20,968,464	$13,032,211
Ratio of debt service to total expenses	42.20%	42.25%	49.35%	45.95%	27.50%

Notes: No debt-to-personal-income ratio is shown because personal income information is not available for the Airport trade area. See schedule of Operational Statistical Summary for enplanements.

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2000 - 2009
(unaudited)

	2005	2006	2007	2008	2009
Outstanding Debt					
Revenue bonds	$77,975,000	$74,320,000	$68,175,000	$60,810,000	$53,045,000
Notes payable	-	-	-	-	-
Tax-exempt PFC backed note	-	-	-	-	-
Subordinate revenue taxable note	-	-	-	-	-
Total outstanding debt	$77,975,000	$74,320,000	$68,175,000	$60,810,000	$53,045,000
Outstanding debt per enplaned passenger	$31	$29	$27	$25	$27
Debt Service					
Principal	$2,375,000	$3,970,000	$6,145,000	$7,365,000	$7,765,000
Interest	4,247,348	4,146,213	3,486,770	3,400,468	3,005,476
Total debt service	$6,622,348	$8,116,213	$9,631,770	$10,765,468	$10,770,476
Ratio of debt service to total expenses	13.55%	15.70%	17.72%	18.96%	19.39%

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 1999-2008
(unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Nevada										
County										
Churchill	23,405	24,025	24,469	24,248	24,241	24,289	24,556	25,036	24,891	24,896
Douglas	37,602	41,465	42,227	43,230	44,170	45,933	47,017	45,909	45,406	45,180
Humboldt	17,876	15,919	15,969	16,143	16,562	16,863	17,129	17,446	17,523	17,763
Lyon	31,459	34,893	36,254	38,019	40,290	43,336	47,515	51,231	52,479	53,022
Pershing	4,803	6,665	6,588	6,566	6,446	6,396	6,360	6,414	6,376	6,291
Storey	2,988	3,393	3,424	3,421	3,541	3,731	4,074	4,132	4,193	4,341
Washoe	319,816	341,348	351,584	361,640	371,062	380,612	389,872	396,428	406,079	410,443
Carson City	50,046	52,548	53,446	54,547	55,269	55,926	56,062	55,289	54,939	54,867
Subtotal	487,995	520,256	533,961	547,814	561,581	577,086	592,585	601,885	611,886	616,803
California										
County										
Alpine	1,161	1,207	1,204	1,217	1,188	1,197	1,159	1,180	1,145	1,061
El Dorado	161,358	157,198	161,363	165,711	169,119	172,723	176,841	178,066	175,689	176,075
Lassen	33,028	33,767	33,652	33,569	34,114	34,606	34,751	34,715	35,031	34,574
Mono	10,512	12,866	12,895	12,993	12,832	12,687	12,509	12,754	12,801	12,774
Nevada	92,014	92,537	93,868	95,071	96,235	97,447	98,394	98,764	97,027	97,118
Placer	239,485	251,327	264,818	278,911	293,457	306,305	317,028	326,242	332,920	341,945
Plumas	20,370	20,781	20,899	21,006	21,185	21,328	21,477	21,263	20,615	20,275
Sierra	3,334	3,576	3,528	3,497	3,542	3,486	3,434	3,455	3,328	3,263
Subtotal	561,262	573,259	592,227	611,975	631,672	649,779	665,593	676,439	678,556	687,085
Total	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	1,303,888
Percentage increase	2.34%	4.22%	2.99%	2.98%	2.89%	2.82%	2.55%	1.60%	0.95%	1.04%
Unemployment rate Washoe County	3.5%	3.6%	4.4%	5.1%	4.7%	4.2%	3.9%	4.0%	4.4%	11.8%

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 2009
(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: Economic Development Authority of Western Nevada.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
FISCAL YEAR ENDED 2009 AND 2000
(unaudited)

	2009		2000	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	8,500-8,999	1	5,000-5,499
University of Nevada-Reno	2	4,000-4,499	3	2,500-2,999
Washoe County	3	2,500-2,999	4	2,500-2,999
International Game Technology	4	2,500-2,999	8	2,000-2,499
Renown Regional Medical Center	5	2,000-2,499	6	2,000-2,499
Peppermill Hotel Casino-Reno	6	2,000-2,499	-	-
Silver Legacy Resort Casino	7	1,500-1,999	5	2,500-2,999
City of Reno	8	1,500-1,999	-	-
CHW/St. Marys Hospital	9	1,500-1,999	-	-
Atlantis Casino Resort	10	1,500-1,999	-	-
Grand Sierra Resort	-	-	2	2,500-2,999
Eldorado Hotel & Casino	-	-	7	2,000-2,499
Sparks Nugget Inc	-	-	9	2,000-2,499
Circus Circus Casino	-	-	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, 2000-2009

(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
2009	9	51	69	43	15	20	68.5	275.5
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

* Board of Trustees Department comprises a nine-member Board of Trustees appointed by the City of Reno, City of Sparks, Washoe County and the Reno-Sparks Convientien & Visitors Authority.

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, 2000 - 2009
(unaudited)

Year	Enplanements (Scheduled and Non-Scheduled)	Airport Growth	Landed Weight (Scheduled and Non-Scheduled)	Airport Growth	Air Carrier Operations	Airport Growth
2009	1,995,412	-17.8%	3,097,929	-17.1%	49,811	-15.8%
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%

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, 2000 - 2009
(unaudited)

Scheduled Airline	2000			2001			2002		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	128,043	4%	-28%	113,411	4%	-11%	103,740	5%	-9%
Allegiant Air	-	0%	0%	19,094	1%	100%	183	0%	-99%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
American	650,232	22%	712%	381,984	14%	-41%	293,393	13%	-23%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	34,423	1%	154%	41,283	2%	20%	48,846	2%	18%
Delta	225,247	8%	-1%	169,805	6%	-25%	27,819	1%	-84%
Frontier	-	0%	0%	-	0%	0%	31,342	1%	100%
Horizon Air	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	-	0%	0%
Northwest	123,221	4%	-10%	95,394	4%	-23%	81,894	4%	-14%
Reno Air	125,260	4%	-86%	-	0%	-100%	-	0%	0%
Skywest	29,844	1%	32%	65,481	2%	119%	113,418	5%	73%
Southwest	1,066,053	36%	13%	1,248,606	47%	17%	1,112,648	50%	-11%
TWA	47,574	2%	-37%	-	0%	-100%	-	0%	0%
United	326,781	11%	1%	325,870	12%	0%	251,034	11%	-23%
US Airways (America West)	165,655	6%	3%	194,417	7%	17%	177,250	8%	-9%
Other	25,289	1%	0%	14,054	1%	100%	2,813	0%	-80%
	2,947,622	100%	-4%	2,669,399	100%	-9%	2,244,380	100%	-16%

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, 2000 - 2009
(unaudited)

Scheduled Airline	2003			2004			2005		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	114,267	5%	10%	181,866	7%	59%	173,865	7%	-4%
Allegiant Air	413	0%	126%	29,015	1%	6925%	28,731	1%	-1%
Aloha Airlines	113,223	5%	0%	32,133	1%	100%	43,378	2%	100%
American	233,442	10%	-20%	239,167	10%	2%	250,509	10%	5%
Atlantic Southeast	-	0%	0%	-	0%	0%	23,149	1%	0%
Continental	58,502	2%	20%	77,461	3%	32%	66,663	3%	-14%
Delta	-	0%	-100%	-	0%	0%	34,165	1%	0%
Frontier	40,331	2%	29%	54,709	2%	36%	31,441	1%	-43%
Horizon Air	-	0%	0%	-	0%	0%	26,984	1%	0%
Mesa	1,265	0%	0%	-	0%	-100%	3,674	0%	0%
Northwest	87,121	4%	6%	91,230	4%	5%	82,998	3%	-9%
Reno Air	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	117,884	5%	4%	183,632	7%	56%	188,436	7%	3%
Southwest	1,134,256	48%	2%	1,160,906	47%	2%	1,182,838	46%	2%
TWA	-	0%	0%	-	0%	0%	-	0%	0%
United	256,635	11%	2%	204,840	8%	-20%	182,893	7%	-11%
US Airways (America West)	198,392	8%	12%	206,307	8%	4%	228,743	9%	11%
Other	6,712	0%	139%	428	0%	0%	1,806	0%	0%
	2,362,443	100%	5%	2,461,694	100%	4%	2,550,273	100%	4%

2006			2007			2008			2009		
Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
111,961	4%	-36%	105,437	4%	-6%	34,135	1%	-68%	-	0%	0%
32,307	1%	12%	1,194	0%	-96%	12,748	1%	968%	36,148	2%	184%
31,502	1%	-27%	26,639	1%	-15%	22,091	1%	-17%	-	0%	0%
240,675	9%	-4%	202,654	8%	-16%	191,839	8%	-5%	173,989	9%	-9%
26,254	1%	13%	15,481	1%	-41%	-	0%	-100%		0%	0%
59,379	2%	-11%	71,216	3%	20%	70,108	3%	-2%	15,046	1%	-79%
67,838	3%	99%	105,718	4%	56%	100,467	4%	-5%	50,249	3%	-50%
39,036	2%	24%	33,280	1%	-15%	7,759	0%	-77%	-	0%	0%
90,366	4%	235%	113,315	5%	25%	183,955	8%	62%	177,743	9%	-3%
38,238	1%	941%	41,512	2%	9%	43,503	2%	5%	-	0%	0%
35,758	1%	-57%	-	0%	-100%	-	0%	0%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
151,168	6%	-20%	117,820	5%	-22%	111,688	5%	-5%	120,743	6%	8%
1,251,809	49%	6%	1,222,526	49%	-2%	1,177,434	49%	-4%	1,052,348	54%	-11%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
185,751	7%	2%	238,640	10%	28%	220,543	9%	-8%	208,228	11%	-6%
202,610	8%	-11%	183,965	7%	-9%	155,643	7%	-15%	95,466	5%	-39%
12,894	1%	0%	2,771	0%	-79%	59,601	2%	2051%	15,888	1%	-73%
2,577,546	100%	1%	2,482,168	100%	-4%	2,391,514	100%	-4%	1,945,848	100%	-19%

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2000 - 2009

(unaudited)

	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
Alaska	143,705	3%	-27%	136,172	4%	-5%	128,950	4%	-5%
Allegiant Air	-	0%	0%	45,449	1%	0%	-	0%	-100%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
American	1,099,902	25%	962%	538,236	16%	-51%	405,332	13%	-25%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	40,624	1%	81%	45,434	1%	12%	52,588	2%	16%
Delta	323,853	7%	-10%	239,067	7%	-26%	38,004	1%	-84%
Frontier	-	0%	0%	-	0%	0%	65,200	2%	0%
Horizon	-	0%	0%	-	0%	0%	-	0%	0%
Mesa	-	0%	0%	-	0%	0%	-	0%	0%
Northwest	182,092	4%	-10%	114,607	3%	-37%	100,013	3%	-13%
Reno Air	204,680	5%	-86%	-	0%	-100%	-	0%	0%
Skywest	48,937	1%	11%	94,889	3%	94%	134,930	4%	42%
Southwest	1,587,667	37%	3%	1,623,092	47%	2%	1,631,799	52%	1%
TWA	56,234	1%	-40%	-	0%	-100%	-	0%	0%
United	397,453	9%	-4%	385,756	11%	-3%	321,466	10%	-17%
US Airways (America West)	249,521	6%	11%	235,655	7%	-6%	255,695	8%	9%
Airborne Express	-	0%	0%	-	0%	0%	-	0%	0%
Federal Express	-	0%	0%	-	0%	0%	-	0%	0%
United Parcel Service	-	0%	0%	-	0%	0%	-	0%	0%
Other	-	0%	0%	-	0%	0%	-	0%	0%
	4,334,668	100%	-8%	3,458,357	100%	-20%	3,133,977	100%	-9%

Rounding errors may occur.

2003			2004			2005			2006		
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
145,453	4%	13%	272,567	7%	87%	225,303	6%	-17%	142,111	4%	-37%
26,996	1%	0%	38,710	1%	43%	42,323	1%	9%	41,573	1%	-2%
-	0%	0%	46,899	1%	0%	73,125	2%	0%	47,802	1%	0%
290,583	8%	-28%	296,588	8%	2%	318,810	8%	7%	270,454	7%	-15%
-	0%	0%	-	0%	0%	31,021	1%	0%	33,031	1%	6%
63,004	2%	20%	91,532	2%	45%	79,589	2%	-13%	63,076	2%	-21%
-	0%	-100%	-	0%	0%	44,142	1%	0%	81,464	2%	85%
61,296	2%	-6%	87,471	2%	43%	49,713	1%	-43%	54,646	1%	10%
-	0%	0%	-	0%	0%	30,017	1%	0%	93,135	3%	210%
2,679	0%	0%	-	0%	0%	8,748	0%	0%	43,610	1%	399%
99,675	3%	0%	104,254	3%	5%	93,582	2%	-10%	41,726	1%	-55%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
138,994	4%	3%	215,743	6%	55%	230,224	6%	7%	167,176	4%	-27%
1,644,432	47%	1%	1,682,256	44%	2%	1,694,986	44%	1%	1,726,284	46%	2%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
310,702	9%	-3%	262,964	7%	-15%	241,294	6%	-8%	221,035	6%	-8%
275,247	8%	8%	301,178	8%	9%	323,416	8%	7%	258,369	7%	-20%
25,908	1%	0%	26,112	1%	1%	26,010	1%	0%	25,990	1%	0%
219,322	6%	0%	209,816	6%	-4%	213,469	6%	2%	239,288	6%	12%
113,002	3%	0%	116,029	3%	3%	122,350	3%	5%	131,104	4%	7%
57,443	2%	0%	28,486	1%	-50%	29,802	1%	5%	42,659	1%	43%
3,474,736	100%	11%	3,780,605	100%	9%	3,877,924	100%	3%	3,724,533	100%	-4%

continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2000 - 2009

(unaudited)

Scheduled Airline	2007			2008			2009		
	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change	Landed Weights (000)lbs	Share	Percent Change
Alaska	136,127	4%	-4%	41,376	1%	-70%	-	0%	-100%
Allegiant Air	44,782	1%	8%	60,634	2%	35%	48,064	2%	-21%
Aloha Airlines	47,028	1%	0%	35,271	1%	0%	-	0%	0%
American	234,199	6%	-13%	224,056	6%	-4%	208,428	7%	-7%
Atlantic Southeast	19,329	1%	-41%	-	0%	-100%	-	0%	0%
Continental	79,075	2%	25%	77,562	2%	-2%	17,374	1%	-78%
Delta	125,790	3%	54%	117,684	3%	-6%	60,804	2%	-48%
Frontier	47,964	1%	-12%	8,978	0%	-81%	-	0%	-100%
Horizon	116,770	3%	25%	199,390	5%	71%	184,624	6%	-7%
Mesa	48,490	1%	11%	46,188	1%	-5%	50,673	2%	10%
Northwest	-	0%	-100%	-	0%	0%	-	0%	0%
Reno Air	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	131,325	3%	-21%	132,837	4%	1%	132,534	4%	0%
Southwest	1,773,750	46%	3%	1,722,580	46%	-3%	1,567,666	51%	-9%
TWA	-	0%	0%	-	0%	0%	-	0%	0%
United	291,748	8%	32%	279,625	7%	-4%	274,015	9%	-2%
US Airways (America West)	237,084	6%	-8%	215,025	6%	-9%	126,737	4%	-41%
Airborne Express	60,472	2%	133%	71,094	2%	18%	35,632	1%	-50%
Federal Express	247,103	6%	3%	238,814	6%	-3%	207,306	7%	-13%
United Parcel Service	176,952	5%	35%	160,481	4%	-9%	144,795	5%	-10%
Other	23,543	1%	-45%	104,578	3%	344%	39,277	1%	-62%
	3,841,531	100%	3%	3,736,173	100%	-3%	3,097,929	100%	-17%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2009
(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, 2000 - 2009
(unaudited)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Terminal Space - square feet										
Airlines	154,875	154,875	154,875	154,875	154,875	154,630	154,482	154,482	154,482	154,810
Ground Transportation	3,103	3,103	3,103	3,103	3,326	3,326	3,326	3,723	3,723	3,723
Concession Space	18,825	18,825	18,825	18,825	18,602	18,602	18,750	18,353	18,353	18,353
Public Areas	157,081	157,081	157,081	157,081	157,081	157,081	157,081	157,081	157,081	156,606
RTAA	36,271	36,271	36,271	36,271	36,271	34,109	34,109	34,109	34,109	34,109
Unfinished Areas	5,426	5,426	5,426	5,426	5,426	7,833	7,833	7,833	7,833	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	1,532	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565
	3,632	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665
Cargo - square feet										
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	591,250	412,500
	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	630,000

Compliance Section

Reno-Tahoe Airport Authority

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

<u>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*</u>

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

We have audited the basic financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

<u>Internal Control Over Financial Reporting</u>

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2009

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

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

Compliance

We have audited the compliance of the Reno-Tahoe Airport Authority (the "Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended June 30, 2009. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and its passenger facility charge program for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 09-1 and 09-02.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program and the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 09-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2009

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

DATE		PERCENT OF PARTICIPATION	DESCRIPTION OF PROJECT	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSE-MENTS RECEIVED IN FY 2009	REIMBURSABLE EXPENSES
	Granting Agency: United States Department of Transportation							
	Property Acquisition and Relocation Assistance							
08/31/04	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-61	$ 1,875,000	$ 679,422	$ 290,141
08/18/05	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-66	2,000,000	113,403	114,517
07/20/06	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-69	2,000,000	124,420	86,575
08/31/07	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-76	2,000,000	1,162,117	182,090
05/15/08	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-78	5,000,000	2,640,430	3,308,633
08/19/08	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-79	2,000,000	335,730	335,730
02/12/09	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-81	6,000,000	270,663	285,743
	Security							
08/10/06	Airport Improvement Program	93.75%	SIDA Access Control System Design	20.106	3-32-0017-73	1,200,000	85,101	83,067
	Construction							
08/18/05	Airport Improvement Program	93.75%	Upgrade Airfield Lighting Control System	20.106	3-32-0017-67	430,841	16,840	-
05/24/07	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-75	10,530,401	654,836	505,202
05/15/08	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-77	10,204,555	3,463,330	3,451,313
09/18/08	Airport Improvement Program	93.75%	Rehabilitate Terminal Apron and Install Runway Lightin;	20.106	3-32-0017-80	1,286,185	847,008	997,978
02/25/09	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-82	5,583,115	-	15,238
08/22/07	Airport Improvement Program	95.00%	Various Construction Projects	20.106	3-32-0018-25	520,313	71,997	67,809
06/11/08	Airport Improvement Program	95.00%	Reconstruction of Taxilanes	20.106	3-32-0018-26	908,900	849,521	837,997
	Planning							
07/20/06	Airport Improvement Program	95.00%	Update Airport Master Plan	20.106	3-32-0018-24	300,000	105,915	155,678
						51,839,310	11,420,733	10,717,711
	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	722,500	107,169	150,500
09/18/07	Aviation and Transportation Security Act	Fixed	Law Enforcement Officer Reimbursement Program	97.090	HSTS02-08-H-SLR249	457,189	235,983	226,386
08/28/06	Aviation and Transportation Security Act	Fixed	Airport Checked Baggage Screening Program	97.100	HSTS04-06-A-DEP393	12,607,000	7,392,316	1,174,412
						13,786,689	7,735,468	1,551,298
	Granting Agency: United States Department of Transportation							
	Equipment							
	Passed through State of Nevada Department of Transportation:							
	Highway Planning and Construction Cluster:							
02/10/09	Congestion Mitigation and Air Quality	Fixed	Air Quality-Certified Street Sweeper	20.205	CM-0031(082)	209,996	209,996	209,996
						$ 65,835,995	$ 19,366,197	$ 12,479,005

* Catalog of Federal Domestic Assistance

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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, 2009

Balance July 1, 2008	$ 33,551,763
Collection of Passenger Facility Charges, July 1, 2008 through June 30, 2009	7,188,068
Interest earnings	459,793
Proceeds expended for Passenger Facility Charge Projects July 1, 2008 through June 30, 2009	(29,396,767)
Balance June 30, 2009	$ 11,802,857

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

2. No significant deficiencies were disclosed during the audit of the financial statements.

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

4. One significant deficiency, not considered to be a material weakness, in the internal control over a federal award program 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. Two audit findings relative to the 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 programs 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, 2009 was $374,370.

9. The Authority qualified as a low-risk auditee for the year ended June 30, 2009 under the criteria set forth in section .530 of OMB Circular A-133.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING STANDARDS (GAGAS):

There were no such findings in relation to the financial statement audit of the Reno-Tahoe Airport Authority for the year ended June 30, 2009.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARDS

U.S. Department of Transportation:

Finding 09-1:

Airport Improvement Program, CFDA 20.106

Grant Award Number:	Potentially affects all grant awards included under CFDA 20.106 on the Supplementary Schedule of Expenditures of Federal Awards.
Condition and Criteria:	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 DOL regulations (29 CFR Part 5.5(a)(3)(ii)(A), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes 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). Two major construction contracts were selected for testing. Our tests included reviewing the bid documents and contracts for the Davis-Bacon provisions and reviewing the payroll files received and monitored by a third party contracted with for project oversight. Although the certified weekly payrolls were submitted, for one of the two contracts tested we noted several instances where multiple weeks were submitted at once, rather than being submitted weekly. Additionally, we noted that a payroll submission for a subcontractor for that same contract was not available. Certified payrolls were submitted by that subcontractor for the weeks prior to and after the missing week. No documentation was available to support that work was not performed during the week questioned.
Questioned Cost:	None.
Context:	The condition noted above appears to be a systemic problem.

Effect:	Material noncompliance with the Davis-Bacon Act by a contractor could occur and not be detected or followed up on by the Reno-Tahoe Airport Authority in a timely manner.
Cause:	Adequate controls procedures were not in place to ensure that all required payrolls were received timely.
Recommendation:	We recommend that the Reno-Tahoe Airport Authority implement procedures to ensure that certified payrolls are received weekly as prescribed by the Davis-Bacon Act.
Management's Response:	See Management's Response on page 75.

U.S. Department of Transportation:

Finding 09-2:

Highway and Planning Construction, CFDA 20.205

Grant Award Number:	Affects the grant award under CFDA 20.205 on the Supplementary Schedule of Expenditures of Federal Awards.
Criteria and Condition:	OMB Circular A-133 requires the Authority to prepare a Supplementary Schedule of Expenditures of Federal Awards (Schedule) showing total federal expenditures for the year. That Schedule should include the name of the federal agency, pass-through agency, and identifying number assigned by the agency. Internal control over federal programs should be maintained to provide reasonable assurance that the Authority is identifying and, therefore, managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs. During our testing of the Schedule, it was noted that the pass-through award, referred to above, was not included on the Schedule. The award had been deemed a state grant rather than a state pass-through award of federal funds.
Questioned Costs:	None.

Context:	The condition noted above appears to be an isolated incident.
Effect:	The recognition of the grant as a state grant rather than a pass-through grant of federal funds does not provide a complete and accurate Supplementary Schedule of Expenditures of Federal Awards. As a result, compliance with the provision of the grant award may not have been adhered to.
Cause:	The Authority regularly reviews grant awards to ensure they are properly recorded. However, because the vast majority of awards received by the Authority are direct awards, the Authority did not recognize that the award passed through the State of Nevada was a pass-through of federal funds.
Recommendation:	We recommend the Authority reinforce the existing policy to carefully review any non-direct awards to determine possible pass-through funding.
Management's Response:	See Management's Response on page 76.

Reno-Tahoe International Airport
P.O. Box 12490 Reno, NV 89510-2490 (775) 238-6400 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, 2009, the Authority's external auditors, Kafoury Armstrong & Co., noted the following findings.

Finding 09-01:

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 DOL regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes 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).

Tests included reviewing the bid documents and contract for the Davis-Bacon provisions, and reviewing the payroll files received and monitored by a third party contracted with for project oversight. It was noted that multiple weeks of certified payrolls were submitted together at once, rather than each week being submitted weekly.

The Authority will require the company responsible for project management, which includes receipt of the certified payrolls weekly, to submit to the Authority a weekly status report with a check list of received certified payrolls and documentation of any correspondence indicating the efforts to obtain the weekly payrolls timely. This requirement will pertain to all construction contracts that include federal funding.

Finding 09-02:

OMB Circular A-133 requires a Supplementary Schedule of Expenditures of Federal Awards (Schedule) showing total federal expenditures for the year. The Schedule should include the name of the federal agency, pass-through agency, and identifying number assigned by the agency.

The Authority received a grant from the State of Nevada, Department of Transportation for the purchase of Federal Congestion Mitigation Air Quality equipment. Upon review of the grant documentation, this grant was deemed a federal grant and is reported on the Supplementary Schedule of Expenditures of Federal Awards. In the future, any grants received from the State of Nevada or other non-federal government entity will be researched to identify if the primary funding is a federal agency pass-through and report it on the Supplementary Schedule of Expenditure of Federal Awards.

Sincerely,

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, 2009

Findings and Questioned Costs Related to Major Federal Awards:

Finding 08-1

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

Finding Summary: 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. Without this receivable recorded, grants receivable and capital contributions would be understated.

Auditor's Recommendation: We recommended that the Authority review submissions for reimbursement, particularly near year end, in order to ensure receivables are recorded in the proper accounting period.

Current Status: Grants activity is reviewed and reconciled to the financial statements periodically throughout the year to ensure accuracy and completeness. At year end, an additional review and reconciliation was preformed to ensure all grants receivable were recorded.

Finding 08-2

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

Finding Summary: 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 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.

Auditor's Recommendation: We recommended that the Authority ensure suspension and debarment certifications are received for all covered contracts, regardless of the procurement procedures followed.

Current Status: The Authority reviewed the Excluded Parties List System (EPLS) to ensure the contractor for the Inline Explosive Detection System is not a suspended or debarred party. The Authority requires that all suspension and debarment certifications be received for all covered contracts or alternate steps are taken to ensure a contractor is not suspended or debarred.

Finding 08-3

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

Finding Summary: Article VI of the grant award 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 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 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.

Auditor's Recommendation: We recommended the Authority use their routine and allowable contract terms when entering into all construction contracts.

Current Status: 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. 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.

No changes were made to the existing contract for the construction of the Inline Explosive Detection System; however, all contracts entered into during fiscal year 2009 were made under routine and conventional contracting terms.

Finding 08-4

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

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 a weekly basis.

Auditor's Recommendation:

We recommended the Authority ensure that all construction contracts that include federal funding include the appropriate Davis-Bacon Act requirements without exception.

Current Status:	The Authority issued Change Order 110 deleting "Submittal shall be made no later than 15 days after the end of the month in which that week occurred" and replacing it with the following: "In accordance with federal law (Davis-Bacon Act) and the Department of Labor Regulations, the Contractor must obtain and submit certified payroll on a weekly basis". Despite this change, the Authority still does not consistently receive certified payrolls from the contractor weekly. Additional steps are currently being implemented to ensure complete compliance with the Davis-Bacon Act for all construction contracts that include federal funding. These steps include the requirement that the company responsible for project management, including receipt of the certified payrolls weekly, submit to the Authority a weekly status report with a check list of received certified payrolls and documentation of any correspondence indicating the efforts to obtain the weekly payrolls timely.

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, 2009 (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, 2009,
- 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 30, 2009

RENO-TAHOE AIRPORT AUTHORITY
AUDITOR'S COMMENTS
JUNE 30, 2009

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, 2008.

PRIOR YEAR RECOMMENDATIONS

The Summary Schedule of Prior Audit Findings, which is presented in the current year audit report, includes the status of the prior year audit findings.

CURRENT YEAR RECOMMENDATIONS

The recommendations made for the current year are included in the Schedule of Findings and Questioned Costs as part of the June 30, 2009 audit.