Reno-Tahoe Airport Authority

Comprehensive Annual Financial Report

For the years ended June 30, 2013 and 2012

Reno-Tahoe Airport Authority
Reno, NV

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2013 and 2012

Prepared by
Accounting Division

Richard G. Gorman
Chief Financial Officer

RENO-TAHOE AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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November 27, 2013

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" or "Authority") for the fiscal year July 1, 2012 through June 30, 2013. 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.

Management assumes full responsibility for the accuracy, completeness and the reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal accounting controls employed by the RTAA are designed to provide reasonable assurance that assets will be safeguarded against loss and that financial records will be reliable for use in preparing financial statements that are free of any material misstatements.

This CAFR contains financial statements and statistical data that fully disclose all the material financial operations of the RTAA. A narrative overview and analysis of the financial activities of the RTAA that occurred during the year ended June 30, 2013 is presented in the Management's Discussion and Analysis 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. It is our belief that the accompanying 2013 CAFR meets program standards, and it will be submitted to the GFOA for review.

REPORTING ENTITY

The Reno-Tahoe Airport Authority 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 the Reno-Tahoe International Airport ("RTIA" or "RNO") and Reno-Stead Airport ("RTS"). According to the latest available Federal Aviation Administration ("FAA") statistics, RTIA is the 66th busiest airport in the nation in terms of Calendar Year 2012 airline passenger boardings. RTIA also has substantial cargo activity and a vibrant general aviation community. The Reno-Stead Airport is a general aviation facility of 5,000 acres that is home to approximately 200 based aircraft, as well as the famous Reno National Championship Air Races. Together, these Airports have a $2 billion annual economic impact on the local economy (Northern Nevada).

The geographical, or catchment, 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 catchment area for the Airport also includes the Lake Tahoe area and several communities in northeastern California.

RTIA is located four miles southeast of Reno's central business district. The Reno-Stead Airport is located 11 miles northwest of the central business district. Carson City is 30 miles south of Reno. Elected officials and state employees use RTIA to get back to their constituents or to fly to the many state agencies located 350 miles to the south in Las Vegas. The closest competing airport is 115 miles away in Sacramento, California.

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 continued presence of experienced members.

As defined by the FAA, RTIA is a small hub airport, which served 3.514 million passengers last fiscal year ("FY"). RTIA is home to the following passenger air carriers: Alaska, Allegiant, American, Delta, Southwest, United, and US Airways.

In addition to its outstanding passenger air service, Reno-Tahoe International is proud to be part of a region focused on air cargo. Ideally located, the Reno-Tahoe region and Northern Nevada serve as home for numerous West Coast distribution centers, online fulfillment centers and the Tahoe-Reno Industrial Center, which at completion, will be the largest industrial park in the world.

Existing air cargo operations occupy about 25 acres to the north of the terminal with two buildings used for air cargo activities that consist of approximately 67,300 square feet. The ramp facilities can handle 18 aircraft. These facilities serve air cargo carriers including DHL, FedEx and United Parcel Service. RTIA is designed to accommodate all types of cargo aircraft.

Air cargo represented 15.7% of total RTIA landed weight for FY 2012–13, which is a significant factor in lowering overall landing fee costs for all carriers.

ECONOMIC CONDITION AND OUTLOOK

The U.S. and Northern Nevada economy experienced modest growth during the last fiscal year as consumers, businesses, and governments adjust to the "new normal" of government fiscal constraint. While improving labor markets, rising home prices and growth in consumer spending has been positive, the economy has been impacted by the European debt crisis and federal government spending cuts, shutdowns and tax increases.

According to the Nevada Department of Employment, Training, and Rehabilitation (DETR), Nevada's economic recovery is gaining momentum, but the State still tops many unfavorable economic lists. The unemployment rate for the Reno-Sparks Metropolitan Statistical Area (MSA) in August 2013 registered at a seasonally adjusted 9.1 percent, down from 10.6 percent in August 2012. This is the lowest jobless rate since December 2008. Current forecasts indicate that approximately 20,000 jobs will be added in Nevada during 2013, on top of the combined 30,000 created in 2011 and 2012.

Even with improvement in nearly all sectors of the economy, Nevada still has the largest ratio of underwater (negative homeowner equity) homes of any state in the nation, the highest labor market underutilization rates, and thus far the percent of jobs recovered is far behind in comparison to other regions of the country.

While both the nation and our region face economic uncertainty, several additional positive factors in the Reno-Sparks-Tahoe market provide a solid foundation for optimism going forward. These factors include the following:

- Approximately 245,000 U.S. Bowlers are forecasted to attend the United States Bowling Congress (USBC) Tournament at the National Bowling Stadium in downtown Reno in 2014. This includes both the men's and women's championship. The USBC Tournament in 2013 was a significant positive factor in the passenger traffic results for the first six months of 2013.

- Barrett-Jackson, the World's Greatest Collector Car Auctions™, launched a new auction event, in conjunction with the annual Hot August Nights collector-car festival, for the first time in the Reno Tahoe area. The Barrett-Jackson auction held on August 8-10, 2013 featured hundreds of rare classics, exotics, muscle cars, hot rods, and contemporary collectibles on its famous auction block at no reserve. Under a three year contract, this auction event will not only be a boon to attract thousand of additional participants to the Hot August Nights event, but should benefit the entire region, including additional passenger traffic at RTIA.

- Apple, Inc. has begun construction on a data center to house its various online services, such as the iTunes store, the App Store, and its iCloud data storage and syncing services. This data center will be constructed on 350 acres at the Reno Technology Park located approximately 11 miles east of Sparks. It is estimated that the data center will result in 41 full-time jobs, 200 long-term contractor jobs and approximately 580 construction jobs on top of an expected $343 million of economic activity.

- Apple will also construct a downtown Reno office where the equipment for the data center will be purchased. This business and purchasing office will be in the so-called Tèssarra District, a state and local government sanctioned "tourism improvement district" that allows for sales tax abatement.

The anticipated 10-year investment in Northern Nevada by Apple is estimated to be approximately $1 billion. The economic benefits of Apple's announcement will likely multiply because the company is so well-respected that other corporations may give Northern Nevada a closer look.

AIR SERVICE DEVELOPMENT

As the economy slowly improves, the airline industry is focused on achieving sustained profitability, while building a financial cushion against future uncertainty. According to Airlines for America (A4A), the U.S. airline trade group, the 2012 financial results for the Top 10 passenger airlines were inferior to 2011 and overall profitability of $152 million represented only $0.21 per passenger based on the 711 million passengers served.

Domestic Airlines incurred more than $50 billion in fuel costs in 2012 with the price of jet fuel reaching an all-time high for the full-year period. Overall, oil prices have remained fairly stable in 2013.

Low airline profitability, along with operating costs increasing faster than the airlines ability to grow revenue, has resulted in cuts to domestic air service and a smaller airline industry, especially in short-haul markets. Airlines in the U.S. continue to evaluate each and every route, eliminating less profitable routes and down-gauging aircraft size to align more closely with passenger demand. The RTIA has not escaped this trend.

In Fiscal Year 2012-13, the Authority's total enplaned passengers dropped 1.4% as compared to the prior year as outlined below:

	Year-to-date		
Enplaned passengers by Airline	**YTD 2012-13**	**YTD 2011-12**	**Percent change**
Major/national carriers (Signatory)			
Alaska	113,819	78,491	45.0%
American	201,472	185,797	8.4%
Continental (a)	0	17,727	-100.0%
Delta	133,014	165,462	-19.6%
Southwest	945,143	967,792	-2.3%
United	210,530	220,653	-4.6%
US Airways	143,559	141,880	1.2%
Total	1,747,537	1,777,802	-1.7%
Non-Signatory and Charter			
Allegiant Air	7,590	1,988	281.8%
Other Charters	1,344	1,022	31.5%
Total	8,934	3,010	196.8%
Total enplaned passengers	1,756,471	1,780,812	-1.4%

The June 2013 Flight Schedule at the RTIA provides 62 nonstop departures a day to 15 destinations with 213,390 monthly available seats. This compares with 67 daily departures to 16 destinations and 220,297 seats in June 2012. The June 2013 Flight Schedule represents a 3.1% decrease in seat capacity versus June 2012, while the number of flights is down 7.5% for the same period.

The most significant air service changes during the past year and announced changes going forward into next fiscal year include the following:

- Allegiant Airlines began twice weekly nonstop service to Las Vegas on February 1, 2013.

- Southwest Airlines discontinued non-stop flights to Salt Lake City in January, 2013.

- Southwest Airlines added seasonal service with a daily flight to Ontario, CA. The service operated from January 6, 2013 through March 8, 2013. The proposed budget anticipates that this seasonal service will return next year.

- Southwest Airlines discontinued non-stop flights to Oakland, CA effective on June 2, 2013.

- Southwest Airlines announced that service to Chicago Midway International Airport will be reduced from year round service to seasonal service operating during the months of March to September.

- Alaska Airlines announced a new daily flight to Portland, Oregon on November 8, 2013. It brings the number of non-stop flights between Reno and Portland to three each day.

Southwest Airlines, the nation's largest domestic carrier with a market share of 54% at RTIA, just marked its 40th straight profitable year, an unmatched feat in a time of economic turbulence, fluctuating fuel prices and airline bankruptcies. It did so by out performing its competition with low cost, no-frill flights and excellent customer service. Recently, the carrier has shifted its focus away from low fares toward increasing its return on investment and bottom-line.

RTAA staff is actively engaged in retaining existing and generating new air service from both passenger and cargo carriers. The President/CEO, the Executive Vice President/COO, the Director of Airline Business Development and supporting staff continually visit corporate executives of airlines currently serving RTIA, as well as airlines that do not. A business case is specifically tailored to the airline that includes an airline route analysis identifying the number of passengers flying between RTIA and target cities. It also forecasts profitability and how such a route would fit in an airline's current route and rate structures.

With the airline industry cutting capacity, air service development has never been more competitive with over 400 airports in the U.S. calling on airlines to solicit new air service.

To make the addition of new air service more attractive for a current or new airline, and to compete with other airports seeking new air service, 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 also participates in the cost of cooperative advertising for new air service with the community's Regional Marketing Committee.

On a positive note, cargo traffic increased in FY 2012-13 with 117.6 million pounds of cargo for the fiscal year, an increase of 4.3 million pounds or 4.0% compared to last year.

RECENT FINANCIAL NEWS

Despite lower passenger traffic for the fiscal year, the Authority had its "A" credit rating confirmed on May 3, 2013 by Fitch Ratings, a nationally recognized credit rating agency, with the outlook remaining as "stable". This is a very positive achievement considering the challenging economic environment.

The factors listed by Fitch in support of this decision, based on FY 2011-12 actual results and FY 2012-13 forecast data, outlined the following:

- **Low Airline Cost per Enplaned Passenger**: The airport's cost per enplaned passenger (CPE) remains low relative to peer airports at $6.81 for FY 2011-12 with an increase to the $7.00 range estimated for FY 2012-13. The Reno-Tahoe Airport Authority (RTAA) current airline use and lease agreement provides the airport with a larger cost recovery base, providing more cushion to volume declines.

- **Stable Debt Structure**: All of RTAA's senior debt is fixed rate with debt service payments flat at approximately $2.5 million through maturity in 2026. The subordinate lien revenue notes mature in 2017 and are strengthened with Passenger Facility Charge revenue support and no refinance risk. Fitch Ratings noted that the Authority does face risk from interest rate increases on the Series 2011B Subordinate Lien Notes (up to $15 million authorized) that are in a variable rate mode. The Authority's total draw under the 2011B Notes was $5.35 million of the $15.0 million available.

- **Low Leverage and Strong Liquidity**: In FY 2011-12, the airport's senior lien debt service coverage ratio increased to 4.06 from 1.66 in FY 2010-11. Debt service coverage ratio is net revenues, excluding depreciation and other non-cash expenditures, divided by principal and interest requirements for the fiscal year. The airport also maintains healthy liquidity with approximately $39.0 million in unrestricted cash and investments, equivalent to 420 days cash on hand, as well as $30.9 million in restricted cash as of June 30, 2012.

  Day's cash on hand represents the level of cash and investments available to fund daily operating expenses without incoming revenues.

- **Moderate Infrastructure Plan:** The three-year capital improvement plan (CIP) is modest at $97 million and will be funded through federal grants, the existing Series 2011 subordinate notes, passenger facility charge (PFC) monies, and minimal internal funds.

Actual results for FY 2012-13 outperformed the estimate provided to Fitch Ratings with the airport's cost per enplaned passenger registering $6.39. In addition, the FY 2012-13 senior lien debt service coverage remained strong at 3.78 and the Authority's liquidity remained stable with approximately $39.0 million in unrestricted cash and investments, the equivalent of 412 days cash on hand.

The Authority's day-to-day operating and maintenance expenses are funded almost exclusively from revenues generated through cost recovery from the airlines, rents and concession fees paid by airport tenants, and the Authority operation of public parking facilities.

Federal grants and passenger facility charges are designated to fund capital improvement projects that meet certain FAA criteria. No local property or sales tax dollars are used to meet the Authority's obligations.

MAJOR INITIATIVES AND DEVELOPMENT

Airport Gateway Program

The Airport Gateway program, which was substantially completed in April, 2013, is comprised of the Terminal Refurbishment Project and the Consolidated Security Checkpoint of the Future.

The Terminal Refurbishment Project consisted of upgrading flooring, column treatment, counters, lighting, signage, soffits and ceiling treatment in the baggage claim area/rental car/ ground transportation portions of the terminal building. In addition, this project included carpet replacement in Concourse "B" and "C".

The Consolidated Security Checkpoint of the Future project consistes of the relocation of the two existing security checkpoints, previously located at the entrance of the "B" and "C" Concourses, to a centralized area. With the need to install Advanced Imaging Technology and other new technology, the existing checkpoints did not have the space to fully accommodate this new screening equipment and Transportation Security Administration ("TSA") requirements.

As a result of this relocation, the existing first floor food court space was expanded to provide space for eight security lanes and passenger queuing. The existing food court was relocated, along with several retail locations, to an expanded second floor post-security location. With significant private investment, this program also included the opening of new retail and food and beverage outlets.

The impact of this project on three months of Fiscal Year 2012-13 and going forward into next year is two-fold. First, the Authority is forecasting to benefit from a significant increase in its concession revenues. Total revenue is anticipated to increase $349,000 in next year's proposed budget over the current year estimate, an increase of 22%.

The second impact is higher operating costs associated with the expansion of the terminal building footprint and associated public space and restrooms. Overall, the building footprint has increased approximately 7,000 sq. ft. on the first level to accommodate the new security check point and 11,200 sq. ft. on the 2nd level for new restaurants, a public art display area, and a children's play area.

Reno-Stead Airport – Terminal Building/Emergency Operations Center

The Reno-Stead Airport (RTS) is designated by the FAA as a "Reliever Airport" to the Reno-Tahoe International Airport (RTIA). As a designated reliever, RTS is expected to have facilities that support the capacity needs of the community's aviation demand and provide emergency operational support for Reno-Tahoe. RTIA may experience floods, earthquakes, and aircraft accidents, which make it critical to have facilities available at RTS to support activities in emergency situations.

Although the airfield (runways and taxiways) facilities at RTS are in excellent condition and capable of fulfilling the "reliever" designation requirements, the landside facilities are in desperate need of upgrading.

A new terminal/emergency operation facility is being constructed which consists of a 12,000 square foot two story building, parking areas, utilities, and site work. The primary components are public meeting areas, pilot lounge, administrative offices, Emergency Operations Center, and limited revenue space.

The first floor is dedicated to the general aviation users and the Stead community. The front doors will open into a large, airy public space which can be used for special events as well as for a media staging area during an emergency. The improved pilots' lounge is roughly 900 square feet and includes a break room, flight planning room, restrooms and a shower. The remaining first floor space is leasable for commercial, retail or restaurant purposes.

The second floor will house all airport administrative functions. The east end of the second floor will be configured, with adequate infrastructure, to act as an emergency operations center. When not in use for emergency purposes, the approximately 1,400 square foot emergency operations center can be used for events and meetings. The reminder of the second floor will house the offices of the Reno-Stead Airport manager and support staff including a reception area, restrooms, an employee break room, and a small conference room. The second floor location of these critical functions will provide an increased visibility over the entire airfield.

The new facilities are scheduled to be completed and available for public use by December, 2013.

Fixed Based Operator (Atlantic Aviation)

In January, 2013, Atlantic Aviation executed a new 35-year Agreement for Fixed Base Operator (FBO) services at the Reno-Tahoe International Airport. Under this agreement, Atlantic will invest approximately $7.5 million in a new FBO/Hangar facility at their existing site.

Atlantic Aviation, a subsidiary of Macquarie Infrastructure Company, is headquartered in Plano, TX and is a leading U.S. provider of fixed base operations (FBO) for the general aviation community. Atlantic offers services such as fueling, aircraft storage, and de-icing as well as concierge services including catering and ground transportation for aircraft owners and pilots. Atlantic maintains a network of over sixty (60) FBO facilities at airports throughout the country.

The proposed new development has the following key new Agreement terms:

1. Atlantic will construct an 11,500 square foot, 2-story FBO building with attached 27,500+ square foot hangar built on the current FBO building site and immediately adjacent land over a nine (9) to twelve (12) month construction period.

2. Atlantic will demolish the existing FBO building and an adjacent Charter Terminal building at its cost.

3. By June 20, 2017, Atlantic will purchase from RTAA the two (2) box hangars that will revert to RTAA ownership on its leasehold. The value of these hangars will be established at fair market value (FMV) based on a 2017 appraisal.

4. Atlantic will invest approximately $200,000 within the first five (5) years of the new Agreement term in refurbishing the box hangars and their office areas, providing additional covered parking spaces, and possibly a Ground Service Equipment (GSE) building, without requesting additional term.

Unmanned Aerial Systems

The Federal Aviation Administration (FAA) is soliciting proposals to select six test sites to aid in the development of a plan for the full integration of Unmanned Aerial Systems (UAS) into the national airspace system. UAS (sometimes called "drones") aircraft have military applications, but the civilian commercial potential is much greater. If Nevada were designated a test site, our region would likely have a significant jump start as a leader in this emerging industry. The decision on the six test sites is due in December 2013.

The State of Nevada is ideal because of its diverse climate/terrain conditions, abundant protected airspace and strong existing aerospace industry foundation. With these attributes, coupled with many others, the State of Nevada is aggressively pursuing this opportunity, which will likely include the Reno-Stead Airport playing an significant role in the overall program.

Related to this effort, RTAA, in partnership with the Economic Development Authority of Western Nevada (EDAWN), hosted in January, 2013 a demonstration of an Unmanned Aerial Vehicle (UAV) developed by Hawkeye UAV Americas. This firm's aircraft is designed to collect aerial imagery data for the purpose of survey mapping by a variety of industries, including mining, agriculture, transportation and land planning with Geographic Information Systems (GIS).

Strategic Plan – FY 2014-2018

During the November, 2012 Board of Trustees Retreat, the RTAA discussed the development of a Strategic Plan ("Plan") that incorporates a new vision and mission statements for the Reno-Tahoe Airport Authority. The Board discussed that the Plan should set performance objectives to meet 5-year strategic priorities, which would be developed through Board member, staff and community input.

At the December 13, 2012 Board of Trustees meeting, the Board approved the President/CEO to execute a Professional Services Agreement for consultant services to assist in the establishment of a Reno-Tahoe Airport Authority Strategic Plan. In conjunction, a temporary Strategic Planning Committee ("Committee") was created.

The Strategic Planning Committee, in collaboration with the consultant and Authority staff, gathered and reviewed internal and external research data and clarified strategic topics to be addressed throughout the planning process. As part of the data collection process, the Committee gathered community perspectives through participation in discussions at group meetings such as the RTAA Community Outreach Committee, Reno-Tahoe International Airport ("RTIA") Users Committee, RTAA Air Service Task Force and Stead Airport Users Association. In addition, the consultant conducted various sessions with the Airport Authority executive staff to focus on brainstorming and gathering their input and perspectives.

The Board's purpose for developing the FY 2014-18 Strategic Plan was to provide a shared strategic vision for the organization and highlight core strategies that will guide the Airport Authority over the next 5 years. The high level plan was developed to guide priority-setting and serve as a helpful roadmap for Airport Authority staff. The Plan also incorporates long-term goals and performance measures that support the strategic priorities and provides a planning structure for objectives and annual action plans to be developed by staff.

On June 13, 2013, the Plan was formally approved and adopted by the Board of Trustees with the following five strategic initiatives:

- Increase Air Service.
- Optimize General Aviation Operations and Services.

- Expand Cargo Development and Service.
- Facilitate Economic Development at the Airports.
- Provide a Positive Environment and Experience for All.

Along with these Strategic Priorities, the Authority is also committed to key Guiding Principles/Operating Practices that guide our every day efforts.

1. Safety and Security
2. Customer Service
3. Financial Integrity
4. Professionalism and Ethics
5. Environmental Responsibility

President/CEO Succession Planning

In December 2012, Krys T. Bart, the President/CEO for the Reno-Tahoe Airport Authority for the past 15 years, announced her plans to retire upon the expiration of the current employment contract. Under Ms. Bart's leadership, the Authority has been recognized as an aviation industry leader and has maintained its strong financial position, despite tremendous volatility including the terrorist attacks of September 11, 2001 and the economic recession of 2008-09.

Following the retirement announcement, the Board of Trustees began a nationwide recruitment effort to select a new President/CEO.

On May 16, 2013, the Reno-Tahoe Airport Authority Board announced the selection of Marily M. Mora, A.A.E., as the Authority's new President/CEO to succeed Ms. Bart effective on July 1, 2013. Ms. Mora has over 25 years of experience at three different medium hub airports including serving as the Chief Operating Officer for the Authority for a period of 12 years. She held this position until November 2011 when she became the Assistant Director of Aviation of Oakland International Airport, which is owned and operated by the Port of Oakland. In this capacity, she oversaw the daily operations of Oakland International, which handles 10 million passengers a year.

During her tenure at the Authority from 1999 to 2011, Ms. Mora was responsible for the daily operations at both RTIA and RTS, which included facilities maintenance, operations, security, planning and development, finance, and all airport administrative areas. She monitored operations to enforce federal, state and local rules and regulations governing use.

Her additional experience includes eleven years as the Deputy Director of Aviation for Business Development at Mineta San José International, two years as the Director of the Marketing & Customer Service Division for the Santa Clara Valley Transportation Authority in San José, California, and working in the Public Affairs Department for Public Service Company of Colorado (now Excel Energy) in Denver, Colorado.

She is an Accredited Airport Executive and has a Bachelor of Arts in International Relations from the University of California-Davis and a Masters in Business Administration from the University of Phoenix.

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 period that would be affected by these established policies.

The RTAA has several funds that accumulate money for specific and discretionary purposes. These are not the governmental purpose type funds usually seen in governmental accounting, but bond trustee accounts. The funds 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.

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 1st. 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.

INTERNAL CONTROLS

Management of the RTAA is responsible for establishing and maintaining an internal control structure designed to ensure that the assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada 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, 2012. This was the 26th 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. The Authority believes this current report continues to meet the Certificate of Achievement Program's requirements and it will be submitted it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

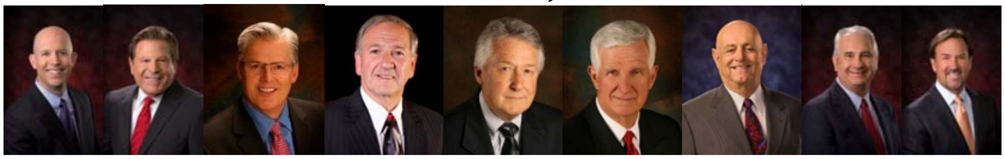
Nevada Revised Statutes 354.624 and the RTAA revenue bond resolutions require that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. Because the RTAA receives Federal funds and Passenger Facility Charges to assist in funding capital improvement projects, land acquisition, and security related costs, 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,

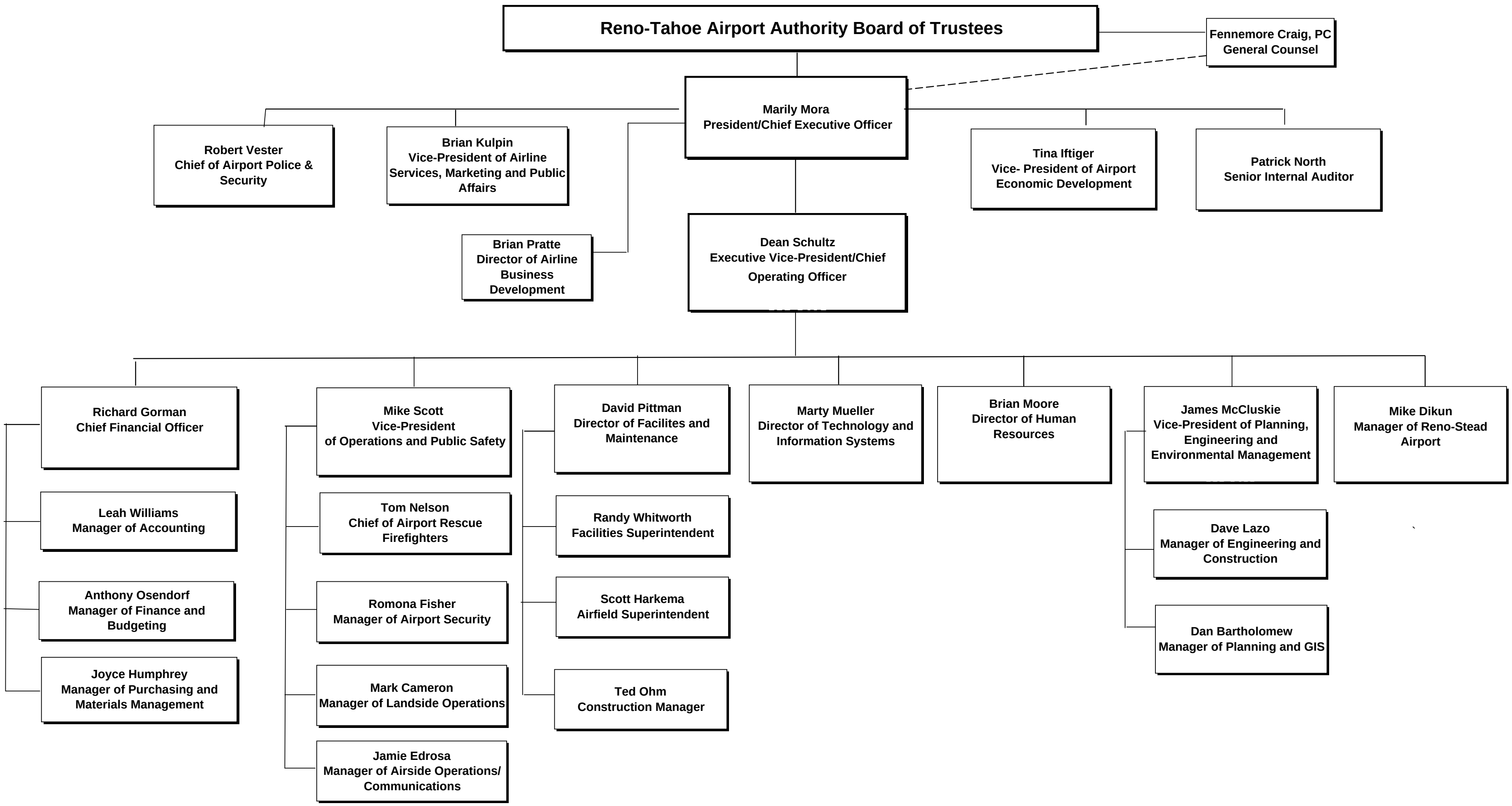
Marily M. Mora

Marily M. Mora, A. A. E.
President/CEO

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2013



Staff	Title
Marily M. Mora, A.A.E.	President/CEO
Dean Schultz, A.A.E.	Executive Vice President/COO
Rick Gorman	Chief Financial Officer
Mike Scott	Vice-President of Operations and Public Safety
Brian Kulpin	Vice-President of Airline Services, Marketing and Public Affairs
Brian Moore	Director of Human Resources
Tina Iftiger	Vice-President of Airport Economic Development
James McCluskie	Vice-President of Planning, Engineering and Environmental Management
Marty Mueller	Director of Technology and Information Systems
David Pittman	Director of Facilities and Maintenance
Mike Dikun	Manager of Reno-Stead Airport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Marily Mora
President/Chief Executive Officer
Robert Vester
Chief of Airport Police & Security
Brian Kulpin
Vice-President of Airline Services, Marketing and Public Affairs
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Vice- President of Airport Economic Development
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Leah Williams
Manager of Accounting
Anthony Osendorf
Manager of Finance and Budgeting
Joyce Humphrey
Manager of Purchasing and Materials Management
Mike Scott
Vice-President
of Operations and Public Safety
Tom Nelson
Chief of Airport Rescue Firefighters
Romona Fisher
Manager of Airport Security
Mark Cameron
Manager of Landside Operations
Jamie Edrosa
Manager of Airside Operations/ Communications
David Pittman
Director of Facilites and Maintenance
Randy Whitworth
Facilities Superintendent
Scott Harkema
Airfield Superintendent
Ted Ohm
Construction Manager
Marty Mueller
Director of Technology and Information Systems
Brian Moore
Director of Human Resources
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Vice-President of Planning, Engineering and Environmental Management
Dave Lazo
Manager of Engineering and Construction
Dan Bartholomew
Manager of Planning and GIS
Mike Dikun
Manager of Reno-Stead Airport

Government Finance Officers Association

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Presented to

Reno-Tahoe Airport Authority

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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 accompanying basic financial statements of the Reno-Tahoe Airport Authority (the "Authority"), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-19 and the Schedule of Funding Progress-Other Postemployment Benefits on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

The Supplementary Information, the Supplementary Schedule of Expenditures of Federal Awards, and the Supplementary Schedule of Passenger Facility Charges Collected and Expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, the Supplementary Schedule of Expenditures of Federal Awards, and the Supplementary Schedule of Passenger Facility Charges Collected and Expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Kafoury, Armstrong & Co.

Reno, Nevada
November 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Reno-Tahoe Airport Authority (RTAA) provides an introduction and overview of the major activities affecting the operations of the Airport and the financial performance of the RTAA for the fiscal years ended June 30, 2013 and 2012. 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 Authority's financial statements for a summary of the 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 Position

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

	2013	2012	% Change	2011	% Change
Assets:					
Current Assets	$ 46,318,873	$ 43,218,276	7%	$ 46,407,286	-7%
Current Assets – Restricted	19,731,171	30,865,484	-36%	40,175,105	-23%
Capital Assets, Net	453,798,583	449,797,269	1%	447,707,623	0%
Other Assets	1,925,041	1,994,393	-3%	2,054,984	-3%
Total Assets	$ 521,773,668	$ 525,875,422	-1%	$ 536,344,998	-2%
Liabilities:					
Current Liabilities	$ 9,547,951	$ 9,020,587	6%	$ 9,044,174	0%
Liabilities Payable from Restricted Assets	5,283,456	6,063,403	-13%	7,152,892	-15%
Non-Current Liabilities	41,350,670	40,005,306	3%	43,331,529	-8%
Total Liabilities	56,182,077	55,089,296	2%	59,528,595	-7%
Net Position:					
Net Investment in Capital Assets	412,444,732	415,582,335	-1%	413,692,789	0%
Restricted Net Position	14,720,733	19,148,691	-23%	24,195,980	-21%
Unrestricted Net Position	38,426,126	36,055,100	7%	38,927,634	-7%
Total Net Position	465,591,591	470,786,126	-1%	476,816,403	-1%
Total Liabilities and Net Position	$ 521,773,668	$ 525,875,422	-1%	$ 536,344,998	-2%

For the fiscal year ended 2013:

Total assets of $521.8 million reflect a decrease of 1% or $4.10 million over 2012. Current assets (unrestricted) increased by 7% or $3.10 million. This increase represents an increase in investments and grants receivable. Current assets (restricted) decreased 36% as the result of outlays for airport capital improvements funded by Passenger Facility Charges (PFCs) and the 2011A Subordinate Lien Revenue Note – Fixed Rate. Capital assets increased slightly by approximately $4 million or 1%.

Total liabilities increased 2% for the year ended June 30, 2013. This increase is primarily due to borrowing in FY 2012-13 of $5,350,000 under the 2011B Subordinate Lien Notes – Variable Rate. This additional debt was partially offset by principle payments on existing debt of $3.58 million and decreases in construction contracts payable and deposits and unearned revenues.

Total net position (Total Assets less Total Liabilities) decreased by 1% or $5.2 million. This net decrease is comprised of a decrease in capital assets, net of related debt of $3.1 million and a decrease in restricted net position of $4.4 million. This lower net position is partially offset by an increase of $2.4 million in unrestricted net position.

The largest portion of the RTAA's total net position each year represents investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. At June 30, 2013, there was a $412.4 million net investment in 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 $14.7 million, or 3% of total net position at June 30, 2013, represents resources that are subject to use restrictions. The $4.4 million decrease in restricted net position is attributed to payments of passenger facility charge (PFC) funds for the Airport Consolidated Security Checkpoint Project. The restricted net position is not available for spending because they have already been committed as follows:

Revenue Bond Operations and Maintenance	$	6,115,879
Renewal and Replacement		772,673
Passenger Facility Charge Projects		1,648,244
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes		4,188,282
Flood Grant		1,980,220
Other Reserve Purposes		15,435
	$	14,720,733

The remaining unrestricted net position $38.4 million, or 8% of total net position at June 30, 2013, may be used to meet any of the RTAA's ongoing obligations.

For the fiscal year ended 2012:

Total assets of $525.9 million reflect a decrease of 2% or $10.5 million over 2011. Capital assets increased slightly by approximately $2.1 million. Current assets (unrestricted) decreased by 7% or $3.2 million. Current assets (restricted) decreased 23% as the result of outlays funded by PFCs and 2011A Subordinate Lien Revenue Note – Fixed Rate proceeds for airport capital improvements.

Total liabilities decreased 7% or $4.4 million for the year ended June 30, 2012. This decrease is due to normal retirement of long-term debt as bond maturities came due and a slight decrease in deposits and unearned revenues. This decrease was partially offset by an increase of $439,754 in reclamation liability associated with environmental remediation at the Reno-Stead airport based on an updated study completed in FY 2011-12. This study established probable and measurable costs by RTAA over the next 23 years.

The largest portion of the RTAA's net position each year, $415.6 million, or 88% at June 30, 2012, 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.

Total net position decreased by 1% or $6.0 million. This net decrease is comprised of an increase in net investment in capital assets of $1.9 million, a decrease in restricted net position of $5 million and a decrease of $2.9 million in unrestricted net position.

An additional portion of the RTAA's net position of $19.1 million, or 4% at June 30, 2012, represents resources that are subject to use restrictions. The $5 million decrease in restricted net position is attributed to payments of passenger facility charge (PFC) funds for the Airport Consolidated Security Check Point Project and lower debt service upon the retirement of the Series 2003 Airport Revenue Refunding bonds. The restricted net position is not available for spending because they have already been committed as follows:

Revenue Bond Operations and Maintenance	$	6,125,555
Renewal and Replacement		780,967
Passenger Facility Charge Projects		6,665,250
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes		3,597,222
Flood Grant		1,974,701
Other Reserve Purposes		4,996
	$	19,148,691

The remaining unrestricted net position of $36.1 million, or 8% at June 30, 2012, 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:

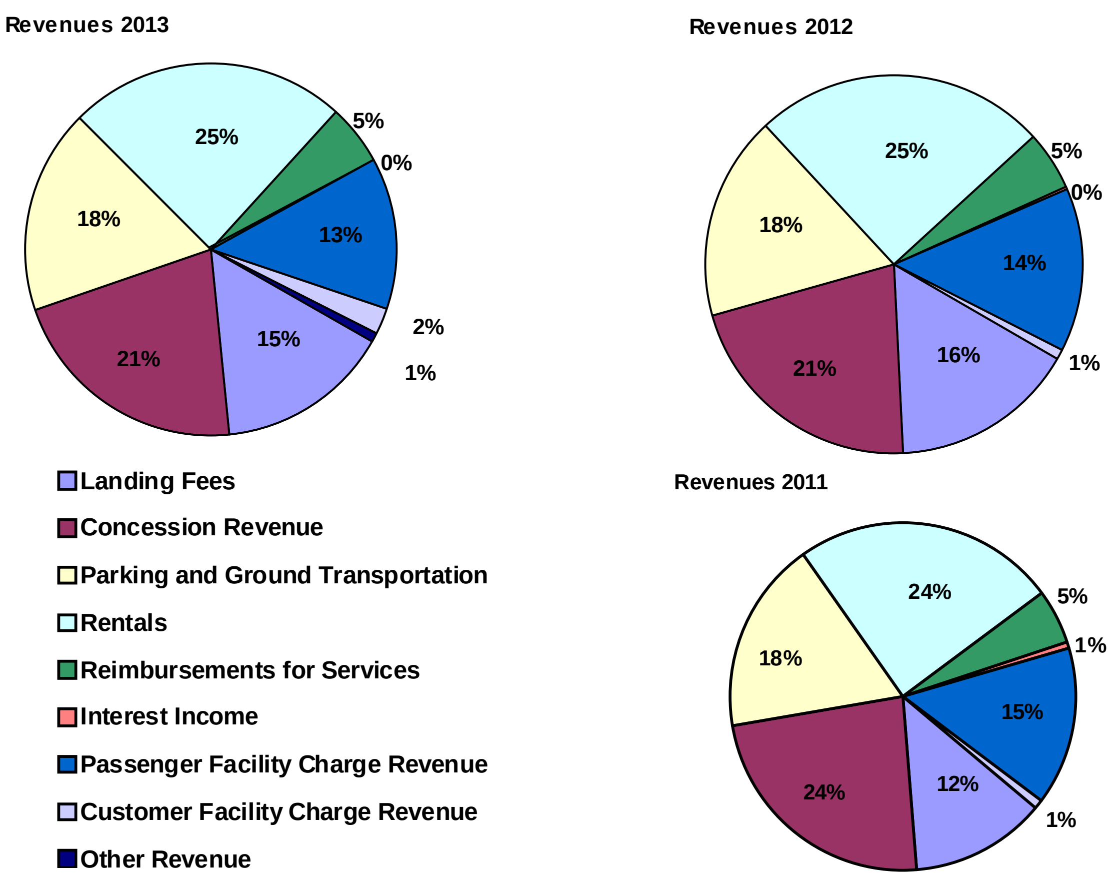
	2013	2012	% Change	2011	% Change
Landing Fees	$ 7,380,804	$ 7,793,050	-5%	$ 6,134,543	27%
Concession Revenue	10,478,433	10,649,435	-2%	11,727,995	-9%
Parking and Ground Transportation	8,914,030	8,742,195	2%	8,927,778	-2%
Rentals	11,967,776	12,499,901	-4%	12,235,790	2%
Reimbursements for Services	2,579,738	2,407,854	7%	2,368,283	2%
Other Revenue	92,093	68,099	35%	42,411	61%
Total Operating Revenues	$ 41,412,874	$ 42,160,534	-2%	$ 41,436,800	2%

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 customer facility charges revenue, jet fuel tax revenue, and the gain or loss on sale of capital assets.

The following represents the RTAA's summary of non-operating revenues for the years ended June 30:

	2013	2012	% Change	2011	% Change
Interest Income	$ 67,781	$ 210,110	-68%	$ 286,887	-27%
Passenger Facility Charge Revenue	6,453,403	6,806,898	-5%	7,346,775	-7%
Customer Facility Charge Revenue	1,088,981	-	100%	-	0%
Jet Fuel Tax Revenue	276,338	304,048	-9%	319,073	-5%
Gain (Loss) on Sale of Capital Assets	32,003	8,014	299%	3,226	148%
Gain (Loss) on Sale of Easements	-	70,637	-100%	-	100%
Total Non-Operating Revenues	$ 7,918,506	$ 7,399,707	7%	$ 7,955,961	-7%

The graphs below present the percentage and source of the Airport's revenues for fiscal years ended 2013, 2012 and 2011.



An analysis of significant changes in revenues for the year 2012-2013 is as follows:

With total passenger traffic being 1.3% below last year, total operating revenues, which are very dependent upon this important variable, registered $41.4 million in 2012-2013, a decrease of 1.8% from the prior year.

Landing fees and rentals of $19.349 million represent 39% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $12.423 million represents 64% of the total revenues from these two categories, which result from calculations pursuant to cost recovery provisions of the airline operating and terminal building lease agreements. The landing fee and terminal rental revenues, therefore, reflect RTAA costs to operate and maintain facilities used by the airlines and do not serve as accurate indicators of the level of activity at the Airport. Airline derived revenue is 30% of total operating revenue.

Parking and ground transportation accounts for 18% of total revenue. Parking revenue in FY 2012-13 of $8.91 million increased slightly by $171,835 or 2% 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 $1.00 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 have remained unchanged since December of 2009.

As depicted in the above graph, concession revenue, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 21% of the RTAA's total revenues for fiscal year 2013. Concession revenue decreased 2% this year in line with overall passenger traffic activity.

Reimbursements for services and other revenue make up the last two operating revenue sources. Reimbursements for services of $2.58 million represent an increase of 7% over last year. The Baggage Handling System (BHS) Charge is the largest revenue source in this category and reflects a 100% cost recovery of the direct maintenance costs of operating the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment. Other revenue of $92,093 represents miscellaneous revenue and late fees collected by the RTAA.

Non-operating revenues of $7.9 million increased 7% over last year's $7.4 million. This increase is primarily due to the August 1, 2012 implementation of a $1.25 customer facility charge (CFC) assessed by the rental car companies to their customers. This fee, collected on each rental car contract day, generated approximately $1.1 million in FY 2012-13 to fund rental car facility improvements and maintenance.

Interest income, passenger facility charge revenue and jet fuel revenue decreased from the prior year. Interest income represents the earnings on investments and is 0.14% of total revenue. There was a gain on sale of capital assets of $32 thousand dollars, which included two surplus sales.

Passenger Facility Charges (PFC) comprises 13% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. PFC revenues are down 5% from the prior year. The current collection rate is $4.50.

An analysis of significant changes in revenues for the year 2011-2012 is as follows:

Although passenger traffic was down 6%, as compared to the same period last year, total operating revenues of $42.161 million for 2011-2012 increased 2% from the prior year.

Landing fees and rentals of $20.293 million represent 41% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $13.317 million represents 66% of the total revenues from these two categories, which result from 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. Airline derived revenue is 32% of total operating revenue.

The increase in landing fees of approximately $1.659 million as compared to the prior year is a result of changes in the rate methodology in the new airline agreement that carried over a profit sharing credit of approximately $1.498 million from the prior year into FY 2010-11 results. Starting in FY 2011-12, the airline profit sharing credit is allocated to the airlines during the current year and result in lower airline terminal rent.

Parking and ground transportation accounts for 21% of total revenue. Parking revenue in FY 2011-12 of $8.742 million decreased slightly by $185,583 or 2% 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 $1.00 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 have remained unchanged since December of 2009.

As depicted in the above graph, concession revenue, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 21% of the RTAA's total revenues for fiscal year 2012. Concession revenue decreased 9% this year.

Reimbursements for services and other revenue make up 6% of RTAA's total revenues. Reimbursements for services of $2.408 million represent an increase of 2%. The Baggage Handling System (BHS) Charge is the largest revenue source in this category and reflects a 100% cost recovery of the direct maintenance costs of operating the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment. Reimbursements accounted for 5% of total revenue.

Non-operating revenues of $7.400 million decreased 7% over last year's $7.956 million. This decrease includes slight decreases in interest income and jet fuel tax revenue. Interest income represents the earnings on investments and is 0.4% of total revenue. There was an $8 thousand gain on sale of capital assets, which included two surplus sales, and a $71 thousand gain on sale of easements for underground communications.

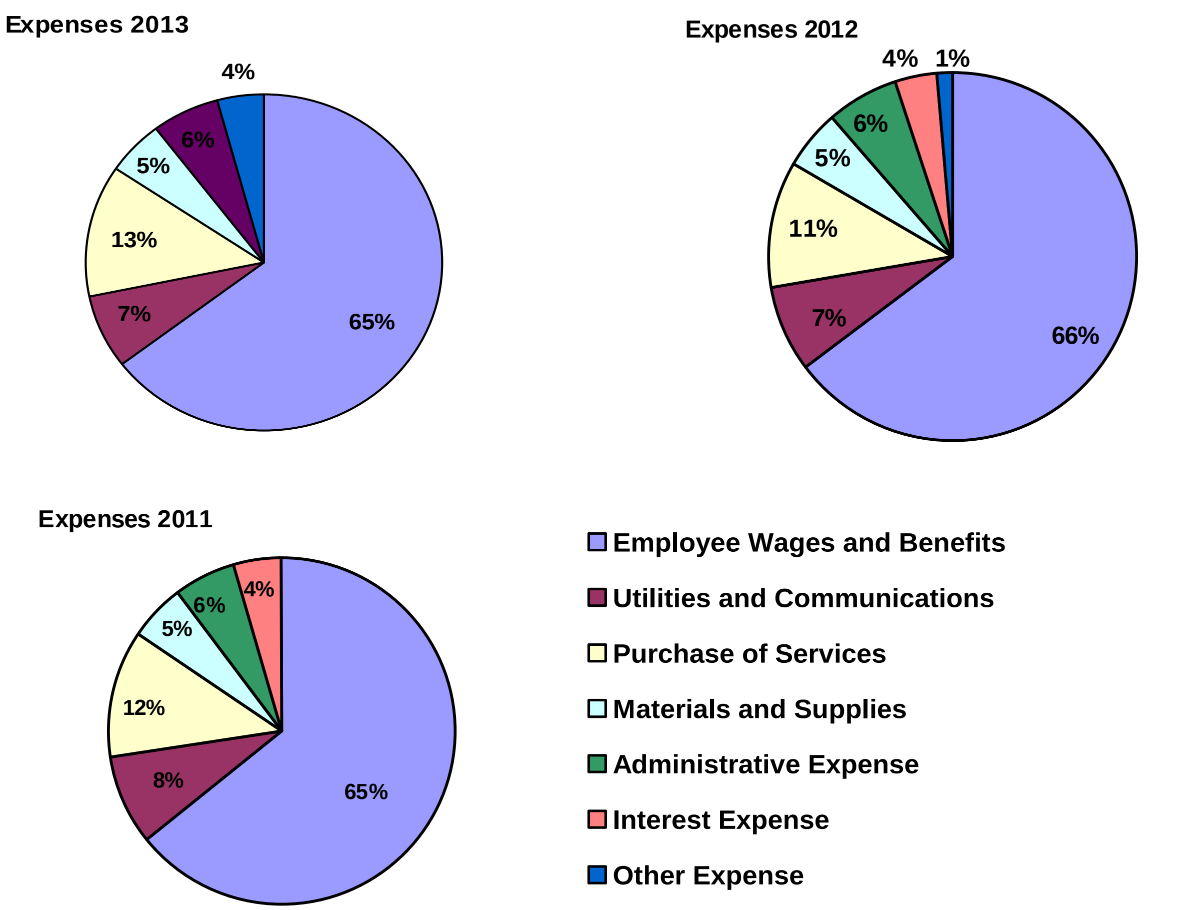
Passenger Facility Charges (PFC) comprises 14% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. PFC revenues are down 7% from the prior year. The current collection rate is $4.50.

Expenses

Total operating expenses of approximately $34.527 million in FY 2012-13, increased by $682,223 or 2% above the prior year results. This increase was partially offset by lower non-operating expenses of $329,935, which resulted in total expenses for FY 2012-13 increasing by $352,288 or approximately 1%. The following is a summary of expenses (excluding depreciation) by source for the years ended June 30:

	2013	2012	% Change	2011	% Change
Employee Wages and Benefits	$ 23,255,693	$ 23,094,222	1%	$ 22,421,307	3%
Utilities and Communications	2,559,355	2,626,376	-3%	2,934,201	-10%
Purchase of Services	4,588,047	4,019,245	14%	4,176,135	-4%
Materials and Supplies	1,850,565	1,871,019	-1%	1,855,013	1%
Administrative Expenses	2,273,581	2,234,156	2%	2,028,418	10%
Total Operating Expenses	34,527,241	33,845,018	2%	33,415,074	1%
Reclamation Expenses	-	474,912	-100%	-	100%
Interest Expense	1,460,898	1,315,921	11%	1,542,358	-15%
Total Expenses	$ 35,988,139	$ 35,635,851	1%	$ 34,957,432	2%

The graphs that follow present the percentage and source of the Airport's expenses for fiscal years ended 2013, 2012 and 2011.



An analysis of significant changes in expenses for the year 2012-2013 is as follows:

Employee wages and benefits of $23.256 million comprise 65% of total expenses, a 1% increase over the prior year's total of $23.094 million.

Utilities and communications expense of $2.559 million registered a decrease of 3% from the prior year. This decrease reflects continued savings in both electricity and natural gas from the prior year. Utilities and communications represent 7% of total expenses.

Purchase of services expense, which includes professional and other purchased services, of $4,588,047, increased 14% over the prior year. This increase is primarily due to the following: (1) one-time design costs for aircraft apron construction: (2) property management fees associated with the "quick turnaround" facility for the rental car companies funded by the newly established CFC fee; and (3) higher maintenance agreement costs associated with new equipment and system installed by the Authority. Purchase of services expense represents 13% of expenses.

Materials and supplies expense of $1.851 million had a slight decrease of 1% over the prior year. The decrease as compared to the prior year was $20,454.

Administrative expenses of $2.274 million comprise 6% of total costs, an increase of 2% from the prior fiscal year. This increase comprises additional costs for recruitment expenses, costs for air service development and a slight increase in insurance premiums. The increase over the prior year was $39,425.

Interest expense increased from $1.316 million in FY 2012-13 to $1.461 million in FY 2012-13, an increase of $144,977 or 11%. This increase reflects the additional interest expenses associated with the 2011A and 2011B Subordinate Lien notes. See the Debt Administration discussion within the MD&A.

An analysis of significant changes in expenses for the year 2011-2012 is as follows:

Employee wages and benefits of $23.094 million comprise 66% of total expenses. There was a 3% increase over the prior year's total of $22.4 million.

Utilities and communications expense of $2.626 million displayed a decrease of 10% from the prior year. This decrease reflects savings in both electricity and natural gas from the prior year. Utilities and communications represent 7% of total expenses.

Purchase of services expense, which includes professional and other purchased services, of $4,019,245, decreased 4% over the prior year. This decrease is primarily due to lower contractual legal services. Purchase of services expense represents 11% of expenses.

Materials and supplies expense of $1.871 million had a slight increase of 1% over the prior year. The increase over the prior year was $16,006.

Administrative expenses of $2.234 million comprise 6% of total costs, an increase of 10% from the prior fiscal year. This increase represents increases in conference sponsorship fees associated with RTAA hosting the American Association of Airport Executives (AAAE) national conference in May 2013.

Interest expense decreased from $1.542 million in 2011 to $1.316 million in 2012, a decrease of $226,438 or 15%. This decrease reflects the final payment of the Series 2003 Airport Revenue Refunding Bonds. See the Debt Administration discussion within the MD&A.

Other expense is comprised solely of reclamation expenses of $474,912. Based on estimates completed in 2000, the cost of the remediation of the contaminated site at the Reno-Stead Airport was estimated to be $5,000,000, of which the Authority's share of 18.5% was $925,000. Based on an updated environmental study in August 2011, the current status of the remediation effort identified that an additional $5.48 million will be needed to complete the remediation over the next 23 years, with RTAA's estimated share being $474,912. Pursuant to Governmental Accounting Standards Board (GASB) Statement 49, additional liability and expense was recorded.

Summary of Changes in Net Positions

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

	2013	2012	% Change	2011	% Change
OPERATING REVENUES					
Landing fees	$ 7,380,804	$ 7,793,050	-5%	$ 6,134,543	27%
Concession revenue	10,478,433	10,649,435	-2%	11,727,995	-9%
Parking and ground transportation	8,914,030	8,742,195	2%	8,927,778	-2%
Rentals	11,967,776	12,499,901	-4%	12,235,790	2%
Reimbursements for services	2,579,738	2,407,854	7%	2,368,283	2%
Other revenue	92,093	68,099	35%	42,411	61%
Total Operating Revenues	41,412,874	42,160,534	-2%	41,436,800	2%
OPERATING EXPENSES					
Employee wages and benefits	23,255,693	23,094,222	1%	22,421,307	3%
Utilities and communications	2,559,355	2,626,376	-3%	2,934,201	-10%
Purchase of services	4,588,047	4,019,245	14%	4,176,135	-4%
Materials and supplies	1,850,565	1,871,019	-1%	1,855,013	1%
Administrative expenses	2,273,581	2,234,156	2%	2,028,418	10%
Total Operating Expenses	34,527,241	33,845,018	2%	33,415,074	1%
Operating Income Before Depreciation and Amortization	6,885,633	8,315,516	-17%	8,021,726	4%
Depreciation and Amortization	33,189,676	30,253,602	10%	23,521,743	29%
Operating Income (Loss)	(26,304,043)	(21,938,086)	20%	(15,500,017)	42%
NON-OPERATING REVENUE (EXPENSES)					
Interest income	67,781	210,110	-68%	286,887	-27%
Passenger facility charge revenue	6,453,403	6,806,898	-5%	7,346,775	-7%
Customer facility charge revenue	1,088,981	-	100%	-	0%
Jet fuel tax revenue	276,338	304,048	-9%	319,073	-5%
Gain (loss) on sale of capital assets	32,003	8,014	299%	3,226	148%
Gain (loss) on sale of easements	-	70,637	-100%	-	100%

	2013	2012	% Change	2011	% Change
Reclamation expenses	-	(474,912)	-100%	-	100%
Interest expense	(1,460,898)	(1,315,921)	11%	(1,542,358)	-15%
Total non-operating revenues (expenses)	6,457,608	5,608,874	15%	6,413,603	-13%
Income (loss) before Capital Contributions	(19,846,435)	(16,329,212)	22%	(9,086,414)	80%
Capital Contributions	14,651,900	10,298,935	42%	35,581,288	-71%
Increase (decrease) in Net Position	(5,194,535)	(6,030,277)	-14%	26,494,874	-123%
Net Position, Beginning of Year	470,786,126	476,816,403	-1%	450,321,529	6%
Net Position, End of Year	$ 465,591,591	$ 470,786,126	-1%	$ 476,816,403	-1%

An analysis of significant changes in net position for the year 2012-2013 is as follows:

Total operating revenues decreased 2% due primarily to lower passenger traffic, while total operating expenses increased by 2%. A view of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense increased 10% from the prior year and represents depreciation on an increase of $28.7 million in depreciable capital assets.

Interest income decreased $142,329 or 68% and interest expense increased $114,977 or 11% as compared to the prior year. The decrease in interest income in FY 2012-13 reflects an unrealized loss and adjustments of $120,355 due to the reporting requirement under Governmental Accounting Standards Board ("GASB") Statement No. 31,*"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* that investments be reported at fair market value. The GASB 31 fair value adjustment in FY 2011-12 was an unrealized loss and adjustments of $35,154.

Passenger facility charge revenue decreased by 5% and jet fuel tax revenue decreased by 9%. Beginning July 2012, the RTAA implemented a Customer Facility Charge (CFC), which is $1.25 per transaction day fee on each rental vehicle, to annually fund renewal and replacement improvements and on-going overhead and maintenance to the Quick Turnaround Facility ("QTA") and the Service Facility Area.

In addition, the RTAA holds aside a 5% fee from the Customer Facility Charge as an administration fee. Customer Facility Charge revenue for the 2012-2013 fiscal year totaled $1,088,981; the administration fee totaled $57,315. Gain on sale of capital assets was $32,003 and reflected $23,533 from the sale of surplus property and $8,470 in road credit usage.

Capital contributions, which are primarily comprised of federal grants from the Federal Aviation Administration, increased 42% this year compared to the amounts received in 2011-2012. This increase includes reimbursements for apron construction costs, taxiway extensions and rehabilitation, noise compatibility projects, the national explosives detection canine team program, law enforcement officer reimbursement agreement program and the checkpoint test bed screening project.

An analysis of significant changes in net position for the year 2011-2012 is as follows:

Total operating revenues increased 2% while total operating expenses increased by 1%. A view of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense increased 29% from the prior year and represents depreciation on an increase of $32.3 million in capital assets. Interest income decreased $76,777 or 27% and interest expense decreased $226,437 or 15% as compared to the prior year.

Passenger facility charge revenue decreased by 7% and jet fuel tax revenue decreased by 5%. Gain on sale of capital assets was $8,014 and reflected the sale of fully depreciated assets no longer in use by the RTAA. A gain on sale of easements of $70,637 was recorded for the sale of easements for underground communications.

Capital contributions, which are primarily comprised of federal grants from the Federal Aviation Administration, decreased 71% this year compared to the amounts received in 2010-2011. This decrease is primarily due to the one-time reversion of capital assets of $17.70 million in FY 2010-11 of certain hangars and a rental car support building to the Authority upon expiration of tenant leases.
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CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2013 is $454 million, net of depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment and development rights. The total increase in the investment in capital assets for the year 2012-2013 was 0.89% or $4 million. The following presents the RTAA's capital assets for the years ended June 30:

	2013	2012	2011
Land	$ 154,549,165	$ 154,549,165	$ 141,388,809
Construction in Progress	46,592,535	38,751,248	52,861,302
Improvements, Buildings, and Equipment, net	249,732,845	253,572,818	250,533,474
Development rights	2,924,038	2,924,038	2,924,038
Total	$ 453,798,583	$ 449,797,269	$ 447,707,623

Major capital asset events during fiscal year 2012-13 included the following:

Projects at RTAA that were funded primarily by federal grants amounted to $14.652 million in capital contributions. Projects include the security identification display area (SIDA) access control project, apron reconstruction, taxiway extension and rehabilitation projects, and sound insulation programs.

To mitigate the impact of aircraft noise on the local community, RTAA, through use of FAA grants, implemented a sound insulation program for eligible residences. The primary improvements to participating residences include replacing existing windows with triple pane vinyl windows, replacing existing exterior doors that lead into a habitable space (e.g. front door) with tighter sealing metal-clad doors.

In the 2012-2013 fiscal year, the snow removal equipment building and the terminal refurbishment project were completed and placed in service. In addition, several roof replacement projects were completed, which includes portions of the terminal roof and the Airfield Maintenance roof.

Also on-going this year was the airfield and landside pavement maintenance programs. Repairs typically include seal coating, asphalt patching, overlays, reconstruction, concrete panel replacement, crack repair, and joint sealing.

Equipment purchases included an upgrade to the public address system, the purchase of a new computer server, and a thermoplastic heater to install airfield signage.

Movable equipment purchased this year includes a rider scrubber to clean terminal flooring, a snow plow and deicing chemical spreader, and a utility trailer for the thermoplastic heater.

Major capital asset events during fiscal year 2011-12 included the following:

Projects at RTAA that were funded by federal grants amounted to $10.299 million in capital contributions. Completed projects include airfield lighting upgrades, apron rehabilitation projects, sound insulation programs and a runway safety study for the Reno-Stead Airport.

To mitigate the impact of aircraft noise on the local community, RTAA, through use of FAA grants, implemented a sound insulation program for eligible residences. The primary improvements to participating residences include replacing existing windows with triple pane vinyl windows, replacing existing exterior doors that lead into a habitable space (e.g. front door) with tighter sealing metal-clad doors.

In addition, several roof replacement projects were completed, which includes portions of the terminal roof and the Airfield Maintenance roof.

Also on-going this year was the airfield and landside pavement maintenance programs. Repairs typically include seal coating, asphalt patching, overlays, reconstruction, concrete panel replacement, crack repair, and joint sealing.

Equipment purchases included the purchase of a penetration aircraft skin trainer to help train fire and safety personal, an energy management control system that will update the status of heating, ventilation and air conditioning for the terminal building to reduce utility costs and a new digital audio system to allow better audio quality in the Board room.

Vehicles purchased this year include three short bed trucks for the canine explosive detection program.

For additional information on capital assets, see Note 5, Capital Assets.

DEBT ADMINISTRATION

As of June 30, 2013, the RTAA had approximately $43 million in debt (without regard to premium and loss on refunding) comprised of $25 million of senior lien revenue bonds (Series 2005 Airport Refunding Bonds), $12.7 million of a subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note - Fixed Rate portion) and $5.3 million of a subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note- Variable Rate portion).

The Subordinate Lien Revenue Notes are special limited obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues (as defined in the 2011 Subordinate Airport Revenue Notes Resolution) and certain funds and accounts. Subordinate Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses, less the debt service requirement on any existing or future senior Airport Revenue Bonds outstanding.

	2013	2012	2011
2003	$ -	$ -	$ 4,165,000
2005	25,025,000	26,270,000	27,455,000
2011 A	12,665,000	15,000,000	15,000,000
2011 B	5,350,000	-	-
Total Debt	$ 43,040,000	$ 41,270,000	$ 46,620,000

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 $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 was deferred and amortized, as a component of interest expense, over the remaining life of the new debt per GASB Statement No. 23, "*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*".

In June 2010, $4,165,000 of the Series 2003 Airport Revenue Refunding bonds was defeased. Unrestricted cash and investments funds were used to pay off a portion of the last payment due under the Series 2003 bonds, which matured on July 1, 2011. The effect of this action is to remove the debt obligation from the Authority's Statement of Net Position and eliminate $4.4 million of annual debt service from the FY 2010-11 coverage calculation.

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 Authority's senior lien revenue bond issues, at the original issue date, carried the "AAA" by Moody's Investor Services and Standard & Poors. Assured Guaranty Municipal (AGM), previously known as Financial Security Assurance or FSA, currently provides insurance for the repayment of the Series 2005 Airport Revenue Refunding Bonds. This insurance serves as a "credit enhancement' as an additional guarantor of payment above and beyond the Authority's financial commitment.

During FY 2008-09, the national economic problems associated with the "subprime" mortgage market affected the current bond insurer. This insurance company's previous AAA rating was downgraded to AA- by Standard and Poors and Aa3 by Moody's Investor Services. On January 17, 2013, the rating of AGM was further downgraded to A2 from Aa3. As a result, the Insured Rating on the Bonds is now A2. Moody's does not maintain any underlying rating for the Issuer.

Fitch Ratings withdrew its rating of Assured Guaranty on February 24, 2010 and does not consider bond insurance in its credit rating of issuers. Since Fitch Ratings is the sole provider of credit ratings associated with the Authority's senior lien debt, the Authority's underlying credit rating of "A" with a stable outlook by Fitch Ratings is assigned to the Series 2005 Airport Refunding Bonds. The rating of "A" with a stable outlook was affirmed by Fitch Ratings on May 3, 2013.

This downgrading of the bond insurer does not affect the amount of debt service paid by the RTAA or the financial condition of the Authority to make these payments.

On June 1, 2011, the Reno-Tahoe Airport Authority obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). With a maximum principal amount of $30 million, the Subordinate Notes have a final maturity of July 1, 2017 and were issued in two separate series: (1) Series "2011A" Subordinate Lien Revenue Note - Fixed Rate and (2) Series "2011B" Subordinate Lien Revenue Note - Variable Rate.

- Series "2011A" Subordinate Lien Revenue Note - Fixed Rate portion. The Authority has obtained and deposited $15.0 million of notes, as a fixed rate obligation with a final maturity of July 1, 2017. Interest on the 2011A Note over the six year term has been locked-in at 2.75% with payment semiannually starting on January 1, 2012. Principal payments will be made annually on July 1, commencing on July 1, 2012, with the final payment on July 1, 2017. Principal payments will be structured so that the total annual payments of principal and interest on the 2011A Note will be approximately level from FY 2012 through FY 2017.

- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The Authority has structured $15.0 million of the loan as a variable rate loan, which would also have a final maturity of July 1, 2017. The 2011B Note is designed to serve as a flexible borrowing instrument such that the Authority can borrow under the Note for a two year period through May 31, 2013 in increments of $1,000,000 or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the Authority can make repayment at any time. Two draws were made on the 2011B Note in the fiscal year 2012-2013. The first draw was March 1, 2013 for $4,000,000 and the second was May 1, 2013 for $1,350,000. The rate for the 2011B Note is established at 1.581% over the six month London Interbank Offering Rate (LIBOR) rate multiplied by 65%. The borrowing rate for the March 1, 2013 draw was 1.883% as of June 30, 2013, and the rate for the May 1, 2013 draw was 1.866%. The interest rate on the 2011B Note is capped at 12%.

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 senior lien debt service, whichever is greater. The RTAA has met this requirement as is demonstrated in the Notes to Financial Statements and the Statistical Section of this report.

The RTAA's subordinate lien debt is limited by Subordinate Net Revenues from the operations of the Airport System (as defined in the 2011 Subordinate Airport Revenue Note Resolution) and certain funds and accounts. Subordinate Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses less the debt service requirement on any existing or future senior lien debt outstanding. Subordinate Net Revenues must exceed 110% of any existing or future subordinate lien debt. The RTAA has met this requirement as is demonstrated in the Notes to Financial Statements and the Statistical Section of this report.

For additional information on bonds, see Note 6, Long-Term Debt.

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, 2013, the RTAA collected PFCs, including interest earnings thereon, totaling $6.453 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, 2010 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. Airlines that have signed this agreement are signatory airlines. 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 six cost centers are Airfield, Terminal Building, Baggage Handlings System (BHS), Landside (Parking and Ground Transportation), Other and Reno-Stead Airport. The airline cost center of the Airfield and Terminal Building are used in the calculation of the landing fee and rental rate.

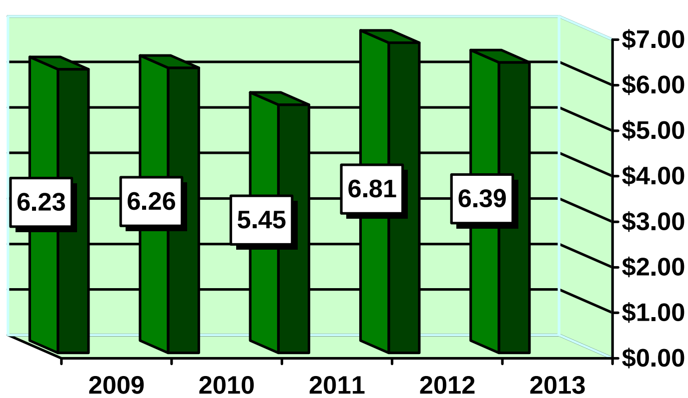
For 2012-2013, signatories to the Agreement include six commercial and two cargo airlines.

The final rates and charges for the airlines are shown below:

	2013	2012	% Change	2011	% Change
Landing Fee Rate (per 1,000 pounds)	$ 2.64	$ 2.59	2%	$ 1.83	42%
Terminal Rental Rate (Average) (annually per square foot)	$45.42	$48.93	-7%	$46.57	5%

Comparing the operating results of airports is difficult. The landing fee and terminal 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 is established on a ratio of total fees paid by the airlines to the Authority divided by the number of passengers boarding aircraft. The chart below presents the history of the cost per enplaned passenger.

Airline Derived Revenue 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 POSITION
AS OF JUNE 30, 2013 AND 2012

ASSETS	2013	2012
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$13,228,926	$13,328,612
Investments	28,384,995	25,648,478
Accounts receivable, net	2,701,227	3,009,443
Grants receivable	1,172,458	444,916
Interest receivable	18,033	22,823
Inventory	813,234	764,004
Total Unrestricted Assets	46,318,873	43,218,276
Restricted Assets:		
Cash and cash equivalents	6,498,744	8,719,162
Investments	13,220,765	22,135,985
Interest receivable	11,662	10,337
Total Restricted Assets	19,731,171	30,865,484
Total Current Assets	66,050,044	74,083,760
NON-CURRENT ASSETS		
Capital Assets:		
Land	154,549,165	154,549,165
Development rights	2,924,038	2,924,038
Construction in progress	46,592,535	38,751,248
Improvements, buildings and equipment, net of depreciation	249,732,845	253,572,818
Total Capital Assets	453,798,583	449,797,269
Other Assets:		
Road credits	1,383,599	1,392,360
Bond issue costs and other deferred charges, net	518,399	577,194
Surety bond, net	23,043	24,839
Total Other Assets	1,925,041	1,994,393
Total Non-Current Assets	455,723,624	451,791,662
TOTAL ASSETS	$521,773,668	$525,875,422

LIABILITIES AND NET POSITION	2013	2012
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$3,756,235	$3,254,042
Construction contracts payable	2,267,835	2,735,096
Rents received in advance	496,558	519,206
Accrued payroll	3,027,323	2,512,243
Total payable from unrestricted assets	9,547,951	9,020,587
Payable from Restricted Assets:		
Current portion of long-term debt	3,710,000	3,580,000
Accrued interest	810,392	844,327
Construction contracts payable	763,064	1,639,076
Total payable from restricted assets	5,283,456	6,063,403
Total Current Liabilities	14,831,407	15,083,990
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	38,812,998	37,133,228
Net other postemployment benefits obligation	446,950	498,421
Deposits and unearned revenues	1,617,347	1,862,844
Reclamation liability	473,375	510,813
Total Non-Current Liabilities	41,350,670	40,005,306
Total Liabilities	56,182,077	55,089,296
NET POSITION		
Net investment in capital assets	412,444,732	415,582,335
Restricted for:		
Revenue bond operations and maintenance	6,115,879	6,125,555
Renewal and replacement	772,673	780,967
Passenger facility charge projects	1,648,244	6,665,250
Debt service	4,188,282	3,597,222
Flood grant	1,980,220	1,974,701
Other reserve purposes	15,435	4,996
Total Restricted	14,720,733	19,148,691
Unrestricted	38,426,126	36,055,100
Total Net Position	$465,591,591	$470,786,126

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Landing fees	$7,380,804	$7,793,050
Concession revenue	10,478,433	10,649,435
Parking and ground transportation	8,914,030	8,742,195
Rentals	11,967,776	12,499,901
Reimbursements for services	2,579,738	2,407,854
Other revenue	92,093	68,099
Total operating revenues	41,412,874	42,160,534
OPERATING EXPENSES		
Employee wages and benefits	23,255,693	23,094,222
Utilities and communications	2,559,355	2,626,376
Purchase of services	4,588,047	4,019,245
Materials and supplies	1,850,565	1,871,019
Administrative expenses	2,273,581	2,234,156
Total operating expenses	34,527,241	33,845,018
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	6,885,633	8,315,516
Depreciation and amortization:		
Depreciation	33,129,086	30,193,011
Amortization of deferred charges	60,590	60,591
Total depreciation and amortization	33,189,676	30,253,602
OPERATING INCOME (LOSS)	(26,304,043)	(21,938,086)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	67,781	210,110
Passenger facility charge revenue	6,453,403	6,806,898
Customer facility charge revenue	1,088,981	-
Jet fuel tax revenue	276,338	304,048
Gain (loss) on sale of capital assets	32,003	8,014
Gain (loss) on sale of easements	-	70,637
Reclamation expenses	-	(474,912)
Interest expense	(1,460,898)	(1,315,921)
Total non-operating revenues (expenses)	6,457,608	5,608,874
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(19,846,435)	(16,329,212)
CAPITAL CONTRIBUTIONS	14,651,900	10,298,935
Increase (decrease) in net position	(5,194,535)	(6,030,277)
TOTAL NET POSITION, BEGINNING OF YEAR	470,786,126	476,816,403
TOTAL NET POSITION, END OF YEAR	$465,591,591	$470,786,126

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 41,452,945	$ 40,485,632
Cash paid to employees	(22,792,084)	(22,784,948)
Cash paid to suppliers	(10,856,023)	(11,357,289)
Net cash provided by operating activities	7,804,838	6,343,395
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	276,338	304,048
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	13,600,562	12,212,830
Passenger facility charge revenue	6,453,403	6,806,898
Customer facility charge revenue	1,088,981	-
Acquisition and construction of capital assets	(37,966,576)	(30,605,902)
Proceeds from sale of capital assets	23,533	8,014
Proceeds from sale of easements	-	70,637
Principal paid on bonds	(3,580,000)	(5,350,000)
Proceeds from sale of note	5,350,000	-
Interest paid on bonds	(1,625,418)	(1,649,417)
Net cash provided by (used in) capital and related financing activities	(16,655,515)	(18,506,940)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	75,532	274,636
Sale (purchase) of investments	6,178,703	2,650,548
Net cash provided by (used in) investing activities	6,254,235	2,925,184
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,320,104)	(8,934,313)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,047,774	30,982,087
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 19,727,670	$ 22,047,774

RENO-TAHOE AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS (continued)

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

		2013		2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$	(26,304,043)	$	(21,938,086)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation		33,129,086		30,193,011
Amortization of deferred charges		60,590		60,591
(Increase) Decrease in Assets:				
Accounts receivable, net		308,216		(1,027,642)
Inventory		(49,230)		(21,441)
Increase (Decrease) in Liabilities:				
Accounts payable		502,193		(549,894)
Rents received in advance		(22,648)		(290,913)
Accrued payroll		515,080		178,673
Deposits and unearned revenues		(245,497)		(356,347)
Net OPEB obligation		(51,471)		130,601
Reclamation liability		(37,438)		(35,158)
Net cash provided by operating activities	$	7,804,838	$	6,343,395

Noncash activities:

The unrealized gain (loss) on investments was ($120,256) at June 30, 2013 and ($1,868) at June 30, 2012.

		2013		2012
Change in estimated reclamation liability	$	-	$	474,942
Road credits used for acquisition	$	17,231	$	-
Capital Contributions				
Total Capital Contributions	$	14,651,900	$	10,298,935
Grants Receivable (June 30, 2013 and 2012)		(1,172,458)		(444,916)
Grants Receivable (June 30, 2012 and 2011)		444,916		2,358,811
Buildings and equipment received by contribution		(323,796)		-
	$	13,600,562	$	12,212,830

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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:

A. 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.

B. 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 measurement 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 and Customer 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.

Budgets

The Authority adheres to the Local Government Budget and Finance Act established by Nevada state statute. The filing deadlines and procedures during fiscal years 2013 and 2012 were as follows:

1. On or before April 15, the Board of Trustees must adopt and file a tentative operating budget with the State Department of Taxation.

2. Public hearings on the tentative budget are held the third week of May.

3. On or before June 1, the final budget is adopted by a majority vote of the Board of Trustees.

4. The budget is adopted on the accrual basis. Actual operating and non-operating expenses (excluding depreciation) may not exceed budgeted appropriations. Budget augmentations that change the total revenues or expenses must be approved by a resolution of the Board of Trustees and filed with the Department of Taxation. Unexpended appropriations lapse at year-end.

The budget was not amended from that originally filed for the years ended June 30, 2013 and June 30, 2012.

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 (TSA). 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 Statements of Revenues, Expenses and Changes in Net Position, after non-operating revenue and expenses, as capital contributions.

2. Summary of Significant Accounting Policies (continued)

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. On June 1, 2011, the Reno-Tahoe Airport Authority obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). See Note 6 for additional detail. For the years ended June 30, 2013 and 2012, the amounts recorded as capitalized costs associated with this funding were $166,070 and $395,824, respectively.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

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 50% available for payout at termination 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.

Customer Facility Charge (CFC) Revenue

Effective August 2012, the Authority implemented a $1.25 Customer Facility Charge (CFC) per transaction day on each individual vehicle rental collected by each participating rental car concession lessee. The CFC revenues are remitted to the Authority to fund (1) renewal and replacement improvements to the Quick Turnaround (QTA) facility and the Service Facility Area, and (2) the on-going overhead and maintenance of the QTA. In addition, five percent of the CFC receipts are to be used to reimburse the Authority to cover reasonable costs associated with accounting, administering, and managing the CFC Program. The CFC revenues are collected by the rental car concessionaires and remitted monthly to the Authority. They are recognized by the Authority as they are received, and are included in non-operating revenues.

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.

Landing Fees, Terminal Building Rents, and Baggage Handling System ("BHS") Charges

Landing fees, terminal rents, and BHS charges are set based on estimates of airline activity, revenues and expenses. The actual landing fees, terminal rental rates, and BHS charges that should have been collected are calculated at year-end. Over-collections and under-collections are netted and recorded on the Statements of Net Position as accounts receivable or accounts payable. For the years ended June 30, 2013 and 2012, the payables outstanding associated with the airline year-end settlement were $1,826,452 and $1,494,124, respectively.

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.

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 necessary 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.

3. Cash, Cash Equivalents and Investments

The Authority accounts for its investments at fair value.

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

	2013	2012
Cash	$ 12,839,766	$ 10,141,383
Cash Equivalents:		
Short-Term Investments in Money Market Mutual Funds	6,887,904	11,906,391
Total Cash and Cash Equivalents	19,727,670	22,047,774
Investments:		
State of Nevada Local Government Investment Pool	9,533,007	8,019,426
First Independent Bank – Certificate of Deposit	710,664	709,938
Heritage Bank – Certificate of Deposit Account Registry Service (CDARS)	-	3,050,183
Certificates of Deposit	3,476,171	-
Commercial Paper	9,491,298	7,985,265
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	18,394,620	28,019,651
Total Investments	41,605,760	47,784,463
Total Cash, Cash Equivalents and Investments	61,333,430	69,832,237
Less Unrestricted Cash, Cash Equivalents and Investments	(41,613,921)	(38,977,090)
Total Restricted Cash, Cash Equivalents and Investments	$ 19,719,509	$ 30,855,147

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 its cash flow and liquidity needs. This is achieved by purchasing a combination of shorter term and longer term investments and timing their maturities so that cash flow and liquidity needs are met for operations. The Authority uses specific identification for calculating unrealized gains or losses for investment valuation.

Included in the Authority's investment portfolio as of June 30, 2013 and 2012 are the following statutorily approved investments.

Demand Deposits, Time and Savings Deposits including Negotiable Order of Withdrawal (NOW) accounts. Issued by insured commercial banks, insured credit union or insured saving and loan associations, either within the limits of insurance provided by an instrumentality of the United Sates and/or collateralized as required under the Nevada pooled collateral program (NRS 356).

US Government Agency Securities (Mortgage Backed Securities). These securities are issued by a U.S. government-sponsored agency. The offerings of these agencies are backed by the government, but not guaranteed by the government since the agencies are private entities. Such agencies have been set up in order to allow certain groups of people to access low cost financing, e.g. home buyers, farmers, and students. The RTAA's investments include Federal National Mortgage Association, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Banks.

Commercial Paper. Commercial Paper is a money-market security issued by large banks and corporations to get money to meet short term debt obligations, and is only backed by an issuing bank or corporations promise to pay the face amount on the maturity date specified on the note. Commercial paper is usually sold at a discount from face value, and carries higher interest repayment rates than bonds.

Money Market Mutual Funds. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. Money market funds are very liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested.

Certificate of Deposit ("CD"). A Certificate of Deposit or CD is a time deposit offered by a financial institution. CDs are similar to savings accounts in that they are insured by the Federal Deposit Insurance Corporation (FDIC). They are different from savings accounts in that the CD has a specific, fixed term (often three months, six months, or one to five years), and, usually, a fixed interest rate. The FDIC provides deposit insurance, which guarantees the safety of deposits in member banks, currently up to $250,000 per depositor per bank.

Certificate of Deposit Account Registry Service (CDARS). This investment is a private, patented, for-profit service that breaks up large deposits and places them across a network of banks and savings associations around the United States. This allows depositors to deal with a single bank that participates in CDARS, but avoid having funds above the FDIC deposit insurance limits in any one bank.

State of Nevada Local Government Investment Pool (LGIP). The LGIP is administered by the State Treasurer with oversight by the Board of Finance of the State of Nevada. Investment in the LGIP is carried at fair value, which is the same as the value of pool shares. By pooling funds, participating governments benefit from economics of scale, full-time portfolio management, diversification, and liquidity.

As of June 30, 2013, the Authority had the following cash, cash equivalents, and investments, including short-term investments and money market funds.

	Amount	Maturity Date
Wells Fargo Collateralized Deposit (State of Nevada Collateral Program)	$ 12,322,025	July 1, 2013
Wells Fargo – Insured Deposit	250,000	July 1, 2013
Heritage Bank – Insured Deposit	241,208	July 1, 2013
First Independent Bank – Insured Deposit	26,533	July 1, 2013
Brand Banking Company Certificate of Deposit	248,980	July 15, 2013
Bank of Baroda Certificate of Deposit	248,990	July 16, 2013
US Bank N.A. Commercial Paper	999,770	August 12, 2013
Fidelity Money Market Mutual Funds Governmental Fund 57	6,887,904	50 days (avg. weighted maturity)
First Independent Bank Certificate of Deposit	210,664	September 1,2013
US Bank N.A. Commercial Paper	999,570	September 9, 2013
Federal Home Loan Banks	1,500,420	September 12, 2013
Homestreet Bank Certificate of Deposit	248,816	September 19, 2013
DeWitt Bank Certificate of Deposit	248,813	September 19, 2013
State of Nevada Local Government Investment Pool	9,533,007	97 days (avg. weighted maturity)
US Bank N.A. Commercial Paper	999,310	October 9, 2013
Beal Bank Certificate of Deposit	248,901	October 9, 2013
Apple Bank Certificate of Deposit	249,862	October 10, 2013
Goldman Sachs Certificate of Deposit	249,863	October 10, 2013
Bank of Nevada Certificate of Deposit	250,000	November 30, 2013
Torrey Pines Bank Certificate of Deposit	250,000	November 30, 2013
General Electric Credit Corp. Commercial Paper	2,748,065	December 9, 2013
US Bank N.A. Commercial Paper	998,570	December 9, 2013
Union Bank Commercial Paper	2,746,013	December 11, 2013
Fifththird Bank Certificate of Deposit	248,741	December 12, 2013
Citi Bank Certificate of Deposit	248,674	December 16, 2013
Federal Home Loan Mortgage Corporation	2,002,920	January 9, 2014
Federal Home Loan Banks	999,360	June 17, 2014

	Amount	Maturity Date
Synovus Bank Certificate of Deposit	248,766	July 18, 2014
Federal Home Loan Banks	1,000,210	January 26, 2015
Discover Bank Certificate of Deposit	247,268	March 6, 2015
Key Bank Certificate of Deposit	247,283	March 13, 2015
Federal Farm Credit Banks	998,950	July 23, 2015
General Electric Capital Certificate of Deposit	245,020	November 9, 2015
Ally Bank Certificate of Deposit	246,194	December 7, 2015
Federal National Mortgage Association	995,090	December 18, 2015
Federal Home Loan Banks	1,489,665	April 15, 2016
Federal Home Loan Banks	997,680	June 24, 2016
Federal National Mortgage Association	1,482,420	August 22, 2016
Federal Home Loan Mortgage Corporation	2,005,220	August 24, 2016
Federal Farm Credit Banks	1,478,805	November 7, 2016
Federal Home Loan Banks	1,478,880	November 28, 2016
Federal Home Loan Banks	983,740	October 10, 2017
Federal National Mortgage Association	981,260	February 22, 2018
Total	$ 61,333,430	

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.

The Authority's investment policy also permits investment in the State of Nevada Local Government Investment Pool (LGIP) and in deposit accounts with financial institutions collateralized under the State of Nevada Pooled Collateral Program. This state sponsored program provides 102% of collateral for any deposit in a participating financial institution, above FDIC insurance protection. The collateral is composed of US Treasury Obligations and US Agency Securities. The LGIP is an unrated external investment pool.

At June 30, 2013 and 2012, Standard & Poor's had rated US Government Agency Securities (mortgage backed securities) as AA+ and the Fidelity Government Fund 57 (money market funds) as AAA. At June 30, 2013 and 2012, Moody's had rated the Commercial Paper as P1.

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, 2013 and 2012, the following investments equaled or exceeded 5% of the Authority's total investments:

	2013	2012
Wells Fargo Collateralized Deposit	20%	14%
State of Nevada Local Government Investment Pool	16%	11%

3. Cash, Cash Equivalents and Investments (continued)

	2013	2012
Fidelity Governmental Fund 57 (money market)	11%	17%
Federal Home Loan Bank	14%	13%
Federal National Mortgage Association	6%	12%
Federal Home Loan Mortgage Corporation	7%	9%
US Bank N.A. Commercial Paper	7%	6%
General Electric Credit Corp. Commercial Paper	5%	6%
Federal Farm Credit Banks	4%	6%

Restricted cash, cash equivalents and investments represent funds deposited with the third party custodians, 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, 2013 and 2012:

	2013	2012
Current:		
Unrestricted:		
Accounts Receivable	$2,805,957	$3,082,425
Less Allowance for Uncollectible	(104,730)	(72,982)
Net Accounts Receivable	2,701,227	3,009,443
Grants Receivable	1,172,458	444,916
Total Current Accounts and Grants Receivable	$3,873,685	$3,454,359

The grants receivable in the accompanying Statements of Net Position represent reimbursements due for project costs under Federal Aviation Administration (FAA) and Transportation Security Administration (TSA) grants. When received, these amounts are deposited to the Authority's Revenue Account, pursuant to the bond resolutions as discussed in Note 6. All amounts due under FAA grants are subject to final approval by the FAA or TSA and are subject to the annual compliance audit by the Authority's independent auditor. However, the Authority believes that the receivable amounts recorded result from qualified expenses and, accordingly, an allowance for doubtful accounts in 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.

5. Capital Assets (continued)

Capital asset balances and changes for the year ended June 30, 2013 are as follows:

	Balance June 30, 2012	Additions and Transfers	Deletions and Transfers	Balance June 30, 2013
Capital Assets, not being depreciated/amortized				
Land	$154,549,165	$ -	$ -	$154,549,165
Construction in progress	38,751,248	36,342,102	(28,500,815)	46,592,535
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, not being depreciated/amortized	196,224,451	36,342,102	(28,500,815)	204,065,738
Capital Assets, being depreciated/amortized				
Improvements	331,252,821	4,071,897	-	335,324,718
Buildings	222,434,841	23,521,457	(602,673)	245,353,625
Equipment	62,122,103	1,695,759	(27,326)	63,790,536
Total Capital Assets, being depreciated/amortized	615,809,765	29,289,113	(629,999)	644,468,879
Less accumulated depreciation/amortization for:				
Improvements	193,760,355	15,601,788	-	209,362,143
Buildings	140,251,049	12,066,418	(602,673)	151,714,794
Equipment	28,225,543	5,460,880	(27,326)	33,659,097
Total Accumulated Depreciation/Amortization	362,236,947	33,129,086	(629,999)	394,736,034
Total Capital Assets, being depreciated/amortized, net	253,572,818	(3,839,973)	-	249,732,845
Net Capital Assets	$449,797,269	$32,502,129	$(28,500,815)	$453,798,583

Capital asset balance and changes for the year ended June 30, 2012 are as follows:

	Balance June 30, 2011	Additions and Transfers	Deletions and Transfers	Balance June 30, 2012
Capital Assets, not being depreciated/amortized				
Land	$141,388,809	$13,160,356	$ -	$154,549,165
Construction in progress	52,861,302	31,901,901	(46,011,955)	38,751,248
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, not being depreciated/amortized	197,174,149	45,062,257	(46,011,955)	196,224,451
Capital Assets, being depreciated/amortized				

5. Capital Assets (continued)

	Balance June 30, 2011	Additions and Transfers	Deletions and Transfers	Balance June 30, 2012
Improvements	301,192,233	30,060,588	-	331,252,821
Buildings	221,641,481	793,360	-	222,434,841
Equipment	60,285,969	2,378,407	(542,273)	62,122,103
Total Capital Assets, being depreciated/amortized	583,119,683	33,232,355	(542,273)	615,809,765
Less accumulated depreciation/amortization for:				
Improvements	180,413,916	13,346,439	-	193,760,355
Buildings	128,745,153	11,505,896	-	140,251,049
Equipment	23,427,140	5,340,676	(542,273)	28,225,543
Total Accumulated Depreciation/Amortization	332,586,209	30,193,011	(542,273)	362,236,947
Total Capital Assets, being depreciated/amortized, net	250,533,474	3,039,344	-	253,572,818
Net Capital Assets	$447,707,623	$48,101,601	$(46,011,955)	$449,797,269

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. Development rights, which prevent the construction of residential homes on property adjacent to the Airport are a condition of land ownership that goes on into perpetuity.

6. Long-Term Debt

As of June 30, 2013 the RTAA had $43.04 million in debt (without regard to premium and deferred loss on refundings) comprised of $25.03 million of senior lien revenue bonds (Series 2005 Airport Refunding bonds), $12.66 million of subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note – Fixed Rate Portion), and $5.35 million of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note - Variable Rate). During FY 2011-12, the final payment on the Series 2003 bonds was made and this revenue bond issue has been retired.

6. Long-Term Debt (continued)

Long –term debt activity for the year ended June 30, 2013 is summarized as follows:

	Balance June 30, 2012	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2013
Revenue Bonds:					
Series 2005	$ 26,270,000	$ -	$ 1,245,000	$ -	$25,025,000
Unamortized Premium	1,043,993	-	-	(74,571)	969,422
Deferred loss on refunding	(1,600,765)	-	-	114,341	(1,486,424)
Total Revenue Bond Debt	25,713,228	-	1,245,000	39,770	24,507,998
Less Current Portion	(1,245,000)				(1,310,000)
Noncurrent Revenue Bonds	24,468,228				23,197,998
Subordinate Notes:					
Series 2011 A-Fixed Rate	15,000,000	-	2,335,000	-	12,665,000
Series 2011 B-Variable Rate	-	5,350,000	-		5,350,000
Total Subordinate Notes	15,000,000	5,350,000	2,335,000	-	18,015,000
Less Current Portion	(2,335,000)				(2,400,000)
Noncurrent Subordinate Notes	12,665,000				15,615,000
Noncurrent Portion Debt Outstanding	$37,133,228				$38,812,998

Long –term debt activity for the year ended June 30, 2012 is summarized as follows:

	Balance June 30, 2011	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2012
Revenue Bonds:					
Series 2003	$ 4,165,000	$ -	$ 4,165,000	$ -	$ -
Series 2005	27,455,000	-	1,185,000	-	26,270,000
Unamortized Premium	1,118,564	-	-	(74,571)	1,043,993
Deferred loss on refunding	(1,715,105)	-	-	114,340	(1,600,765)
Total Revenue Bond Debt	31,023,459	-	5,350,000	39,769	25,713,228
Less Current Portion	(5,350,000)				(1,245,000)
Noncurrent Revenue Bonds	25,673,459				24,468,228
Subordinate Notes:					
Series 2011 A-Fixed Rate	15,000,000	-	-	-	15,000,000

	Balance June 30, 2011	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2012
Series 2011 B-Variable Rate	-	-	-	-	-
Total Subordinate Notes	15,000,000	-	-	-	15,000,000
Less Current Portion	-				(2,335,000)
Noncurrent Subordinate Notes	15,000,000				12,665,000
Noncurrent Portion Debt Outstanding	$40,673,459				$37,133,228

Revenue Bonds (Long-term)

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 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 – deposited in amounts sufficient to meet the next required debt service payment on the revenue bonds.

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

Operating 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% or two months 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, 2013 and 2012.

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, 2013, $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.

In June 2010, the Authority defeased $4,165,000 of the Series 2003 bonds by placing funds in an irrevocable trust to provide for future debt service payments on a portion of the last payment due on July 1, 2011.

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. The main purpose of the financing was to take advantage of lower interest rates.

The 2005 bonds with an aggregate principal of $25,025,000 are not subject to redemption prior to maturity.

6. Long-Term Debt (continued)

Maturities of revenue bonds will require the following principal and interest payments (based on amounts outstanding at June 30, 2013):

Series 2005 Bond year ended July 1,	Amount Principal	 Interest
2013	$1,310,000	$1,213,900
2014	1,355,000	1,161,500
2015	1,420,000	1,101,300
2016	1,475,000	1,044,500
2017	1,550,000	970,750
2018-2022	8,975,000	3,625,000
2023-2026	8,940,000	1,145,000
	$25,025,000	$10,261,950

Subordinate Notes (Medium Term)

On June 1, 2011 the Reno-Tahoe Airport Authority obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). With a maximum principal amount of $30 million, the Subordinate Notes have a final maturity of July 1, 2017 and were issued in two separate series: (1) Series "2011A" Subordinate Lien Revenue Note–Fixed Rate and (2) Series "2011B" Subordinate Lien Revenue Note – Variable Rate.

The Subordinate Notes are special limited obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues from the operations of the Airport System (as defined in the 2011 Subordinate Airport Revenue Note Resolution) and certain funds and accounts. Subordinate Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses less debt service requirement on any existing or future senior Airport Revenue Bonds outstanding.

The proceeds of the Notes will be used to finance the costs of capital improvement projects at the Reno-Tahoe International Airport (RTIA) and Reno-Stead Airport (RTS), which include the following:

1. Reno-Tahoe International Airport – Terminal Refurbishment Project
2. Reno-Tahoe International Airport – Consolidated Security Check Point of the Future
3. Reno-Stead Airport – Emergency Operations Command Center/Terminal Building

The interest on the 2011 Subordinate Lien Revenue Notes is excluded from gross income under federal income tax laws; however, the notes are subject to the alternative minimum tax ("AMT").

The Authority has divided the borrowing into two parts as follows:

- Series "2011A" Subordinate Lien Revenue Note–Fixed Rate portion. The Authority has obtained and deposited $15 million of notes, as a fixed rate obligation with a final maturity of July 1, 2017. Interest on the 2011A Note over the six year term has been locked-in at 2.75% with payment semiannually starting on January 1, 2012. Principal payments will be made annually on July 1, commencing on July 1, 2012, with the final payment on July 1, 2017. Principal payments will be structured so that the total annual payments of principal and interest on the 2011A Note will be approximately level from FY 2012 through FY 2017.

- Series “2011B” Subordinate Lien Revenue Note-Variable Rate portion. The Authority has structured $15 million of the loan as a variable rate loan, which would also have a final maturity of July 1, 2017. The 2011B Note is designed to serve as a flexible borrowing instrument such that the Authority can borrow under the Note for a two year period through May 31, 2013 increments of $1,000,000 or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the Authority can make repayment at any time. Two draws were made on the 2011B Note in the fiscal year 2012-2013. The first draw was March 1, 2013 for $4,000,000 and the second was May 1, 2013 for $1,350,000.

  The rate for the 2011B Note is established at 1.581% over the six month London Interbank Offering Rate (LIBOR) rate multiplied by 65%. The borrowing rate as of June 30, 2013, was at 1.883% on the first draw of $4.00 million on March 1, 2013 and 1.866% on the second draw of $1.35 million on May 1, 2013. The interest rate on the 2011B Note is capped at 12%.

The Consolidated Security Checkpoint, funded from the proceeds of the Notes, are eligible for the associated debt service to be repaid from future Passenger Facility Charge (“PFC”) revenue. The Authority submitted an application to the Federal Aviation Administration (“FAA”) for approval on March 9, 2011 and obtained approval on August 29, 2011 to apply PFC revenue toward project costs and any associated debt service for this project.

The Authority has also covenanted in the 2011 Subordinate Note Resolution that the Authority will apply Passenger Facility Charges (PFCs) to the repayment of PFC eligible debt service under the Notes, provided that the amount of PFCs applied toward debt service will not exceed a cumulative total of $18 million in fiscal year 2011-12 through fiscal year 2016-17.

As of June 30, 2013, the Authority has applied $2.875 million of PFC revenues toward debt service on the Subordinate Lien Notes associated with PFC approved projects.

The Authority collected $6.453 million and $6.81 million of PFC revenue during the years ended June 30, 2013 and 2012, respectively.

To the extent that the PFC eligible debt service on the 2011 Subordinate Notes may exceed a total of $18 million and, a portion of such debt service is thus not paid from PFCs, the Authority will be obligated to pay such debt service from Net Revenues, under a basis subordinate to any existing or future annual debt service of the senior lien Airport Revenue Bonds.

6. Long-Term Debt (continued)

Maturities of subordinate notes will require the following principal and interest payments (based on amounts outstanding at June 30, 2013):

Subordinate Note-Series 2011A Fixed Rate	Amount	
Note year ended July 1,	Principal	Interest
2013	$ 2,400,000	$ 348,287
2014	2,465,000	282,288
2015	2,530,000	214,500
2016	2,600,000	144,925
2017	2,670,000	73,425
	$12,665,000	$ 1,063,425

Subordinate Note-Series 2011B Variable Rate (a)	Amount	
Note year ended July 1,	Principal	Interest
2013	$ --	$ 29,299
2014	1,305,000	100,490
2015	1,325,000	76,072
2016	1,350,000	51,185
2017	1,370,000	25,827
	$ 5,350,000	$ 282,873

(a) Interest requirements for the Subordinate Note-Series 2011B Variable Rate Notes are calculated using the interest rate in effective at the end of the reporting year. The interest rate is reset semiannually and is based upon the LIBOR rate as previously noted. The rate included in the above requirements is 1.883% on the first draw of $4.0 million on March 1, 2013 and 1.866% on the second draw of $1.35 million on May 1, 2013.

7. Rate Maintenance Covenant

The RTAA's senior lien 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 senior lien debt service.

7. Rate Maintenance Covenant (continued)

Pledged revenues consist of the following at June 30:

	2013	2012
Airport Systems Revenues:		
Airline Fees and Rentals:		
Landing fees	$ 6,593,034	$ 6,959,299
Terminal building space rental	5,830,298	6,357,591
Total Airline Fees and Rentals	12,423,332	13,316,890
Non-Airline Revenues:		
Other aircraft fees	840,659	833,751
Concession fees	10,478,433	10,649,435
Parking and ground transportation	8,914,030	8,742,195
Other rentals	6,146,844	6,142,310
Reimbursement for services	2,579,738	2,407,854
Other operating revenues	92,093	68,099
Non-operating revenues	1,551,635	608,334
	30,603,432	29,451,978
Gross pledged revenues	43,026,765	42,768,868
Airport system operation and maintenance expenses	(34,527,241)	(33,845,018)
Airline revenue sharing	1,587,803	1,926,162
35% of gaming revenue	(550,386)	(626,665)
Net Pledged Revenues	$ 9,536,941	$ 10,223,347
Debt Service Coverage Required	$ 3,154,875	$ 3,151,438
Debt Service Coverage Requirement is the greater of the following:		
125% of Senior Lien Revenue Bond Debt Service	$ 3,154,875	$ 3,151,438
100% of Senior Lien Debt Service	$ 2,523,900	$ 2,521,150

The RTAA's subordinate lien debt is limited by Subordinate Net Revenues from the operations of the Airport System (as defined in the 2011 Subordinate Airport Revenue Note Resolution) and certain funds and accounts. Subordinate Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses less the debt service requirement on any existing or future senior lien debt outstanding. Subordinate Net Revenues must exceed 110% of any existing or future subordinate lien debt.

	2013	2012
Net Pledged Revenues	$ 9,539,941	$ 10,223,347
100% Senior Lien Debt Service	(2,523,900)	(2,521,150)
Pledged Passenger Facility Charge Revenue	1,491,202	1,383,833
Subordinate Net Revenues	$ 8,504,243	$ 9,086,030
Debt Service Coverage Required	$ 3,055,345	$ 3,060,063
Debt Service Coverage Requirement is the greater of the following:		
110% of Subordinate Lien Debt Service	$ 3,055,345	$ 3,060,063
100% of Subordinate Lien Debt Service	$ 2,777,586	$ 2,781,875

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 Position for the years ended June 30, 2013 and June 30, 2012, $10,478,433 and $10,649,435, 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:

2014	$ 21,346,489
2015	20,281,089
2016	19,370,046
2017	4,401,314
2018	6,351,150
2019-2024	36,652,120
Total	$ 108,402,208

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:

9. Pension Plan (continued)

Contribution Rates

Fiscal Year	Regular	Police/Fire	Total Contribution
2012-2013	23.75%	39.75%	$3,722,876
2011-2012	23.75%	39.75%	$3,684,541
2010-2011	21.50%	37.00%	$3,356,022

10. 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 (TSA).

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

Contributions from other sources for the year ended June 30, 2013 included improvements to the General Aviation East and West properties by tenant lease holders.

The Authority has received capital contributions as follows:

	Inception to Date	Year Ended 2013	Year Ended 2012
Federal	$412,273,824	$14,328,104	$10,248,935
State	250,331	-	-
Other Sources	25,700,464	323,796	50,000
Total	$438,224,619	$14,651,900	$10,298,935

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, 2013:

Airfield	$ 6,425,584
Terminal	1,357,070
Reno-Stead Airport	3,842,638
Other	326,375
Total Outstanding Commitments	$ 11,951,667

11. Commitments and Contingencies (continued)

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

In 2000, the Authority 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 were 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 paid amounts to prefund these costs and the Lear entities paid settlement amounts to end participation.

During the 2011-2012 fiscal year, an updated study was completed, which identified additional remediation costs of $5.48 million that would be required over the next 23 years. Based on the 18.5% share allocated to the RTAA, additional expense and a related liability of $474,912 was recorded. The reclamation liability at June 30, 2013 and 2012 is $473,375 and $510,813, respectively.

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

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, 2013 and 2012, respectively, the net other postemployment benefit liability was $446,950 and $498,421. Currently, the Authority finances their liability on the pay-as-you go basis.

13. Other Postemployment Benefits (continued)

The Authority provides other postemployment benefits (OPEB) for eligible retirees through two plans – (A) if retired prior to June 30, 2012, coverage under the RTAA Group Health Plan; and (B) if retired prior to September 1, 2008, coverage under the State of Nevada's Public Employees Benefits Program (PEBP). Each plan provides medical benefits to eligible Authority retirees and beneficiaries.

There have been two substantial changes affecting RTAA's OPEB liabilities since the last actuarial valuation was prepared on January 1, 2011:

1. RTAA closed access to its medical plans for employees retiring after June 30, 2012, leaving only a few retirees eligible for this coverage until they become eligible for coverage under Medicare. Closing the RTAA Group Health Plan to future retirees substantially reduced RTAA's implicit subsidy liability for this coverage; and

2. The amount of the required monthly subsidies for former RTAA employees covered by PEBP were changed substantially effective July 1, 2011, reducing RTAA's liability for these payments by about half.

A. RTAA Group Health Plan

<u>Plan Description and Eligibility:</u> Benefits provisions for the RTAA Group Health Plan are established pursuant to Nevada Revised Statute ("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 since an irrevocable trust fund has not been established to account for the plan. All required disclosures are included in these financial statements. The RTAA plan offers qualified retirees medical, prescription, vision, and dental insurance for themselves and their dependents.

For those employees retiring after June 30, 2012, the plan was modified to no longer allow participation in the RTAA Group Health Plan.

A qualified retiree (excluding fire employees) may continue medical and other health 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. Retiree has retired prior to June 30, 2012;
4. The employee retires directly into the Nevada Public Employees Retirement System (PERS) with no gap between RTAA separation and PERS retirement date; and
5. The employee is not eligible for Medicare.

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

13. Other Postemployment Benefits (continued)

Funding Policy: The full premium cost of the RTAA Retirees 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 that reflect the RTAA workforce, thereby benefitting from an implicit subsidy. As of June 30, 2013 and June 30, 2012, there were five 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, 2013 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, 2013. The ARC represents the sum of two parts: (1) the normal cost, which is the cost for OPEB benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the Unfunded Actuarial Accrued Liability (UAAL) over the next 5 years. Under GASB 45, it is not required that entities actually pay the ARC each year, but it does need to be calculated and disclosed in the public employer's annual financial statements.

As for the June 30, 2013 and 2012, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

For fiscal year 2013, the Authority's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was $10,927. The Authority previously had an actuarial valuation performed for the plan as of January 1, 2011 and a roll forward of that valuation was performed for the fiscal year 2012. For fiscal year 2012, the Authority's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was $11,395.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 47,310	$ 11,871	25.09%	$ 196,759
2012	$ 50,191	$ 11,395	22.70%	$ 235,554
2013	$ (30,958)	$ 10,927	-35.30%	$ 193,669

The net OPEB obligation as of June 30, 2013 and 2012 was calculated as follows:

	2013	2012
Determination of Annual Required Contribution:		
Normal cost	$ -	$ 37,073
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	12,292	12,107
Interest to June 30	240	960
Annual Required Contribution (ARC)	$ 12,532	$ 50,140

	2013	2012
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 12,532	$ 50,140
Interest on Net OPEB Obligation	9,422	7,870
Adjustment to ARC	(52,912)	(7,820)
Annual OPEB Cost	(30,958)	50,190
Retiree Benefit payments Paid by the Authority	(10,927)	(11,395)
Increase (Decrease) in Net OPEB Obligation	(41,885)	38,795
Net OPEB Obligation, Beginning of Year	235,554	196,759
Net OPEB Obligation, End of Year	$ 193,669	$ 235,554
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 56,910	$ 316,839
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 56,910	$ 319,839
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%	0.00%
Covered Payroll (Active Plan Members as of June 30)	NA	$ 14,473,649
UAAL as Percentage of Covered Payroll	NA	2.21%

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 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.

In the January 1, 2013 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 8.5% for fiscal year 2014 and declining to an ultimate trend of 5% for the 2021 and later fiscal years. These rates include a 3.25% inflation assumption.

The actuarial value of plan assets was not determined as the Authority has not advanced funded its obligation. The group of retirees covered currently by the RTAA Plan is essentially a closed group and there are no active employees who will be entitled to elect coverage when they retire. Accordingly, amortization has changed from open to closed, from level percent of pay to level dollar, and the amortization period is reduced to coincide with the average remaining time until the retiree is eligible for Medicare (5 years).

B. State of Nevada's Public Employees Benefits Program (PEBP)

Plan Description and Eligibility: For employees who retired prior to September 1, 2008, Nevada Revised Statute ("NRS") 287.023 allows retired employees of governmental entities within the State of Nevada to join the State's Public Employees Benefits Program (PEBP), an agent multiple-employer defined benefit OPEB pan 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. RTAA makes contributions as outlined below under the section titled "Funding Policy" and 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.

<u>Funding Policy:</u> The Authority is required to provide a subsidy to the retiree's plan that have elected to join the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of Public Employees Retirement System (PERS) service former employees earned while working for the Authority, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of $13 to a maximum of $650 per month for the year ended June 30, 2013; subsidies ranged from a minimum of $13 to a maximum $575 per month for the year ended June 30, 2012. 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 $159,319 for 42 retirees, which equaled the required contribution. The prior year's contribution to PEBP was $157,813 for 41 retirees, which equaled the required contribution.

<u>Annual OPEB Cost and Net OPEB Obligations:</u> The Authority had an actuarial valuation performed for the plan as of January 1, 2013. For the plan year 2012, the Authority had a roll forward of the actuarial valuation performed for the plan as of January 1, 2011. The valuations were done to determine the funded status of the plan as well as the Authority's

annual required contribution (ARC) for the fiscal years ended June 30, 2013 and 2012. As of June 30, 2013 and 2012, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 251,596	$ 197,488	78.49%	$ 171,062
2012	$ 249,618	$ 157,813	63.22%	$ 262,867
2013	$ 149,733	$ 159,319	106.40%	$ 253,281

The net OPEB obligation as of June 30, 2013 and 2012 was calculated as follows;

	2013	2012
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	155,523	247,844
Interest to June 30	3,037	4,840
Annual Required Contribution (ARC)	$ 158,560	$ 252,684
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 158,560	$ 252,684
Interest on Net OPEB Obligation	10,515	6,879
Adjustment to ARC	(19,342)	(9,945)
Annual OPEB Cost	149,733	249,618
Retiree Benefit Payments Paid by the Authority	(159,319)	(157,813)
Increase (Decrease) in Net OPEB Obligation	(9,586)	91,805
Net OPEB Obligation, Beginning of Year	262,867	171,062
Net OPEB Obligation, End of Year	$ 253,281	$ 262,867
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 2,198,149	$ 4,457,163
Actuarial Accrued Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 2,198,149	$ 4,457,163
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%	0.00%
Covered Payroll (Active Plan Members as of June 30)	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	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

13. Other Postemployment Benefits (continued)

assumptions about 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, 2013 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 8.5% for fiscal year 2014 and declining to an ultimate trend of 5% for the 2021 and later fiscal years. These rates include a 3.25% inflation assumption.

The actuarial valuation of plan assets was not determined as the Authority has not advanced funded its obligation. The group of retirees covered by PEBP is a closed group and there are no active employees who will be entitled to elect coverage when they retire. The amortization period has been reduced to coincide with the average remaining lifetime of retirees in the plan. Accordingly, the unfunded PEBP liability is being amortized over a closed 20 year period, with level dollar payments.

14. Post Employment Health Plan – Defined Contribution Plan

Plan Description and Eligibility: The RTAA established the Post Employment Health Plan (PEHP), pursuant to Section 501(C) (9) of the Internal Revenue Code permitting such plans. The plan is administrated by Nationwide Retirement Solutions. The purpose of the plan is to provide for reimbursement of qualified post employment expenses for medical care, including expenses for medical insurance, which are incurred by employees covered with the RTAA and who have separated from service.

Funding Policy: The plan provides each member with an individual account to provide for post employment health benefits through the following funding formulas:

Employees covered exclusively by the Management Guidelines and Civil Service Plan have the following plan provisions:

1) Each July 1st for those employees with accrued sick leave balances in the amounts indicated below as of the last pay period in June, RTAA shall contribute the amount of accrued sick leave indicated below into the employee's individual

PEHP plan account at 100% of the employee's base rate of pay on June 30th. All contributions will be made on a pre-tax basis.

Sick Leave Balance	Amount of Sick Leave Contributed to Employee's PEHP Account
100-199 hours	5 hours
200-299 hours	10 hours
300-399 hours	25 hours
400-499 hours	35 hours
500-599 hours	50 hours
600-699 hours	65 hours
700-799 hours	80 hours
800-899 hours	95 hours
900-999 hours	110 hours
1000 or more hours	150 hours

2) Each July 1st for those employees with accrued vacation leave balances greater than two-hundred (200) hours as of the last pay period in June, the RTAA shall contribute twenty (20) hours from each employee's accrued vacation account into the employee's individual PEHP plan account at 100% of the employee's base rate of pay on June 30th. All contributions will be made on a pre-tax basis.

3) Each July 1st for those employees that have not used the Floating Holiday as of the last pay period in June, the RTAA will convert the Floating Holiday hours at the employee's base rate of pay on June 30th and contribute those funds to the employee's individual PEHP plan account. All contributions will be made on a pre-tax basis.

For the year ended June 30, 2013, $197,698 was contributed to the PEHP plan. For the year ended June 30, 2012, $190,517 was contributed to the PEHP plan.

Employees covered by the Airport Authority Police Officers Association have the following plan provisions:

1) Upon the plan's inception, RTAA contributed a one time lump sum payment in the amount of $900 into the plan for each officer.

2) Each pay period, $31 of each member's salary will be put into their plan account.

3) Once a member has accumulated eighty (80) hours of compensatory time, RTAA shall contribute 100% of that member's compensatory time in excess of eighty (80) hours into their plan account at 100% of their base pay.

4) Once a member has accumulated 880 of sick accrual, RTAA shall contribute annually in December 100% of that member's sick accrual in excess of 880 hours into their plan account at 100% of their base pay.

5) On the first pay period each December, RTAA shall contribute forty (40) hours of each member's accrued vacation time into their plan account at 100% of their base pay, provided such contribution does not reduce the member's vacation accrual balance to less than two hundred (200) hours.

For the year ended June 30, 2013, $3,893 was contributed to the Airport Authority Police Officers Association plan. For the year ended June 30, 2012, $16,637 was contributed to the Airport Authority Police Officers Association plan.

Employees covered by Airport Authority Operations Professional Association have the following plan provisions:

1) Upon the plan's inception, RTAA contributed $30 from each regular employee's salary per pay period into the plan.

2) Once an employee has accumulated twenty (20) hours of compensatory time, RTAA shall contribute 100% of that member's compensatory time in excess of twenty (20) hours into their plan account 100% of their base pay.

3) For those employees with greater than 800 hours of accrued sick leave as of the last pay period in October, on the first pay period each December, the RTAA shall contribute fifty (50) hours of each employee's accrued sick time into their plan account at 100% of their base pay.

4) For those employees with greater than 320 hours, but less than 800 hours of accrued sick leave as of the last pay period in October, on the first pay period each December, the RTAA shall contribute twenty-five (25) hours of each member's accrued sick time into their plan account at 100% of their base pay, provided such contribution does not reduce the employee's sick accrual balance to less than 320 hours.

5) For those employees who have not used the Floating Holiday as of the last pay period in June, the RTAA will convert the Floating Holiday hours at the employee's base rate of pay and contribute those funds to the employee's individual PEHP plan account. All contributions will be made on a pre-tax basis.

On June 30, 2012, the contract with the Airport Authority Operations Professional Association ended. Therefore, for the year ended June 30, 2013, no contributions were made to the Airport Authority Operations Professional Association Plan. For the year ended June 30, 2012, $540 was contributed to the Airport Authority Operations Professional Association Plan.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Schedule of Funding Progress - Other Postemployment Benefits

Reno-Tahoe Airport Authority Group Health Plan

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a/b) Funded Ratio	(b-a) Unfunded Accrued Actuarial Liability (UAAL)	(c) Covered Payroll	[(b-a) / c] UAAL as a Percent of Covered Payroll
January 1, 2013	$ -	$ 56,910	0%	$ 56,910	$ N/A	N/A
January 1, 2011	-	280,420	0%	280,420	14,242,488	1.97%
January 1, 2009	-	505,695	0%	505,695	13,978,756	3.62%

State of Nevada's Public Employees' Benefits Program (PEBP)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a/b) Funded Ratio	(b-a) Unfunded Accrued Actuarial Liability (UAAL)	(c) Covered Payroll	[(b-a) / c] UAAL as a Percent of Covered Payroll
January 1, 2013	$ -	$ 2,198,149	0%	$ 2,198,149	N/A	N/A
January 1, 2011	-	4,474,745	0%	4,474,745	N/A	N/A
January 1, 2009	-	6,776,313	0%	6,776,313	N/A	N/A

Note 1 - SCHEDULE OF FUNDING PROGRESS

The Authority implemented GASB Statement No. 45 prospectively for the fiscal year ended June 30, 2009. Information in the Schedule of Funding Progress for prior years is not available.

Note 2 - TREND DATA

January 1, 2013 valuation
The primary reasons for the decrease in the Actuarial Accrued Liability (AAL) of the Reno-Tahoe Airport Authority Group Health Plan and the State of Nevada's Public Employees' Benefits Program (PEBP) are: (1) removal of future access to RTAA coverage for employees retiring after June 30, 2012 and (2) updates in retirees currently on the plans and assumptions about future increases in required PEBP subsidies and (3) a decrease in the required RTAA subsidy for PEBP retirees and (4) updates in mortality assumptions and future medical premium trends.

Note 3 - PEBP and RTAA Group Health Plan

PEBP was closed to Authority employees retired after September 1, 2008.
RTAA Group Health Plan was closed to Authority employees retiring after June 30, 2012.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 7,726,166	$ 7,726,166	$ 7,380,804	$ (345,362)
Concession revenue	10,844,900	10,844,900	10,478,433	(366,467)
Parking and ground transportation	8,584,000	8,584,000	8,914,030	330,030
Rentals	13,781,900	13,781,900	11,967,776	(1,814,124)
Reimbursements for services	2,566,340	2,566,340	2,579,738	13,398
Other revenue	12,000	12,000	92,093	80,093
Total Operating Revenues	43,515,306	43,515,306	41,412,874	(2,102,432)
Operating expenses:				
Employee wages and benefits	24,061,025	24,061,025	23,255,693	805,332
Utilities and communications	3,178,820	3,178,820	2,559,355	619,465
Purchase of services	4,899,204	4,899,204	4,588,047	311,157
Materials and supplies	1,761,625	1,761,625	1,850,565	(88,940)
Administrative expenses	2,477,567	2,477,567	2,273,581	203,986
Total Operating Expenses before Depreciation and Amortization	36,378,241	36,378,241	34,527,241	1,851,000
Depreciation and amortization	35,000,000	35,000,000	33,189,676	1,810,324
Total Operating Expenses	71,378,241	71,378,241	67,716,917	3,661,324
Operating Income (Loss)	(27,862,935)	(27,862,935)	(26,304,043)	1,558,892
Non-operating revenues (expenses):				
Interest income	170,500	170,500	67,781	(102,719)
Passenger facility charge revenue	7,011,700	7,011,700	6,453,403	(558,297)
Customer facility charge revenue	-	-	1,088,981	1,088,981
Jet fuel tax revenue	327,100	327,100	276,338	(50,762)
Gain (loss) on sale of capital assets	-	-	32,003	32,003
Interest expense	(1,801,323)	(1,801,323)	(1,460,898)	340,425
Total Non-Operating Revenues (Expenses)	5,707,977	5,707,977	6,457,608	749,631
Income (Loss) Before Capital Contributions	$(22,154,958)	$(22,154,958)	$(19,846,435)	$ 2,308,523

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2013

Bond Year Ended July 1	Airport Revenue Refunding Bonds Series 2005		Airport Revenue Subordinate Lien Revenue Notes Series 2011A		Airport Revenue Subordinate Lien Revenue Notes Series 2011B		
	Principal	Interest	Principal	Interest	Principal	Interest *	Total
2013	$ 1,310,000	$ 1,213,900	$ 2,400,000	$ 348,287	$ -	$ 29,299	$ 5,301,486
2014	1,355,000	1,161,500	2,465,000	282,288	1,305,000	100,490	6,669,278
2015	1,420,000	1,101,300	2,530,000	214,500	1,325,000	76,072	6,666,872
2016	1,475,000	1,044,500	2,600,000	144,925	1,350,000	51,185	6,665,610
2017	1,550,000	970,750	2,670,000	73,425	1,370,000	25,827	6,660,002
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
	$ 25,025,000	$ 10,261,950	$ 12,665,000	$ 1,063,425	$ 5,350,000	$ 282,873	$ 54,648,248

*Interest requirements for the Subordinate Note-Series 2011B Variable Rate Notes are calculated using the interest rate in effect at the end of the reporting year. The interest rate is reset semiannually and is based upon the LIBOR rate. The rate included in the above requirements is 1.883% on the first draw of $4.0 million and 1.866% on the second draw of $1.35 million.

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Statistical Section

Reno-Tahoe
Airport Authority

STATISTICAL SECTION EXPLANATIONS

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

<u>Contents</u>

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2004	2005	2006	2007	2008
Operating revenues					
Landing fees	$5,798,888	$5,801,560	$7,545,675	$7,142,939	$8,503,502
Concession revenue	11,595,147	12,618,012	14,385,592	15,095,247	15,610,371
Parking and ground transportation	7,928,016	9,082,135	10,253,964	10,136,245	10,285,079
Rentals	9,552,561	11,102,359	11,352,662	12,225,827	12,100,223
Reimbursements for services	940,509	477,425	827,853	959,434	630,653
Other revenue	193,519	8,648	27,238	37,005	13,206
Total operating revenues	36,008,640	39,090,139	44,392,984	45,596,697	47,143,034
Nonoperating revenues					
Interest income	345,940	1,370,190	1,723,481	3,382,557	2,440,071
Passenger facility charge revenue	10,343,967	8,771,723	11,029,218	10,992,217	9,931,917
Customer facility charge revenue	-	-	-	-	-
Insurance proceeds	16,264	30,000	-	13,853	-
Jet fuel tax income	375,000	414,908	414,874	338,810	400,006
Gain on sale of capital assets	40,043	1,311,777	496,591	112,337	89,009
Gain on sale of easements	-	-	-	-	-
Total nonoperating revenues	11,121,214	11,898,598	13,664,164	14,839,774	12,861,003
Total revenues	47,129,854	50,988,737	58,057,148	60,436,471	60,004,037
Operating expense					
Employee wages and benefits	17,267,109	18,158,194	19,929,337	20,877,676	22,612,550
Utilities and communications	2,071,461	2,425,659	2,457,764	2,797,048	2,655,511
Purchase of services	2,863,032	3,115,090	3,232,102	3,131,901	3,039,115
Materials and supplies	1,057,637	1,524,721	1,649,492	1,546,951	1,651,664
Administrative expenses	2,855,358	2,167,021	2,261,031	2,100,296	1,976,701
	26,114,597	27,390,685	29,529,726	30,453,872	31,935,541
Depreciation and amortization	17,044,725	17,374,021	18,564,621	20,686,072	22,000,778
Total operating expenses	43,159,322	44,764,706	48,094,347	51,139,944	53,936,319
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	-	-	-	-
Interest expense	4,227,792	4,126,651	3,608,057	3,229,056	2,834,064
Total nonoperating expenses	4,227,792	4,126,651	3,608,057	3,229,056	2,834,064
Total expenses	47,387,114	48,891,357	51,702,404	54,369,000	56,770,383
Capital contributions	21,076,563	19,279,194	23,701,303	18,910,166	31,014,332
Increase in Net Position	$20,819,303	$21,376,574	$30,056,047	$24,977,637	$34,247,986
Net Position at Year-End					
Net Investment in capital assets	$229,094,661	$240,083,059	$259,361,293	$280,057,920	$310,515,372
Restricted	26,469,671	36,564,162	42,831,382	53,606,914	50,911,600
Unrestricted	49,770,976	50,064,661	54,575,254	48,080,732	54,566,580
Total Net Position	$305,335,308	$326,711,882	$356,767,929	$381,745,566	$415,993,552

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2009	2010	2011	2012	2013
Operating revenues					
Landing fees	$8,020,650	$9,157,170	$6,134,543	$7,793,050	$7,380,804
Concession revenue	14,267,318	14,400,176	11,727,995	10,649,435	10,478,433
Parking and ground transportation	9,102,015	8,738,391	8,927,778	8,742,195	8,914,030
Rentals	12,172,296	10,378,966	12,235,790	12,499,901	11,967,776
Reimbursements for services	957,499	1,838,355	2,368,283	2,407,854	2,579,738
Other revenue	82,970	18,300	42,411	68,099	92,093
Total operating revenues	44,602,748	44,531,358	41,436,800	42,160,534	41,412,874
Nonoperating revenues					
Interest income	1,814,681	347,571	286,887	210,110	67,781
Passenger facility charge revenue	7,688,656	7,737,810	7,346,775	6,806,898	6,453,403
Customer facility charge revenue	-	-	-	-	1,088,981
Insurance proceeds	-	-	-	-	-
Jet fuel tax income	313,204	304,912	319,073	304,048	276,338
Gain on sale of capital assets	544,222	9,641	3,226	8,014	32,003
Gain on sale of easements	-	-	-	70,637	-
Total nonoperating revenues	10,360,763	8,399,934	7,955,961	7,399,707	7,918,506
Total revenues	54,963,511	52,931,292	49,392,761	49,560,241	49,331,380
Operating expense					
Employee wages and benefits	21,868,506	21,148,848	22,421,307	23,094,222	23,255,693
Utilities and communications	2,978,879	3,234,216	2,934,201	2,626,376	2,559,355
Purchase of services	3,037,358	3,218,502	4,176,135	4,019,245	4,588,047
Materials and supplies	1,424,020	1,611,574	1,855,013	1,871,019	1,850,565
Administrative expenses	1,911,933	1,922,140	2,028,418	2,234,156	2,273,581
	31,220,696	31,135,280	33,415,074	33,845,018	34,527,241
Depreciation and amortization	21,904,868	23,624,026	23,521,743	30,253,602	33,189,676
Total operating expenses	53,125,564	54,759,306	56,936,817	64,098,620	67,716,917
Nonoperating expenses					
Loss on debt defeasance	-	207,881	-	-	-
Reclamation expenses	-	-	-	474,912	-
Interest expense	2,417,329	2,146,371	1,542,358	1,315,921	1,460,898
Total nonoperating expenses	2,417,329	2,354,252	1,542,358	1,790,833	1,460,898
Total expenses	55,542,893	57,113,558	58,479,175	65,889,453	69,177,815
Capital contributions	14,759,282	24,330,343	35,581,288	10,298,935	14,651,900
Increase in Net Position	$14,179,900	$20,148,077	$26,494,874	($6,030,277)	($5,194,535)
Net Position at Year-End					
Net Investment in capital assets	$354,630,181	$381,032,297	$413,692,789	$415,582,335	$412,444,732
Restricted	29,015,626	21,539,564	24,195,980	19,148,691	14,720,733
Unrestricted	46,527,645	47,749,668	38,927,634	36,055,100	38,426,126
Total Net Position	$430,173,452	$450,321,529	$476,816,403	$470,786,126	$465,591,591

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

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

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2009	2010	2011	2012	2013
Operating Revenues	$44,602,748	$44,531,358	$41,436,800	$42,160,534	$41,412,874
Operating Expenses	(31,220,696)	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)
Operating Income before Depreciation and Amortization	13,382,052	13,396,078	8,021,726	8,315,516	6,885,633
Depreciation and Amortization	(21,904,868)	(23,624,026)	(23,521,743)	(30,253,602)	(33,189,676)
Operating Income (Loss)	(8,522,816)	(10,227,948)	(15,500,017)	(21,938,086)	(26,304,043)
Nonoperating Revenues and (Expenses):					
Interest Income	1,814,681	347,571	286,887	210,110	67,781
PFC Revenue	7,688,656	7,737,810	7,346,775	6,806,898	6,453,403
CFC Revenue	-	-	-	-	1,088,981
Insurance Proceeds	-	-	-	-	-
Jet Fuel Tax Revenue (Expense)	313,204	304,912	319,073	304,048	276,338
Interest Expense	(2,417,329)	(2,146,371)	(1,542,358)	(1,315,921)	(1,460,898)
Gain (Loss) on Sale of Capital Assets	544,222	9,641	3,226	8,014	32,003
Gain (Loss) on Sale of Easements	-	-	-	70,637	-
Reclamation Expenses	-	-	-	(474,912)	-
Gain (Loss) on Debt Defeasance	-	(207,881)	-	-	-
	7,943,434	6,045,682	6,413,603	5,608,874	6,457,608
Income (Loss) Before Capital Contributions	($579,382)	($4,182,266)	($9,086,414)	($16,329,212)	($19,846,435)

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS

FOR THE YEARS ENDED JUNE 30, 2009-2013
(unaudited)

Revenue Payer	Category	2009	2010	2011	2012	2013
Southwest	Airline	$ 9,463,345	$ 11,688,500	$ 10,605,163	$ 11,613,810	$ 10,809,529
RTAA Public Parking	Parking	8,548,531	8,217,012	8,408,363	8,242,872	8,413,325
United	Airline	2,294,905	2,637,751	2,809,129	2,949,023	2,744,837
American	Airline	1,635,481	1,882,822	2,230,520	2,238,137	2,389,676
Avis/Budget	Rental Car	2,281,210	2,471,246	1,885,720	1,976,825	2,167,950
Hertz	Rental Car	2,102,635	2,125,310	1,699,234	1,960,561	2,058,052
US Airways	Airline	1,194,891	1,860,618	1,736,963	2,098,190	2,000,370
Delta	Airline	1,870,557	1,443,919	1,591,579	2,029,086	1,677,942
IGT (Gaming)	Concession	2,704,746	2,235,294	2,263,689	1,795,787	1,578,687
Alaska/Horizon	Airline	1,741,364	1,551,855	1,410,409	1,250,925	1,538,383
Vanguard (Alamo/National)	Rental Car	1,477,902	1,594,212	1,374,492	1,350,883	1,509,637
Enterprise	Rental Car	1,731,738	1,913,927	1,212,709	1,225,240	1,388,258
DTG (Dollar/Thrifty)	Rental Car	1,476,192	1,782,390	1,231,117	1,188,711	1,151,575
SSP America, Inc. (Food & Beverage)	Concession	860,116	990,881	983,847	945,992	985,409
Younger Agency (Advertising)	Concession	945,879	846,562	860,088	888,991	792,655
The Paradies Shops (Retail)	Concession	975,225	923,945	932,201	787,912	745,059
		$ 41,304,717	$ 44,166,244	$ 41,235,223	$ 42,542,944	$ 41,951,344
Total Revenue		$ 54,963,511	$ 52,931,292	$ 49,392,761	$ 49,560,241	$ 49,331,380
Principal Revenue Payers as a % of Total Revenue		75.1%	83.4%	83.5%	85.8%	85.0%

Information prior to fiscal year 2009 is not easily accessible.

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 2004-2013
(unaudited)

	Landing Fee		RON (Ramp Over Night)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2013	$ 2.64	$ 2.58	$ 50.00 (a)	$ 50.00 (a)	$ 45.42	$ 6.39
2012	2.59	2.55	0.38	0.64	48.93	6.81
2011	1.83	2.01	0.30	0.50	46.57	5.45
2010	3.02	3.87	0.47	0.97	46.38	6.26
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

(a) Effective July 1, 2012, the Ramp Over Night Charge was modified to a flat fee of $50.00 per day for an aircraft parking more than 3 hours at a location other than a preferentially leased gate. The previous rate structure was assessed based on aircraft landed weight.

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 which remained in effect through June 20 2010. Starting on July 1, 2010, the Authority and the airlines executed a new five-year airline agreement.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT AND OBLIGATION COVERAGES
FOR THE YEARS ENDED JUNE 30, 2004-2013
(unaudited)

YEAR	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Gross Pledged Revenues (1)	$43,026,765	$42,768,868	$42,021,602	$45,086,530	$46,053,401	$48,937,846	$48,071,900	$45,613,384	$39,818,362	$36,253,101
Transfers- LOI Bond	-	-	-	650,117	644,911	641,856	639,373	649,427	647,661	654,578
Airline Revenue Sharing	1,587,803	1,926,162	3,594,787	1,516,737	1,892,768	1,867,149	2,111,696	1,537,929	1,653,595	2,246,836
35% Gaming Revenue	(550,386)	(626,665)	(789,832)	(780,474)	(946,661)	(1,221,986)	(1,294,816)	(1,199,079)	(1,079,961)	(882,000)
Direct Operating Expense (2)	(34,527,241)	(33,845,018)	(33,415,074)	(31,135,280)	(31,220,696)	(31,935,541)	(30,453,872)	(29,328,473)	(27,077,057)	(25,626,456)
Net Pledged Revenue (Available for Debt and Obligation Payments)	9,536,941	10,223,347	11,411,483	15,337,630	16,423,723	18,289,324	19,074,281	17,273,188	13,962,600	12,646,059
Debt Service (Senior Lien Debt Service)	2,523,900	2,521,150	6,893,650	11,268,725	10,768,625	10,770,476	10,765,468	9,631,770	8,116,213	6,622,348
Debt Service Coverage Ratio - Senior Lien Debt Service	3.78	4.06	1.66	1.36	1.53	1.70	1.77	1.79	1.72	1.91
Net Pledged Revenue (Available for Subordinate Notes)	7,013,041	7,702,197	-	-	-	-	-	-	-	-
Pledged PFC Revenue	1,491,202	1,383,833	-	-	-	-	-	-	-	-
Pledged Revenue (Available for Subordinate Notes)	8,504,243	9,086,030	-	-	-	-	-	-	-	-
Debt Service (Subordinate Lien Debt Service)	2,777,586	2,781,875	-	-	-	-	-	-	-	-
Debt Service - Coverage Ratio - Subordinate Lien Debt Service	3.06	3.27	-	-	-	-	-	-	-	-

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

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2004	2005	2006	2007	2008
Operating Revenues	$36,008,640	$39,090,139	$44,392,984	$45,596,697	$47,143,034
Trust Fund Investment Interest Income	244,461	728,223	1,220,400	2,475,203	1,794,812
Gross Pledged Revenues	36,253,101	39,818,362	45,613,384	48,071,900	48,937,846
Transfers - General Purpose Fund for LOI Bond Debt Service	654,578	647,661	649,427	639,373	641,856
Operating Expenses	(25,626,456)	(27,077,027)	(29,328,473)	(30,453,872)	(31,935,541)
Airline Revenue Share Prior Year	2,246,836	1,653,595	1,537,929	2,111,696	1,867,149
35% of Gaming Revenues	(882,000)	(1,079,961)	(1,199,079)	(1,294,816)	(1,221,986)
Net Pledged Revenues - Senior Lien Bonds	$12,646,059	$13,962,630	$17,273,188	$19,074,281	$18,289,324
125% of Senior Lien Revenue Bond Debt Service	$8,277,935	$10,145,266	$12,039,713	$13,456,835	$13,463,095
Senior Lien Debt Service	$6,622,348	$8,116,213	$9,631,770	$10,765,468	$10,770,476
Net Pledged Revenues - Subordinate Lien Notes	$6,023,711	$5,846,417	$7,641,418	$8,308,813	$7,518,848
Pledged Passenger Facility Charges	-	-	-	-	-
Pledged Revenues - Subordinate Lien Notes	$6,023,711	$5,846,417	$7,641,418	$8,308,813	$7,518,848
110% of Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$ -
Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$ -
Rate Maintenance Minimum Revenues	$8,277,935	$10,145,266	$12,039,713	$13,456,835	$13,463,095

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2004- 2013
(unaudited)

	2009	2010	2011	2012	2013
Operating Revenues	$44,602,748	$44,531,358	$41,436,800	$42,160,534	$42,863,935
Trust Fund Investment Interest Income	1,450,653	555,172	584,802	608,334	162,830
Gross Pledged Revenues	46,053,401	45,086,530	42,021,602	42,768,868	43,026,765
Transfers - General Purpose Fund for LOI Bond Debt Service	644,911	650,117	-	-	-
Operating Expenses	(31,220,696)	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)
Airline Revenue Share Prior Year	1,892,768	1,516,737	3,594,787	1,926,162	1,587,803
35% of Gaming Revenues	(946,661)	(780,474)	(789,832)	(626,665)	(550,386)
Net Pledged Revenues - Senior Lien Bonds	$16,423,723	$15,337,630	$11,411,483	$10,223,347	$9,536,941
125% of Senior Lien Revenue Bond Debt Service	$13,460,781	$14,085,906	$8,617,063	$3,151,438	$3,154,875
Senior Lien Debt Service	$10,768,625	$11,268,725	$6,893,650	$2,521,150	$2,523,900
Net Pledged Revenues - Subordinate Lien Notes	$5,655,098	$4,068,905	$4,517,833	$7,702,197	$7,013,041
Pledged Passenger Facility Charges	-	-	-	1,383,833	1,491,202
Pledged Revenues - Subordinate Lien Notes	$5,655,098	$4,068,905	$4,517,833	$9,086,030	$8,504,243
110% of Subordinate Lien Debt Service	$ -	$ -	$ -	$3,060,063	$3,055,345
Subordinate Lien Debt Service	$ -	$ -	$ -	$2,781,875	$2,777,586
Rate Maintenance Minimum Revenues	$13,460,781	$14,085,906	$8,617,063	$6,211,501	$6,210,220

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2004	2005	2006	2007	2008
Outstanding Debt					
Revenue bonds	$80,350,000	$77,975,000	$74,320,000	$68,175,000	$60,810,000
Unamortized discount	(828,916)	(790,951)	-	-	-
Unamortized premium	2,529,619	2,131,354	3,224,509	2,751,672	2,278,837
Deferred loss on refunding	(1,616,893)	(1,276,155)	(3,222,227)	(2,920,802)	(2,619,378)
Notes payable	-	-	-	-	-
Total outstanding debt	$80,433,810	$78,039,248	$74,322,282	$68,005,870	$60,469,459
Outstanding debt per enplaned passenger	$33	$31	$29	$27	$25
Debt Service					
Principal	$9,195,000	$2,375,000	$3,970,000	$6,145,000	$7,365,000
Interest	3,837,211	4,247,348	4,146,213	3,486,770	3,400,468
Total debt service	$13,032,211	$6,622,348	$8,116,213	$9,631,770	$10,765,468
Ratio of debt service to total expenses	27.50%	13.55%	15.70%	17.72%	18.96%

Note 1: 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, 2004 - 2013
(unaudited)

	2009	2010	2011	2012	2013
Outstanding Debt					
Revenue bonds	$53,045,000	$40,700,000	$31,620,000	$26,270,000	$25,025,000
Unamortized discount	-	-	-	-	-
Unamortized premium	1,806,117	1,327,738	1,118,564	1,043,993	969,422
Deferred loss on refunding	(2,317,954)	(1,922,988)	(1,715,105)	(1,600,765)	(1,486,424)
Notes payable	-	-	15,000,000	15,000,000	18,015,000
Total outstanding debt	$52,533,163	$40,104,750	$46,023,459	$40,713,228	$42,522,998
Outstanding debt per enplaned passenger	$26	$21	$24	$23	$24
Debt Service					
Principal	$7,765,000	$8,180,000	$9,080,000	$5,350,000	$3,710,000
Interest	3,005,476	2,588,625	2,188,725	1,543,650	1,591,486
Total debt service	$10,770,476	$10,768,625	$11,268,725	$6,893,650	$5,301,486
Ratio of debt service to total expenses	19.39%	18.92%	19.27%	10.46%	7.66%

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2003-2012
(unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Nevada										
County										
Churchill	24,241	24,289	24,556	25,036	24,891	24,896	24,897	24,877	24,637	24,375
Douglas	44,170	45,933	47,017	45,909	45,406	45,180	45,464	46,997	46,886	46,996
Humboldt	16,562	16,863	17,129	17,446	17,523	17,763	18,260	16,528	16,735	17,048
Lyon	40,290	43,336	47,515	51,231	52,479	53,022	52,641	51,980	51,871	51,327
Pershing	6,446	6,396	6,360	6,414	6,376	6,291	6,286	6,753	6,734	6,749
Storey	3,541	3,731	4,074	4,132	4,193	4,341	4,441	4,010	3,896	3,935
Washoe	371,062	380,612	389,872	396,428	406,079	410,443	414,820	421,407	425,710	429,908
Carson City	55,269	55,926	56,062	55,289	54,939	54,867	55,176	55,274	55,439	54,838
Subtotal	561,581	577,086	592,585	601,885	611,886	616,803	621,985	627,826	631,908	635,176
California										
County										
Alpine	1,188	1,197	1,159	1,180	1,145	1,061	1,041	1,175	1,102	1,129
El Dorado	169,119	172,723	176,841	178,066	175,689	176,075	178,447	181,058	180,938	180,561
Lassen	34,114	34,606	34,751	34,715	35,031	34,574	34,473	34,895	34,200	33,658
Mono	12,832	12,687	12,509	12,754	12,801	12,774	12,927	14,202	14,309	14,348
Nevada	96,235	97,447	98,394	98,764	97,027	97,118	97,751	98,764	98,612	98,292
Placer	293,457	306,305	317,028	326,242	332,920	341,945	348,552	348,432	357,138	361,682
Plumas	21,185	21,328	21,477	21,263	20,615	20,275	20,122	20,007	19,765	19,399
Sierra	3,542	3,486	3,434	3,455	3,328	3,263	3,174	3,240	3,113	3,086
Subtotal	631,672	649,779	665,593	676,439	678,556	687,085	696,487	701,773	709,177	712,155
Total	1,193,253	1,226,865	1,258,178	1,278,324	1,290,442	1,303,888	1,318,472	1,329,599	1,341,085	1,347,331
Percentage increase	2.89%	2.82%	2.55%	1.60%	0.95%	1.04%	1.12%	0.84%	0.86%	0.47%
Unemployment rate Washoe County	4.7%	4.2%	3.9%	4.0%	4.4%	11.8%	13.6%	13.0%	13.0%	11.3%

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 2013
(unaudited)

Ranking	Company	Ranking	Company
1	Wal-Mart Stores	50	Pepsico
4	General Electric	51	MetLife
5	Bank of America	52	Safeway
7	AT&T	55	Sysco
12	Citigroup	56	Apple
13	Verizon Communications	58	Cisco Systems
15	General Motors	60	FedEx
17	Cardinal Health	64	New York Life Insurance
18	CVS Caremark	66	Caterpillar
19	Wells Fargo	67	Sprint Nextel
20	IBM	68	Allstate
24	AmerisourceBergen	70	Morgan Stanley
25	Costco	71	Liberty Mutual
29	Home Depot	72	Coca Cola
30	Target	74	Honeywell
32	Walgreen	83	Johnson Controls
34	Microsoft	85	Merck
40	Pfizer	88	American Express
42	Lowe's	89	Rite Aid
43	United Parcel Services	97	Hartford Financial Services
45	Best Buy	100	Amazon

Forty-two Fortune 100 companies have a significant presence in northern Nevada. These companies represent a range of top multi-national brands that have chosen to do business in Reno/Sparks/Lake Tahoe.

Source: Economic Development Authority of Western Nevada.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
FOR THE CALENDAR YEARS ENDED 2012 AND 2003
(unaudited)

	Calendar year 2012		Calendar year 2003	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	8,000-8,499	1	6,500-7,000
University of Nevada-Reno	2	4,000-4,499	2	2,500-2,999
Renown Regional Medical Center	3	2,500-2,999	6	2,000-2,499
Washoe County	4	2,000-2,499	4	2,500-2,999
Peppermill Hotel Casino-Reno	5	2,000-2,499		
International Game Technology	6	2,000-2,499		
Silver Legacy Resort Casino	7	1,500-1,999	5	2,500-2,999
Atlantis Casino Resort	8	1,500-1,999		
City of Reno	9	1,000-1,499		
Grand Sierra Resort & Casino	10	1,000-1,499	3	2,500-2,999
Eldorado Hotel & Casino	11	1,000-1,499	7	2,000-2,499
St. Mary's Hospital	12	1,500-1,999		
Sierra Nevada HealthCare	13	1,000-1,499		
Integrity Staffing Solutions	14	1,000-1,499		
United Parcel Service	15	1,000-1,499		
Sparks Nugget			8	2,000-2,499
Circus Circus			9	2,000-2,499
Harrah's Reno			10	2,000-2,499

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

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

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2004-2013
(unaudited)

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

Year	Board of Trustees*	Airfield Operations	Terminal Building Maintenance	Police/ Security	Parking	Aircraft Rescue and Firefighting	Administration	Total FTE Excluding Board
2013	9	50	69	43	15	20	70.5	267.5
2012	9	52	69	43	15	20	68.5	267.5
2011	9	53	69	43	15	20	68.5	268.5
2010	9	51	69	43	15	20	65.5	263.5
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	260.0
2005	9	48.5	66	38	15	19	57.5	253.0
2004	9	48	65	38	15	19	59	253.0

* 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 Convention & 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, 2004 - 2013
(unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2013	1,756,471	-1.4%	2,522,804	-6.2%	36,800	-8.3%
2012	1,780,812	-6.4%	2,689,121	-7.2%	40,126	-8.9%
2011	1,901,850	0.8%	2,896,599	4.8%	44,035	2.1%
2010	1,886,677	-3.0%	2,762,670	-10.8%	43,140	-13.4%
2009	1,945,848	-18.6%	3,097,929	-17.1%	49,811	-15.8%
2008	2,391,514	-3.7%	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%

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2004 - 2013

(unaudited)

	2004			2005			2006		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	181,866	7%	59%	173,865	7%	-4%	111,961	4%	-36%
Allegiant Air	29,015	1%	6925%	28,731	1%	-1%	32,307	1%	12%
Aloha Airlines	32,133	1%	-72%	43,378	2%	35%	31,502	1%	-27%
American	239,167	10%	2%	250,509	10%	5%	240,675	9%	-4%
Atlantic Southeast	-	0%	0%	23,149	1%	100%	26,254	1%	13%
Continental	77,461	3%	32%	66,663	3%	-14%	59,379	2%	-11%
Delta	-	0%	0%	34,165	1%	100%	67,838	3%	99%
Frontier	54,709	2%	36%	31,441	1%	-43%	39,036	2%	24%
Horizon Air	-	0%	0%	26,984	1%	100%	90,366	4%	235%
Mesa	-	0%	-100%	3,674	0%	100%	38,238	1%	941%
Northwest	91,230	4%	5%	82,998	3%	-9%	35,758	1%	-57%
Skywest	183,632	7%	56%	188,436	7%	3%	151,168	6%	-20%
Southwest	1,160,906	47%	2%	1,182,838	46%	2%	1,251,809	49%	6%
United	204,840	8%	-20%	182,893	7%	-11%	185,751	7%	2%
US Airways (America West)	206,307	8%	4%	228,743	9%	11%	202,610	8%	-11%
Other	428	0%	-94%	1,806	0%	322%	12,894	1%	614%
	2,461,694	100%	4%	2,550,273	100%	4%	2,577,546	100%	1%

Rounding errors may occur.

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2004 - 2013

(unaudited)

2007			2008			2009			2010		
Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
105,437	4%	-6%	34,135	1%	-68%	-	0%	-100%	297	0%	0%
1,194	0%	-96%	12,748	1%	968%	36,148	2%	184%	13,948	1%	-61%
26,639	1%	-15%	22,091	1%	-17%	-	0%	-100%	-	0%	0%
202,654	8%	-16%	191,839	8%	-5%	173,989	9%	-9%	163,971	9%	-6%
15,481	1%	-41%	-	0%	-100%	-	0%	0%	-	0%	0%
71,216	3%	20%	70,108	3%	-2%	15,046	1%	-79%	-	0%	-100%
105,718	4%	56%	100,467	4%	-5%	50,249	3%	-50%	93,341	5%	86%
33,280	1%	-15%	7,759	0%	-77%	-	0%	-100%	253	0%	100%
113,315	5%	25%	183,955	8%	62%	177,743	9%	-3%	141,106	7%	-21%
41,512	2%	9%	43,503	2%	5%	-	0%	-100%	7,197	0%	100%
-	0%	-100%	-	0%	0%	-	0%	0%	-	0%	0%
117,820	5%	-22%	111,688	5%	-5%	120,743	6%	8%	139,577	7%	16%
1,222,526	49%	-2%	1,177,434	49%	-4%	1,052,348	54%	-11%	1,022,318	54%	-3%
238,640	10%	28%	220,543	9%	-8%	208,228	11%	-6%	161,396	9%	-22%
183,965	7%	-9%	155,643	7%	-15%	95,466	5%	-39%	140,501	7%	47%
2,771	0%	-79%	59,601	2%	2051%	15,888	1%	-73%	2,772	0%	-83%
2,482,168	100%	-4%	2,391,514	100%	-4%	1,945,848	100%	-19%	1,886,677	100%	-3%

Continued

The global recession that began in December 2007 and took a sharp downward turn in September 2008 affected the entire world economy. These effects included a weaker demand for air travel.

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2004 - 2013

(unaudited)

	2011			2012			2013		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	457	0%	54%	-	0%	-100%	-	0%	0%
Allegiant Air	5,230	0%	-63%	1,988	0%	-62%	7,590	0%	282%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
American	201,748	11%	23%	185,797	11%	-8%	201,472	12%	8%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	15,584	1%	100%	17,727	1%	14%	-	0%	-100%
Delta	137,094	7%	47%	165,462	9%	21%	133,014	7%	-20%
Frontier	381	0%	51%	-	0%	-100%	271	0%	100%
Horizon Air	117,750	6%	-17%	78,491	5%	-33%	113,819	5%	45%
Mesa	38	0%	-99%	-	0%	-100%	-	0%	0%
Northwest	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	-	0%	-100%	-	0%	0%	-	0%	0%
Southwest	1,032,811	54%	1%	967,792	54%	-6%	945,143	55%	-2%
United	248,322	13%	54%	220,653	12%	-11%	210,530	12%	-5%
US Airways (America West)	141,980	7%	1%	141,880	8%	0%	143,559	8%	1%
Other	455	0%	-84%	1,022	0%	125%	1,073	0%	5%
	1,901,850	100%	1%	1,780,812	100%	-6%	1,756,471	100%	-1%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2004			2005			2006		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska	272,567	7%	87%	225,303	6%	-17%	142,111	4%	-37%
Allegiant Air	38,710	1%	43%	42,323	1%	9%	41,573	1%	-2%
Aloha Airlines	46,899	1%	0%	73,125	2%	0%	47,802	1%	0%
American	296,588	8%	2%	318,810	8%	7%	270,454	7%	-15%
Atlantic Southeast	-	0%	0%	31,021	1%	0%	33,031	1%	6%
Continental	91,532	2%	45%	79,589	2%	-13%	63,076	2%	-21%
Delta	-	0%	0%	44,142	1%	0%	81,464	2%	85%
Frontier	87,471	2%	43%	49,713	1%	-43%	54,646	1%	10%
Horizon Air	-	0%	0%	30,017	1%	0%	93,135	3%	210%
Mesa	-	0%	0%	8,748	0%	0%	43,610	1%	399%
Northwest	104,254	3%	5%	93,582	2%	-10%	41,726	1%	-55%
Skywest	215,743	6%	55%	230,224	6%	7%	167,176	4%	-27%
Southwest	1,682,256	44%	2%	1,694,986	44%	1%	1,726,284	46%	2%
United	262,964	7%	-15%	241,294	6%	-8%	221,035	6%	-8%
US Airways (America West)	301,178	8%	9%	323,416	8%	7%	258,369	7%	-20%
Airborne Express	26,112	1%	1%	26,010	1%	0%	25,990	1%	0%
Federal Express	209,816	6%	-4%	213,469	6%	2%	239,288	6%	12%
United Parcel Service	116,029	3%	3%	122,350	3%	5%	131,104	4%	7%
Other	28,486	1%	-50%	29,802	1%	5%	42,659	1%	43%
	3,780,605	100%	9%	3,877,924	100%	3%	3,724,533	100%	-4%

Continued

Rounding errors may occur.

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

	2007			2008			2009		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska	136,127	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 Air	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%
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%
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
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2004 - 2013
(unaudited)

2010			2011			2012			2013		
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
705	0%	0%	720	0%	2%	-	0%	-100%	7,254	0%	100%
30,692	1%	-36%	10,618	0%	-65%	-	0%	-100%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
173,591	6%	-17%	225,413	8%	30%	195,901	7%	-13%	206,613	8%	5%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
-	0%	-100%	19,674	1%	0%	24,587	1%	25%	-	0%	-100%
103,373	4%	70%	161,192	6%	56%	204,847	8%	27%	161,684	6%	-21%
537	0%	0%	807	0%	50%	-	0%	-100%	-	0%	0%
142,047	5%	-23%	125,060	4%	-12%	75,706	3%	-39%	112,694	4%	49%
7,497	0%	-85%	221	0%	-97%	-	0%	-100%	-	0%	0%
-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%
158,717	6%	20%	6,207	0%	-96%	-	0%	-100%	-	0%	0%
1,408,964	51%	-10%	1,424,216	49%	1%	1,350,158	51%	-5%	1,190,140	48%	-12%
218,469	8%	-20%	322,040	11%	47%	261,838	10%	-19%	237,421	9%	-9%
191,455	7%	51%	216,418	7%	13%	185,472	7%	-14%	184,243	7%	-1%
-	0%	-100%	-	0%	0%	-	0%	0%	-	0%	0%
180,343	7%	-13%	228,274	8%	27%	226,816	9%	-1%	226,398	9%	0%
127,978	5%	-12%	131,984	5%	3%	139,144	5%	5%	170,193	7%	22%
18,302	1%	-53%	23,755	1%	30%	8,445	0%	-64%	8,456	0%	0%
2,762,670	100%	-11%	2,896,599	100%	5%	2,672,914	100%	-8%	2,505,096	100%	-6%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2013
(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 150 ft
	Runway 16L/34R	9,000 x 150 ft
	Runway 7/25	6,102 x 150 ft

FAA staffs and operates one 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 150 ft
	Runway 14/32	9,080 x 150 ft

Created in 1977 by State Legislature
Nine-member Board

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2004 - 2013
(unaudited)

	2013 (a)	2012	2011	2010 (b)	2009	2008	2007	2006	2005	2004
Terminal Space - square feet										
Airlines	175,221	160,622	160,622	160,622	154,875	154,875	154,875	154,875	154,875	154,630
Ground Transportation	2,883	3,103	3,103	3,103	3,103	3,103	3,103	3,103	3,326	3,326
Concession Space	37,167	34,952	34,952	34,952	18,825	18,825	18,825	18,825	18,602	18,602
Public Areas	197,723	194,406	194,406	194,406	157,081	157,081	157,081	157,081	157,081	157,081
RTAA	45,309	45,795	45,795	45,795	36,271	36,271	36,271	36,271	36,271	34,109
Unfinished Areas	-	-	-	-	5,426	5,426	5,426	5,426	5,426	7,833
	458,303	438,878	438,878	438,878	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	1,532	1,532	1,532	1,532	1,565	1,565	1,565	1,565	1,565
	3,632	3,632	3,632	3,632	3,632	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	591,250
	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750

(a) Terminal Space adjustments in 2013 reflect the building expansion associated with the Consolidated Security Checkpoint Project and remeasurement of concession, public areas, and RTAA dedicated space.

(b) Terminal Space adjustments in 2010 reflect the building expansion associated with the Integrated Explosive Detections System (ABC Project) and remeasurement of concession, public areas, and RTAA dedicated space.

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Compliance Section

Reno-Tahoe
Airport Authority

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Reno-Tahoe Airport Authority's basic financial statements, and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 27, 2013

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

Independent Auditor's Report on Compliance For Each Major Program and the Passenger Facility Charge Program and on Internal Control over Compliance Required by 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

Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program

We have audited Reno-Tahoe Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the Authority's major federal programs, and have audited the Authority's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended June 30, 2013. Reno-Tahoe Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Authority's major federal programs and the passenger facility charge program based on our audit of the types of compliance requirements referred to above. 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, 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 or 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 on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

In our opinion, the Authority's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and the Guide and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002. Our opinion on each major federal program and the passenger facility charge program is not modified with respect to these matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and its passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance for each major program and the passenger facility charge program in accordance with OMB Circular A-133 and the Guide, 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.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002, that we consider to be significant deficiencies.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the Guide. Accordingly, this report is not suitable for any other purpose.

Kafoury, Armstrong & Co.

Reno, Nevada
November 27, 2013

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

DATE	DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED July 1, 2012 to June 30,2013	REIMBURSEMENTS RECEIVED Cumulative Thru June 30, 2013	REIMBURSEABLE EXPENSES July 1, 2012 to June 30,2013	REIMBURSEABLE EXPENSES Cumulative Thru June 30, 2013
	United States Department of Transportation								
	Federal Aviation Administration								
	Airport Improvement Program								
	Property Acquisition and Relocation Assistance and Sound Insulation								
09/21/09	Noise Compatibility	93.75%	20.106	3-32-0017-86	$ 5,120,938	$ 402,720	$ 4,713,588	$ 386,439	$ 4,713,588
03/31/10	Noise Compatibility	93.75%	20.106	3-32-0017-88	6,000,000	1,130,592	4,216,504	968,021	4,228,549
06/28/11	Noise Compatibility	93.75%	20.106	3-32-0017-89	2,399,169	1,036,296	2,399,169	1,034,278	2,399,169
09/07/11	Noise Compatibility	93.75%	20.106	3-32-0017-91	4,600,831	920,027	934,425	928,408	961,824
09/05/12	Noise Compatibility	93.75%	20.106	3-32-0017-95	7,000,000	890,221	890,221	1,093,168	1,095,077
	Construction								
05/15/08	Various Construction Projects	93.75%	20.106	3-32-0017-77	10,204,555	611,875	8,120,883	513,130	8,120,883
06/23/09	Various Construction Projects	93.75%	20.106	3-32-0017-84	3,991,986	40,410	3,861,109	38,029	3,861,109
03/15/10	Rehabilitate Terminal Apron	93.75%	20.106	3-32-0017-87	5,838,585	368,053	4,336,462	380,748	4,361,993
06/28/11	Terminal Apron Reconstruction	93.75%	20.106	3-32-0017-90	2,975,774	8,479	2,718,870	-	2,718,870
09/08/11	Taxiway Extension	93.75%	20.106	3-32-0017-92	3,227,511	3,001,799	3,226,649	2,993,674	3,226,649
06/20/12	Terminal Apron Reconstruction	93.75%	20.106	3-32-0017-93	3,530,625	1,902,381	1,902,381	2,081,272	2,083,734
07/23/12	Taxiway Rehabilitation	93.75%	20.106	3-32-0017-94	3,135,863	1,805,973	1,805,973	2,447,815	2,447,815
09/13/11	Construct Terminal Building - Design	95.00%	20.106	3-32-0018-30	350,000	49,803	308,970	43,293	320,334
					58,375,837	12,168,629	39,435,204	12,908,275	40,539,594
	United States Department of Homeland Security								
	Transportation Security Administration								
	Aviation and Transportation Security Act								
	Security								
10/01/09	National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-10-H-CAN623	752,500	147,493	617,311	181,696	664,696
09/18/07	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-08-H-SLR249	983,685	68,277	983,685	40,667	983,685
12/13/12	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-13-H-SLR127	372,300	73,640	73,640	95,070	95,070
					1,355,985	141,917	1,057,325	135,737	1,078,755
06/26/12	Checkpoint Test Bed Screening Project	Fixed	97 Unknown (1)	HSTS04-12-H-CT2051	1,500,000	1,431,934	1,431,934	1,418,046	1,500,000
					3,608,485	1,721,344	3,106,570	1,735,479	3,243,451
					$ 61,984,322	$ 13,889,973	$ 42,541,774	$ 14,643,754	$ 43,783,045

(1) The Checkpoint Test Bed Screening Project has not been issued a CFDA number

See accompanying notes to Supplementary Schedule of Expenditures of Federal Awards

1. REPORTING ENTITY

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, 2013

Balance July 1, 2012	$	6,660,102
Collection of Passenger Facility Charges, July 1, 2012		
through June 30, 2013		6,442,063
Interest earnings		20,623
Proceeds expended for Passenger Facility Charge Projects		
July 1, 2012 through June 30, 2013		(11,467,339)
Balance June 30, 2013	$	1,655,449

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Reno-Tahoe Airport Authority for the year ended June 30, 2013.

2. No significant deficiencies or material weaknesses were identified 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. Significant deficiencies, not identified as material weaknesses, in the internal control over a major federal award program and the passenger facility charge program were disclosed during the audit.

5. Kafoury, Armstrong & Co. issued an unmodified opinion on compliance for the major federal award programs and the passenger facility charge program for the Reno-Tahoe Airport Authority.

6. Audit findings relative to the major federal award programs, which are required to be reported under Section .510(a) of the OMB Circular A-133, and the passenger facility charge program, which are required to be reported under the *Passenger Facility Audit Guide for Public Agencies*, are reported in Section III of this Schedule.

7. The programs tested as major programs included:

    United States Department of Transportation:
    Airport Improvement Program, CFDA 20.106

    United States Department of Homeland Security Administration (TSA):
    Checkpoint Test Bed Screening Project, CFDA 97.Unknown

8. The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2013 was $439,312.

9. The Authority qualified as a low-risk auditee for the year ended June 30, 2013 under the criteria set forth in section .530 of OMB Circular A-133.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statement audit for the year ended June 30, 2013.

SECTION III - FEDERAL AWARD AND PASSENGER FACILITY CHARGE PROGRAM FINDINGS AND QUESTIONED COSTS

UNITED STATES DEPARTMENT OF TRANSPORTATION:

Finding 2013-001:

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.

Criteria: *OMB Circular A-133* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, and be presented in accordance with program requirements.

Condition and Context: The Reno-Tahoe Airport Authority is required to submit annually FAA Form 5100-127, Operating and Financial Summary. The information contained therein is to be completed using audited data when available and applicable.

During testing of the annual FAA Form 5100-127, we identified reported amounts for Line 12.2, *Other Externally Restricted Assets,* and Line 13.0, *Unrestricted Cash and Investments,* that were supported by amounts from the accounting system; however, the classifications used did not agree to those used in the audited financial statements. The amount reported on Line 12.2, *Other Externally Restricted Assets*, inappropriately included various debt amounts which contributed to an overstatement of $14,709,249. The amount reported on Line 13.0, *Unrestricted Cash and Investments,* inappropriately included various restricted cash and investment accounts and contributed to an overstatement of $1,408,556.

Questioned Costs: None.

Effect: Inaccurate information was reported to the Federal granting agency.

Cause: The Reno-Tahoe Airport Authority did not have adequate reconciliation and review procedures in place to ensure amounts included in the FAA Form 5100-127, Operating and Financial Summary Report, were presented in accordance with program requirements.

Recommendation: We recommend the Reno-Tahoe Airport Authority enhance the procedures over the reporting process to ensure all amounts included in the FAA Form 5100-127, Operating and Financial Summary Report, are presented in accordance with program requirements and include.

Management's Response: See Management's Response on page 92.

FEDERAL AVIATION ADMINISTRATION:

Finding 2013-002:

Title 49 U.S.C Section 40177 – Passenger Facility Charges

Application Number:	Potentially affects all projects included under application number 04-08-C-04-RNO.
Criteria:	Title 14 Code of Federal Regulations (CFR) section 158.13 provides that passenger facility charges revenue may be used only to finance the allowable costs of approved projects. The projects are authorized by the Administrator of the Federal Aviation Administration in the Record of Decision.
Condition and Context:	As part of our testing over allowable project costs, we tested a sample of transactions for conformance with the criteria contained in the Record of Decision. For one transaction selected, we noted the charge was not attributable to the project approved in the Record of Decision. In this instance, passenger facility charges were used to pay a legal settlement, which was unrelated to the approved project.
Questioned Costs:	$20,000.
Effect:	Unallowable costs were charged to a passenger facility charge project.
Cause:	The Reno-Tahoe Airport Authority did not adhere to the policies and procedures in place to ensure amounts charged to passenger facility charges were reasonable and necessary costs for carrying out an approved project.
Recommendation:	We recommend Reno-Tahoe Airport Authority follow the policies and procedures in place to ensure amounts charged to passenger facility charge projects are reasonable and necessary costs for carrying out an approved project.
Management's Response:	See Management's Response on page 92.

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, 2013, the Authority's external auditors, Kafoury Armstrong & Co., noted the following findings.

Finding 2013-001:

The Reno-Tahoe Airport Authority is required to submit annually FAA Form 5100-127, Operating and Financial Summary. Reported amounts for the line items "Other Externally Restricted Assets", and "Unrestricted Cash and Investments" were both overstated due to incorrect classification of debt amounts, and restricted cash and investment accounts on the FAA Form 5100-127.

The Authority will enhance the procedures over the reporting process to ensure all amounts included in the FAA Form5100-127, are presented in accordance with program requirements.

Finding 2013-002:

Title 14 Code of Federal Regulations (CFR) Section 158.13 provides that passenger facility charges revenue may be used only to finance the allowable costs of approved projects. During the review of charges, one transaction was found not attributable to the project approved in the Record of Decision.

Upon notification, the Authority made the adjustment to the records during the audit process to reflect correct classification and funding for the transaction. Costs charged to Passenger Facility Charges projects will be reviewed and reconciled throughout the year to ensure eligibility, accuracy and completeness.

Sincerely,

Marily M. Mora

Marily M. Mora, A.A.E.
President/CEO

MMM:lw

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND THE PASSENGER FACILITY CHARGE PROGRAM:

There were no prior year findings related to federal awards and passenger facility charge program.

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, 2012.

PRIOR YEAR RECOMMENDATIONS

There were no recommendations included in the June 30, 2012 audit.

CURRENT YEAR RECOMMENDATIONS

The recommendations made in the current year are included in the Schedule of Findings and Questioned Costs as part of the June 30, 2013 audit.