Comprehensive Annual Financial Report

For the years ended June 30, 2014 and 2013

Reno-Tahoe
Airport Authority
Reno, NV

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2014 and 2013

Prepared by
Accounting Division

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RENO-TAHOE AIRPORT AUTHORITY
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November 26, 2014

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, 2013 through June 30, 2014. 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 controls 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, 2014 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 2014 CAFR meets these 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 65th busiest airport in the nation. RTIA also has substantial cargo activity and a vibrant general aviation community. The Reno-Stead Airport is a general aviation facility of nearly

5,200 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 the second largest small hub airport, which served 3.31 million passengers in FY 2013-14. RTIA is home to the following passenger air carriers: Alaska, Allegiant Air, American, Delta, Southwest, United, and US Airways.

Beginning December 16, 2014, new non-stop service between Reno and Guadalajara, Mexico was announced by Volaris Airlines. This new service will help put the "International" back in Reno-Tahoe International. Once landing rights are approved by U.S. Customs and Border Protection (CBP), Volaris Airlines plans to provide twice weekly service using an Airbus 320 aircraft with 174 seats. This new service will be the first scheduled international air service at RTIA since 1999.

In addition, RTAA announced on November 4, 2014 new non-stop international air service to London Gatwick Airport on Thomas Cook Airlines. This seasonal service will starting in December 2015 and operates through to April 2016 on Wednesdays and Saturdays on an Airbus 330 configured to accommodate 322 passengers.

Reno-Tahoe International is also 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 passenger 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 19% of total RTIA landed weight for FY 2013–14, 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 government entities adjust to the "new normal" of fiscal constraint. While improving labor markets, rising home prices and growth in consumer spending has been positive, the economy in FY 2013-14 was impacted by the European debt crisis and federal government spending cuts, shutdowns and tax increases.

Most economists forecast that the national economy will continue to be on the upswing and the State of Nevada is recovering, albeit slowly. It has been five years since the recession impacted Nevada with state unemployment peaking at 13.8%. Using this indicator as a measure of relative economic performance of the region, Nevada has had a drop in unemployment to 7.3% in September 2014, a decrease of 6.5% from this peak. As indicated, falling unemployment signals a significant turnaround in the economy.

According to a "Regional Perspective: Nevada Economic Outlook" prepared by JP Morgan/Chase dated December 26, 2013, "Nevada's economy was at ground zero of the housing debacle (2008-09 Recession) and its recovery likely will lag the nation's." The outlook further indicates that Nevada housing prices will remain at very depressed levels relative to the national average and that excesses of the past will likely continue to take a toll on Nevada's economy. One bit of related good news is that the Reno-Sparks area has seen housing prices increase 30% in 2013 as compared to the prior year.

A contributing positive factor for the national and regional economic growth is low interest rates, which historically has stimulated investment and enabled consumers to spend more. For credit-worthy borrowers, loans are inexpensive and lending institutions are beginning to slightly ease credit standards for corporations and small businesses. The downside for RTAA is the impact on investment earnings derived from the investment portfolio.

On the negative side, the federal government's fiscal difficulties have created uncertainty for business expansion. The federal government paralysis surrounding the sequester, the last minute congressional dramatics in raising the debt ceiling limit, and the continued huge federal debt have consumers and business people nervous. The current unwillingness to address the fiscal problems, along with the evolving impact of the Affordable Care Act ("Obamacare"), creates uncertainty, which has a negative impact on consumer spending and business investment.

Due to a ridge of atmospheric high pressure pushing storms away from California and Nevada, snowpack at Lake Tahoe ski areas did not show respectable depths until February 2014. As a result, snowfall for the 2013-14 ski season was only about one-quarter of the amount from the previous year and visitations were significantly lower. According to the California Ski Industry Association, total visitations were below 5 million visits, a level far below the five-year average of 7.5 million.

With Reno-Tahoe International Airport being the closest and most convenient airport to Lake Tahoe, the reduced number of ski visitors has impacted traffic results during FY 2013-14 and RTAA concession revenues. With the California Department of Water Resources reporting that snow pack was only 12% of normal, it seems likely that next year will see improvement in snow conditions and the number of ski visitors using Reno-Tahoe International Airport (RTIA).

The Reno-Sparks-Tahoe area also offers year round vacation options with more than 15,000 first class hotel rooms at casino/spa resorts and special events are scheduled for over 290 days per year. The events include the following: (1) American Century Celebrity Golf Classic (July 15-20); (2) Barrett-

Jackson Auction/ Hot August Nights (July 31-August 2); (3) PGA Tour – Barracuda Championship (July 28-August 3); (4) Burning Man (August 25–September 1); and (5) the National Championship Air Races held at the Reno-Stead Airport (September 10–September 14).

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

- Tesla Motors, Inc. In September 2014, Tesla Motors picked Northern Nevada as the location of the electric-car company's $5 billion battery plant, dubbed the "Gigafactory". This facility, competed aggressively by a host of states, will provide 6,500 jobs to our region, in addition to some 3,000 construction jobs. The new factory will manufacture batteries for Tesla's mass-produced, relatively inexpensive sedan, which could help elevate electric vehicles into the main stream.

  Nevada was chosen in part because of the location; a direct route to the Tesla's car factory in California is available using rail and Interstate 80 to the "Bay Area" and Northern Nevada is home to the only lithium mine in the United States. In addition, Nevada has no corporate income tax and the State has pledged a tax incentive package worth some $1.25 billion over 20 years.

  The economic impact of a $5 billion, 5 million-square-foot factory goes beyond just the jobs at the plant. The additional high quality jobs will ripple through the economy as employees and suppliers buy new homes, shop at local businesses and increase the tax base. Under the incentive agreement, Tesla will also contribute $37.5 million in direct payments to public education. The Gigafactory also is likely to increase Nevada's draw as a headquarters for other renewable energy companies.

- Industrial Real Estate Market Improvement. A third quarter 2013 industrial land inventory report completed by Truckee Meadows Regional Planning Authority (TMRPA) found that Washoe County lacks a pipeline of development-ready land for new industrial companies to enter the region over the next twenty (20) years. The report found that there is currently 1,200 vacant acres of land that is zoned for industrial development and another 1,600 acres zoned for mixed-use development.

  With available land being in short supply in the future, RTAA land at both airports, which is available for long-term commercial lease, is receiving significantly more interest from both local and national development firms. This improvement is reflected in the FY 2014-15 work plans associated with the strategic priority to facilitate economic development at both airports.

  In addition, commercial leasing rates are rising across all size properties and landlord concessions, needed after the recession to attract new tenants, are decreasing. Overall market vacancy rates are at 7.9%, which reflects a steady decline for eight consecutive quarters. With forecasted positive absorption forecasted through 2014, recent trends indicate increased interest in RTAA buildings and land.

- Casino and Ski Resort Development. Hotel/Casino operators in the Greater Reno-Sparks Area are investing heavily in their properties with completed or in progress renovations including $50 million at JA Nugget, $40 million at Grand Sierra Resort, $20 million at Boomtown Casino and Hotel, $10 million at Peppermill Resort Hotel, and $10 million at the Atlantis Casino Resort Spa. In addition, Whitney Peak Hotel opened in downtown Reno offering a non-gaming, smoke-free property with an indoor bouldering park and the world's tallest outdoor rock-climbing wall.

At the Lake Tahoe ski resorts, both Squaw Valley and Heavenly Mountain ski resorts are collectively in progress of investing $100 million in improvements. The hotel/casinos at Lake Tahoe are also investing heavily with completed or in progress renovations including $24 million at MontBleu Resort Casino & Spa in South Lake Tahoe, $20 million at the Lake Tahoe Hyatt in Incline Village, and $10 million at Cal Neva Resort in North Lake Tahoe.

On July 14, 2014, the managers of the Hard Rock Hotel & Casino in Las Vegas announced plans to open a new hotel and casino at Lake Tahoe scheduled to open in January 2015, after a $60 million renovation of the former Horizon Casino Resort at Stateline. The new Hard Rock Hotel & Casino Lake Tahoe will include more than 500 hotel rooms and a 25,000-square-foot casino.

Per Nevada Gaming Control Board revenue reports, large casinos in northern Nevada gained about 6% year-over-year through December 2013 in gaming wins. This increased revenue, along with noticeable improvements in the residential and industrial construction markets, a rise in revenues from room rates at properties in Washoe County, and signs of economic recovery in both Nevada and our neighbor California, were listed as reasons for the property upgrades.

- Bowling Tournament Visitors. Between March 1 and June 30, 2014, approximately 35,000 to 65,000 U.S. Bowlers and spectators per event attended the United States Bowling Congress (USBC) Tournament held at the National Bowling Stadium in downtown Reno. This includes both the men's and women's championship. A contract with USBC will keep tournaments coming back to Reno until 2030.

  In 2015, the women's championship will return to Reno with the men's championship to be held in El Paso, Texas. The men's championship will return to Reno in 2016 with the women's championship to be held in Las Vegas. While either championship being held in our community is very positive, the benefit of both events in the same year will not be repeated next year.

- Apple Inc. Data Storage Facility. The Union Pacific's "Overland Route" with the Interstate 80 (I-80) corridor and rail road Right-of-Ways (ROWs), which passes through Reno/Sparks, also serves as a primary east/west, state-of-the-art digital and fiber optic highway for internet traffic. The Reno and Northern Nevada region is a network access point served by six major interstate fiber-optic networks and all major long-distance carriers, including AT&T, Level3, Qwest, and Verizon. Recent fiber dense wave digital modulation (DWDM) infrastructure improvements by major network operators allow for superior, large corporate volume data throughput.

  As a result of all these regional benefits, Apple, Inc. began construction of a $1 billion 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 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. The economic benefits of Apple's new facility will likely multiply because the company is so well respected that other corporations are likely to give Northern Nevada a closer look.

AIR SERVICE DEVELOPMENT

As the economy slowly improves, the airline industry continues to focus on achieving sustained and meaningful profitability, while building a financial cushion against future uncertainty and minimizing risk.

According to Airlines for America (A4A), the 2013 financial results for the top ten passenger airlines showed improvement over 2012. The following results were announced March 5, 2014:

- Net profit of $11.6 billion or $7.4 billion, excluding one-time items, reflects the results of nine U.S. passenger airlines – Alaska Airlines, Allegiant Air, American Airlines (including US Airways), Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines and United Airlines.

- Operating Revenues and Expenses: While revenues increased 4.3% over 2012, fuel costs declined 3.6%. Last year was the first year since 2001 in which the U.S. economy grew while jet fuel prices fell.

- Jet fuel remains the U.S. airlines' largest and most volatile expense. The average price the airlines paid for jet fuel rose 272% from 2000 to 2013 despite the airlines using approximately 11% less fuel. Jet Fuel prices remain volatile and every penny increase per gallon annually costs airlines an additional $180 million.

- Landing Fees and Terminal Rents paid to airports represent approximately 5% of total operating expenses. Fuel and Labor costs represent 58% of this total.

The passenger airline industry seems particularly cautious about the recent improvement in financial results and is focusing its message on reminding the public that the industry remains a low-margin business. Airlines for America (A4A), the only trade organization for principal U.S. Airlines, is quick to mention that 2013 results are offsetting the cumulative losses of the preceding 12 years and this improvement now allows airlines to accelerate investment in people, products and technology. The industry is expressing little interest in providing additional aircraft capacity to the market place.

The airline's focus on profitability has resulted in mergers, reassignment of domestic air service routes, and fewer air carriers. Unfortunately, RTIA has not escaped this trend with it no longer enough for an airline in our market to be profitable; it must exceed profitability available elsewhere.

RTIA's total passenger traffic in FY 2013-14 is down 5.6% as compared to the same period last year.

	For the Fiscal Year Ending June 30,		
Enplaned passengers by Airline	**2014**	**2013**	**Percent change**
Major/national carriers (Signatory)			
Alaska	124,581	113,819	9.5%
American	208,919	201,472	3.7%
Delta	126,904	133,014	-4.6%
Southwest	815,160	945,143	-13.8%
United	214,531	210,530	1.9%
US Airways	144,760	143,559	0.8%
Total	1,634,855	1,747,537	-6.4%
Non-Signatory and Charter	23,332	8,934	161.2%
Total enplaned passengers	1,658,187	1,756,471	-5.6%

The June 2014 Flight Schedule at the RTIA provides 61 peak nonstop departures to 14 destinations with 188,481 total scheduled departing seats. This compares with 62 peak daily departures to 15 destinations and 213,390 scheduled departing seats in June 2013.

Looking forward, the most significant passenger air service change is Southwest Airlines discontinuing non-stop service to Seattle and Portland effective June 7, 2014. While both markets will continue to be served by Alaska Airlines and additional service has been added, the full year impact of these changes will likely reduce aviation related activities such as landed weight, available passenger seats, and overall passenger traffic.

Southwest Airlines, as the nation's largest domestic carrier, just marked its 41st straight profitable year, an unmatched achievement in a time of economic turbulence, fluctuating fuel prices and airline bankruptcies. It did so by outperforming its competition with low cost, no-frill flights and excellent customer service. The announced service reduction to Seattle and Portland continues the carrier’s shift away from low fares, instead focusing on increasing its return on investment and bottom-line.

In addition, Allegiant Air discontinued its twice a week Oakland service on October 10, 2013 and service to Bellingham on January 19, 2014. However, it continues to maintain twice a week service to Las Vegas, NV on a 166-seat MD-80 aircraft. This loss should be significantly offset by the new international air service by Volaris Airlines starting in December 2014.

On a positive note, cargo traffic increased in FY 2013-14 with 125.0 million pounds of cargo for the fiscal year, an increase of 7.6 million pounds or 6.5% compared to last year.

RECENT FINANCIAL NEWS

Despite lower passenger traffic for the fiscal year, the Authority had its “A” credit rating confirmed on June 13, 2014 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 included the following:

- Low Historic Cost Profile and Stable Framework. The airport's cost per enplaned passenger (CPE) remains low relative to peer airports at $6.39 for FY 2012-13 with an increase to the $7.00 range estimated for FY 2013-14. The current airline use and lease agreement provides the airport with a larger cost recovery base, providing sufficient cushion to volume declines.

- Moderate Infrastructure Plan and Stable Debt Structure: The five-year capital improvement plan (CIP) is modest at $145 million and will be largely funded through FAA grants, Series 2011 subordinate notes, passenger facility charge (PFC) and bonds fully backed by PFC revenues.

  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.

- Low Leverage and Strong Liquidity: In FY 2011-12, the airport's senior lien debt service coverage ratio decreased to 3.77 from 4.06 in FY 2011-12. 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 maintains healthy liquidity with approximately $41.6 million in unrestricted cash and $6.1 million in O&M reserve as of June 30, 2013, equivalent to 504 days cash on hand.

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

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

Strategic Plan Implementation

To help guide the future of the RTAA, the Board of Trustees (Trustees) in June 2013 approved a Strategic Plan for FY 2013-14 through FY 2017-18. This five-year plan serves as a guide to staff as it faces an ever-changing aviation industry and economic cycles. It was created through a public process that invited participation from airport committees, user groups, Trustees, staff and the public.

With a focus across the whole organization, the strategic priorities are as follows:

1. Strategic Priority – Increase Air Service

   The Reno-Tahoe region's ability to create air travel demand and sustain it is what will ultimately result in more air service. RTAA will continue to actively engage in the activities essential to grow and sustain airline service, in partnership with business, community, government and other regional stakeholders.

2. Strategic Priority – Optimize General Aviation Operations and Services

   General Aviation (GA) includes all civil aviation operations other than scheduled passenger and cargo airline service. General aviation flights are conducted for pleasure, private business and public services that need transportation more flexible than offered by the airlines. GA also provides access points to small towns and rural communities across the state/region that does not have commercial air service. With GA representing approximately 35% of all aircraft operations, available services and facilities reflect on the image of the community.

3. Strategic Priority – Expand Cargo Development and Service

   Air cargo, or goods transported by aircraft, serves as a key engine of economic growth and development for RTAA and the region. Air cargo development is a significant revenue generator for the airport and creates a positive domino effect throughout the region as it relates to local business activity and economic impact.

4. Strategic Priority – Facilitate Economic Development at both Airports

   Enhancing long-term financial stability, diversifying revenue streams, and remaining self-sufficient is a foundational strategy for the RTAA. While direct airline rates and charges contribute approximately 34% of the revenue stream, the remaining 66% are generated by non-airline sources such as parking fees, rent collected from airport tenants, rental car and terminal concessions, hangar and land leases, etc.

5. Strategic Priority – Provide a Positive Environment and Experience for All

   The airport makes the ultimate first and last impression when people come to the region; it is the RTAA's goal to continue a positive environment and influence a favorable, lasting impression on everyone who visits, works at and utilizes both airports.

Along with these Strategic Priorities, the RTAA is committed to the following key Guiding Principles/Operating Practices that guide our everyday efforts:

A. Air Service Development – RTAA will continually strive to maintain and expand aviation services to our region by serving as a catalyst with passenger and cargo airlines, general aviation, and other tenants/partners. Staff is committed to being efficient, responsive and flexible to market demand, while continually evaluating the adequacy of our facility mix to ensure the airports are functional and attractive.

B. Safety and Security – The safety and security of everyone who utilizes our airport facilities is our primary concern.

C. Customer Service – Satisfied customers are the hallmark of a healthy and vibrant service organization and RTAA staff is committed to ensure that all of customers receive the very best service possible.

D. Financial Integrity – RTAA will do all we can to ensure the financial stability of the airports under our control and staff is committed to honesty and transparency in all of our financial transactions.

E. Professionalism and Ethics – RTAA values and respects the contribution each individual makes to the success of our endeavors. Each employee is held to a standard of professionalism and ethical behavior that respects and supports each customer and fellow employee.

F. Environmental Responsibility – RTAA is committed to environmental awareness and protection. Our staff will strive to develop policies and procedures that minimize the impact of airport operations on the natural environment and our organization supports and pursues environmentally sustainable aviation business practices.

Unmanned Aircraft Systems

The Federal Aviation Administration (FAA) selected Nevada as one of six test sites for unmanned aircraft systems (UAS) in December 2013. With the FAA committed to the safe and efficient integration of UAS into the National Airspace System, the FAA has stated that expansion of commercial UAS must be accomplished without reducing existing capacity, decreasing safety, impacting current operators, or placing other airspace users or persons or property on the ground at increased risk.

With commercial UAS offering a broad range of activities ranging from aerial photography, land and crops survey, communications and broadcasting, forest fires and environmental monitoring, and even cargo delivery, the UAS industry offers a source of high-wage jobs with exceptional potential for growth.

The Reno-Stead Airport (RTS) is ideally positioned to be Northern Nevada's center for UAS development. RTAA worked closely with the Governor's Office of Economic Development to include Stead as a key location in the state application to attract UAS technology development to Nevada. Staff is currently working with numerous private companies involved in UAS development to take advantage of this historic opportunity and is focused on making this award offer long-term revenue growth through land development.

Early Repayment of Subordinate Lien Debt

In 2013, the Authority completed construction of the Airport Gateway Program and the Reno-Stead Terminal Building.

The Airport Gateway program is comprised of the Terminal Refurbishment Project and the Consolidated Security Checkpoint of the Future. With significant private investment, this program also includes the opening of new retail and food and beverage outlets located post-security.

The Reno-Stead Terminal Building is a new terminal/emergency operation facility, 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.

To finance these improvements, the Authority obtained financing in 2011 by issuing short-term subordinate lien notes (Notes). These notes carried a maximum principal amount outstanding of $30 million with repayment over a term of six years starting July 1, 2011.

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 loan with a final maturity of July 1, 2017. As of July 1, 2014 the outstanding amount of this note will be $7,800,000. The negotiated fixed rate interest for the six year term is 2.75% payable semiannually starting on January 1, 2012.

- 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 Authority secured funding of $4.0 million on March 1, 2013 and an additional funding of $1,350,000 on May 1, 2013.

  The rate for the 2011B Note is established at 1.581% over sixty-five percent (65%) of the six month London Interbank Offering Rate (LIBOR) rate. The $5.35 million currently outstanding has a LIBOR rate of .4134%, for an effective rate of 1.850%.

As of June 30, 2014, the combined outstanding balance of the Series 2011A and 2011B notes is $15,615,000 and the scheduled principal payment paid on July 1, 2014 was $3,765,000. With the July 1, 2014 payment, the FY 2014-15 Budget effectively reflects subordinate lien debt outstanding of $11,850,000 during the year.

In evaluating preliminary FY 2014-15 financial results and recognizing one of RTAA's financial strengths is a strong cash and investment position, staff evaluated several options regarding use of this liquidity to repay some or all of the subordinate lien debt. This step offered the ability to lower the cost recovery from the airlines, improve the operating margins and debt service coverage ratio, and solidify its "A" credit rating from Fitch Ratings.

After looking at several options with the goal of maintaining prudent liquidity, while reducing overall debt service requirements, the FY 2014-15 Adopted Budget authorized an early retirement of $2.913 million of the 2011 B Variable Rate Notes associated with the Reno-Stead Terminal Building. This payment was made on July 1, 2014.

With this action, the Authority will reduce its annual debt service by more than $1.0 million annually. In addition, the repayment of the entire portion of Series 2011 B variable rate notes, not funded by PFC revenues, will also lower the possible risk of potentially higher interest rates in the future.

In FY 2014-15, total Subordinate Lien Note debt service, after application of PFC revenues, will be $1,263,698 and remain stable at this level through fiscal year 2017.

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. 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 statutory requirements are summarized on the table below

Statutory Date	Calendar Date	Action
April 15th	April 15, 2014	Tentative budget filed with the Nevada Department of Taxation
Seven to 14 days before the Third Thursday in May	May 5, 2014	Notice of Budget Public Hearing published
Third Thursday in May	May 15, 2014	Hold Public Hearing
On or Before June 1st	May 15, 2014	Adopt Budget.

Pursuant to airline agreements, airlines that have signed agreements with RTAA must also review the budget.

Any subsequent changes to the budget are made through the adoption of a resolution, by the RTAA's Board of Trustees, which is then submitted to the Nevada Department of Taxation for approval.

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, 2013. This was the 27th 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 to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

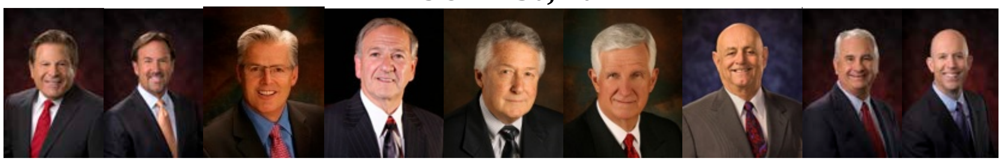
Nevada Revised Statutes 354.624 and the RTAA revenue bond resolutions require that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. Because the RTAA receives Federal funds and Passenger Facility Charges to assist in funding capital improvement projects, 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, Crowe Horwath LLP, are included herein.

Respectfully submitted,

Marily M. Mora

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

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2014



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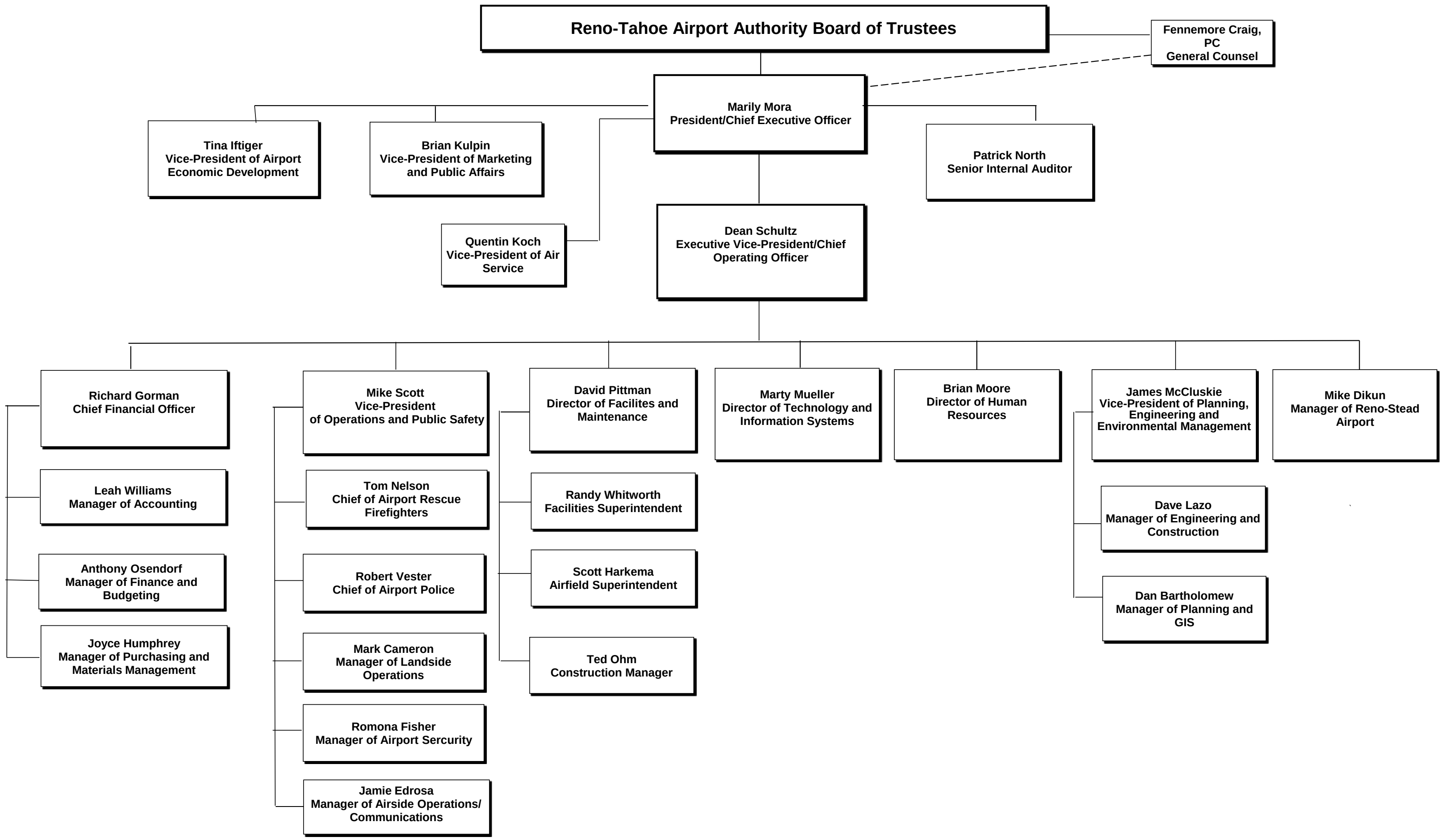
David Pittman	Director of Facilities and Maintenance
Mike Dikun	Manager of Reno-Stead Airport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June 30, 2013

Jeffrey R. Emer

Executive Director/CEO

Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2014 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.

Auditors' Responsibility

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

An audit 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014, and the changes in its financial position and its 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 18 through 34 and the Schedule of Funding Progress-Other Postemployment Benefits on page 69 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 the financial reporting for placing the 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section on pages 1 through 15, statistical section on pages 72 through 98, the schedule of revenues and expenses, comparison of budget to actual on page 70, the schedule of debt service requirements on bonds and notes on page 71, and the schedule of expenditures of federal awards as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* on page 103*,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues and expenses, comparison of budget to actual, schedule of debt service requirements on bonds and notes, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenses, comparison of budget to actual, schedule of debt service requirements on bonds and notes, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The basic financial statements of the Authority as of June 30, 2013, were audited by other auditors whose report dated November 27, 2013, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 26, 2014 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.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Reno-Tahoe Airport Authority ("RTAA" or "Authority") provides an introduction and overview of the major activities affecting the operations and the financial performance of the RTAA for the fiscal years ended June 30, 2014 and 2013. 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 (GAAP) 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 paid. Capital assets are capitalized and 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:

	2014	2013	% Change	2012	% Change
Assets:					
Current Assets	$ 44,761,237	$ 46,318,873	-3%	$ 43,218,276	7%
Current Assets – Restricted	23,667,379	19,731,171	20%	30,865,484	-36%
Capital Assets, Net	437,301,537	453,798,583	-4%	449,797,269	1%
Other Assets	1,404,847	1,925,041	-27%	1,994,393	-3%
Deferred Outflows of Resources	1,372,084	1,486,424	-8%	1,600,765	-7%
Total Assets and Deferred Outflows of Resources	$ 508,507,084	$ 523,260,092	-3%	$ 527,476,187	-1%
Liabilities:					
Current Liabilities	$ 8,414,660	$ 8,419,851	0%	$ 8,091,057	4%
Liabilities Payable from Restricted Assets	6,198,621	5,283,456	17%	6,063,403	-13%
Non-Current Liabilities	38,513,907	43,965,194	-12%	42,535,601	3%
Total Liabilities	53,127,188	57,668,501	-8%	56,690,061	2%
Net Position:					
Net Investment in Capital Assets	395,050,506	412,444,732	-4%	415,582,335	-1%
Restricted Net Position	22,897,188	14,720,733	56%	19,148,691	-23%
Unrestricted Net Position	37,432,202	38,426,126	-3%	36,055,100	7%
Total Net Position	455,379,896	465,591,591	-2%	470,786,126	-1%
Total Liabilities and Net Position	$ 508,507,084	$ 523,260,092	-3%	$ 527,476,187	-1%

For the fiscal year ended 2014:

Total assets and deferred outflows of resources of $508.507 million reflect a decrease of 3% or $14.753 million over 2013. Current Assets (unrestricted) decreased by 3% or $1.557 million. This decrease was primarily Cash, Cash Equivalents and Investments, which decreased by $3.378 million due to scheduled debt service payments and the additional early repayment of $2.910 million of the 2011B note. This decrease was partially offset by an increase in Grants Receivable of $1.748 million and Other Current Assets of approximately $475,000, which reflect prepayments of medical insurance and advertising commissions.

Current Assets (restricted) increased by $3.936 million or 20% as the result of the transfer of funds from unrestricted assets to restricted assets of $4.286 million for higher debt service and the early retirement of subordinate lien debt and a $4.220 million increase in unspent passenger facility charges for capital improvement projects. This increase was partially offset by $4.670 million in lower subordinate note proceeds due to completion of the Consolidated Security Checkpoint project and the new Reno-Stead Terminal Building.

Capital Assets, Net of $437.301 million decreased by $16.497 million or 4% as compared to the prior year. This net decrease resulted from an increase in accumulated depreciation of $33.521 million partially offset by the addition of $17.024 million of new capital assets. Please see the Notes to Financial Statements - Item 5, Capital Assets.

With the implementation of Governmental Accounting Standard Board (GASB), Statement 63, “Reporting Deferred Outflows, Deferred Inflows and Net Position” and Statement 65, “Items Previously Recognized as Assets and Liabilities,” the Authority expensed $409,528 of bond issuance costs associated with the 2005 Senior Bond Issue and $109,171 of bond issuance costs associated with the 2011 Subordinate Lien Notes. Under previous accounting rules, these costs were treated as Other Assets and amortized annually through 2026 for the 2005 bonds and 2017 for the 2011 notes.

Total Liabilities decreased 8% for the year ended June 30, 2014. This decrease is primarily due to principal payment on debt of $3.710 million and decreases in Accounts and Construction Contracts Payable, Accrued Payroll, and the Reclamation Liability.

Total Net Position (Total Assets less Total Liabilities) decreased by 2% or $10.212 million. This net decrease is comprised of a decrease in Net Investment in Capital Assets of $17.394 million or 4%. This decrease was partially offset by higher Restricted Net Position of $8.176 million, an increase of 56%.

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, 2014, there was a $395.051 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 $22.897 million, or 5% of total net position at June 30, 2014, represents resources that are subject to use restrictions. The $8.176 million increase in restricted net position is attributed to collection of passenger facility charge (PFC) funds and an increase of funds to pay the July 1, 2014 debt payment, along with the additional $2.910 million for early retirement of a portion of the 2011B variable rate note.

The restricted net position is not available for spending because it has already been committed as of June 30, 2014 as follows:

	2014	
Revenue Bond Operations and Maintenance	$	6,197,187
Renewal and Replacement		781,027
Passenger Facility Charge Projects		5,868,897
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes		8,054,403
Flood Grant		1,987,265
Other Reserve Purposes		8,409
	$	22,897,188

The remaining unrestricted net position of $37.432 million, or 8% of total net position at June 30, 2014, may be used to meet any of the RTAA's ongoing obligations.

For the fiscal year ended 2013:

Total assets and deferred outflows of resources of $523.260 million reflect a decrease of 1% or $4.216 million over 2012. Current Assets (unrestricted) increased by 7% or $3.096 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 $4.001 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, under the 2011B Subordinate Lien Notes – Variable Rate. This additional debt was partially offset by principle payments on existing debt of $3.580 million and decreases in Construction Contracts Payable and Deposits and Unearned Revenues.

Total Net Position (Total Assets less Total Liabilities) decreased by 1% or $5.195 million. This net decrease is comprised of a decrease in Net Investment in Capital Assets of $3.138 million and a decrease in restricted net position of $4.428 million. This lower net position is partially offset by an increase of $2.371 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 $412.445 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 $14.721 million, or 3% of total net position at June 30, 2013, represents resources that are subject to use restrictions. The $4.428 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 it has already been committed as follows:

	2013	
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

	2013
Flood Grant	1,980,220
Other Reserve Purposes	15,435
	$ 14,720,733

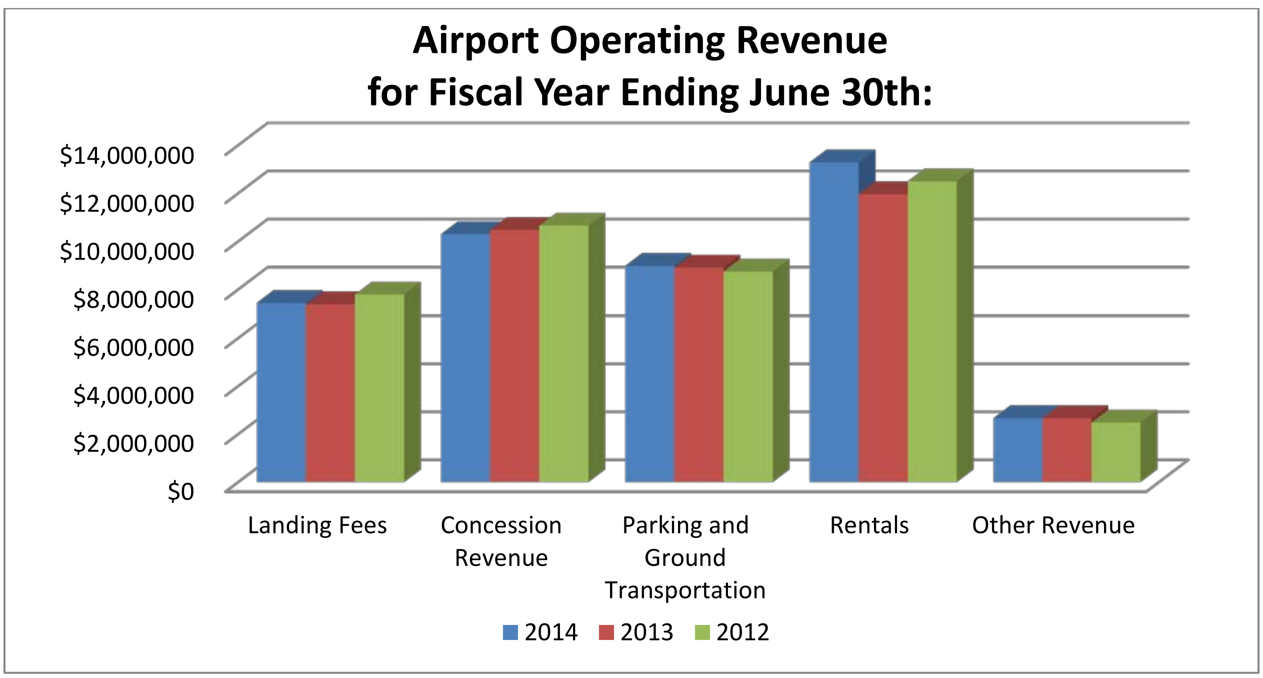
The remaining unrestricted net position of $38.426 million, or 8% of total net position at June 30, 2013, may be used to meet any of the RTAA's ongoing obligations.

Revenues

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

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

	2014	2013	% Change	2012	% Change
Landing Fees	$ 7,440,496	$ 7,380,804	1%	$ 7,793,050	-5%
Concession Revenue	10,301,098	10,478,433	-2%	10,649,435	-2%
Parking and Ground Trans.	8,983,926	8,914,030	1%	8,742,195	2%
Rentals	13,282,322	11,967,776	11%	12,499,901	-4%
Reimbursements for Services	2,632,002	2,579,738	2%	2,407,854	7%
Other Revenue	34,596	92,093	-62%	68,099	35%
Total Operating Revenues	$ 42,674,440	$ 41,412,874	3%	$ 42,160,534	-2%



Non-operating revenues are composed of the following:

(1) Interest Income. Interest earnings on the funds the RTAA has on deposit.

(2) Passenger Facility Charge (PFC) Revenue. Initially authorized through the Aviation Safety and Capacity Expansion Act of 1990, this Act allowed public agencies, that manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines).

The $4.50 per enplaned passenger revenue is dedicated to preserve or enhance safety, security, and capacity, to reduce noise, or to enhance competition.

(3) Customer Facility Charge (CFC) Revenue. Implemented in August 2012, CFC revenues are derived from a $1.25 fee assessed to each rental car transaction day. These fees are dedicated to funding property management, repairs, and improvements to Authority-owned rental car facilities.

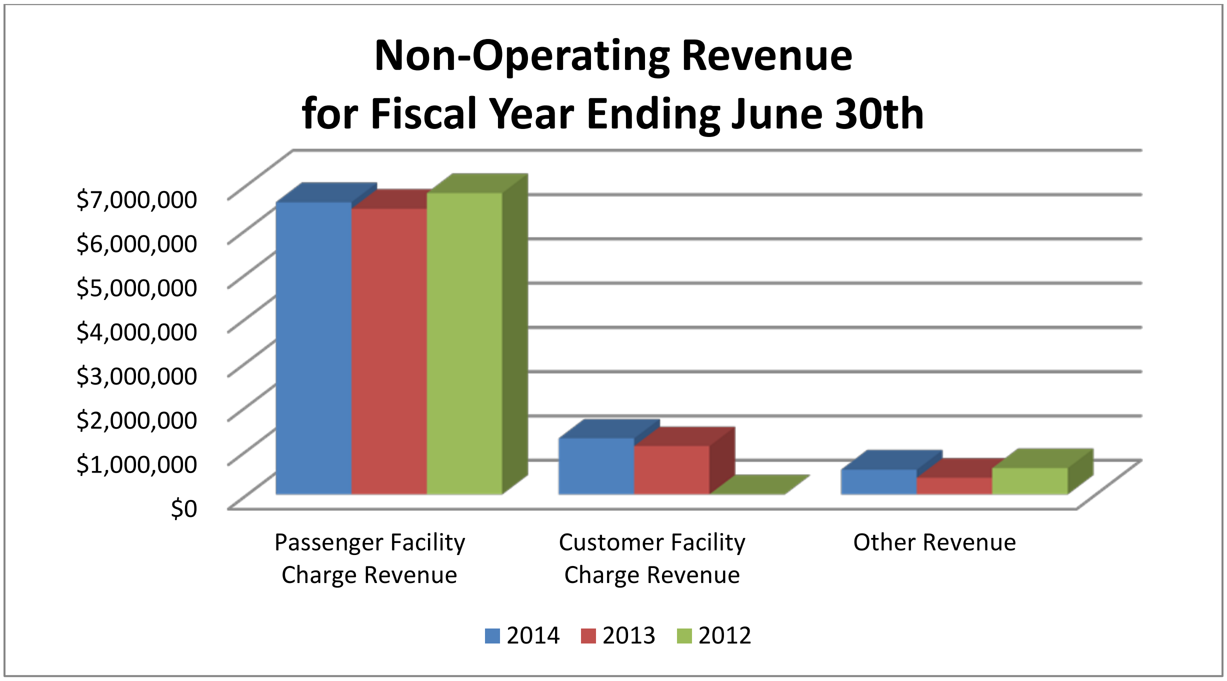
(4) Jet Fuel Tax Revenue. This tax is collected by Washoe County in the form of fuel tax in the amount of one cent per gallon of fuel for jet or turbine-aircraft sold, distributed or used per Nevada Revised Statute 365.170.

(5) Gain or Loss on Sale of Capital Assets and Easements.

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

	2014	2013	% Change	2012	% Change
Interest Income	$ 289,281	$ 67,781	327%	$ 210,110	-68%
Passenger Facility Charge Revenue	6,601,269	6,453,403	2%	6,806,898	-5%
Customer Facility Charge Revenue	1,263,517	1,088,981	0%	-	100%
Jet Fuel Tax Revenue	264,586	276,338	-4%	304,048	-9%
Gain (Loss) on Sale of Capital Assets	5,631	32,003	-82%	8,014	299%
Gain (Loss) on Sale of Easements	-	-	0%	70,637	-100%
Total Non-Operating Revenues	$ 8,424,284	$ 7,918,506	6%	$ 7,399,707	7%

The graph below present the Airport's revenues by source for fiscal years ended 2014, 2013, and 2012.



An analysis of significant changes in revenues for the year 2013-2014 is as follows:

Although enplaned passenger traffic was down 6%, as compared to the same period last year, total operating revenues of $42.674 million for 2013-2014 increased 3% from the prior year.

Landing Fees and Rentals of $20.723 million represent 41% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $13.486 million represent 65% 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.

Parking and Ground Transportation accounts for 18% of total revenue. Parking revenue in FY 2013-14 of $8.983 million increased slightly by $69,896 or 1% 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 of $10.301 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 20% of the RTAA's total revenues for fiscal year 2014. Concession revenue decreased 2% this year.

Reimbursements for Services and Other Revenue make up 5% of RTAA's total revenues. Reimbursements for services of $2.632 million represent an increase of 2% over 2013. 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.

Non-Operating Revenues of $8.424 million increased 6% over last year's $7.918 million. This increase includes an increase in interest income and customer facility charge revenue. Interest income represents the earnings on investments and is 0.6% of total revenue. There was $5,631 gain on sale of capital assets, which included two surplus property sales. Jet fuel revenue slightly decreased 4% or $11,750 dollars.

Passenger Facility Charges (PFC) Revenue of $6.601 million, which comprises 13% of total revenue, is up 2% from the prior year.

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

With total passenger traffic being 1% below the prior year, total operating revenues, which are very dependent upon this important variable, registered $41.413 million in 2012-2013, a decrease of 2% 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 $8.914 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 $2.580 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 $7.919 million increased 7% over last year's $7.400 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 $1.089 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 $32,003, which included two surplus sales.

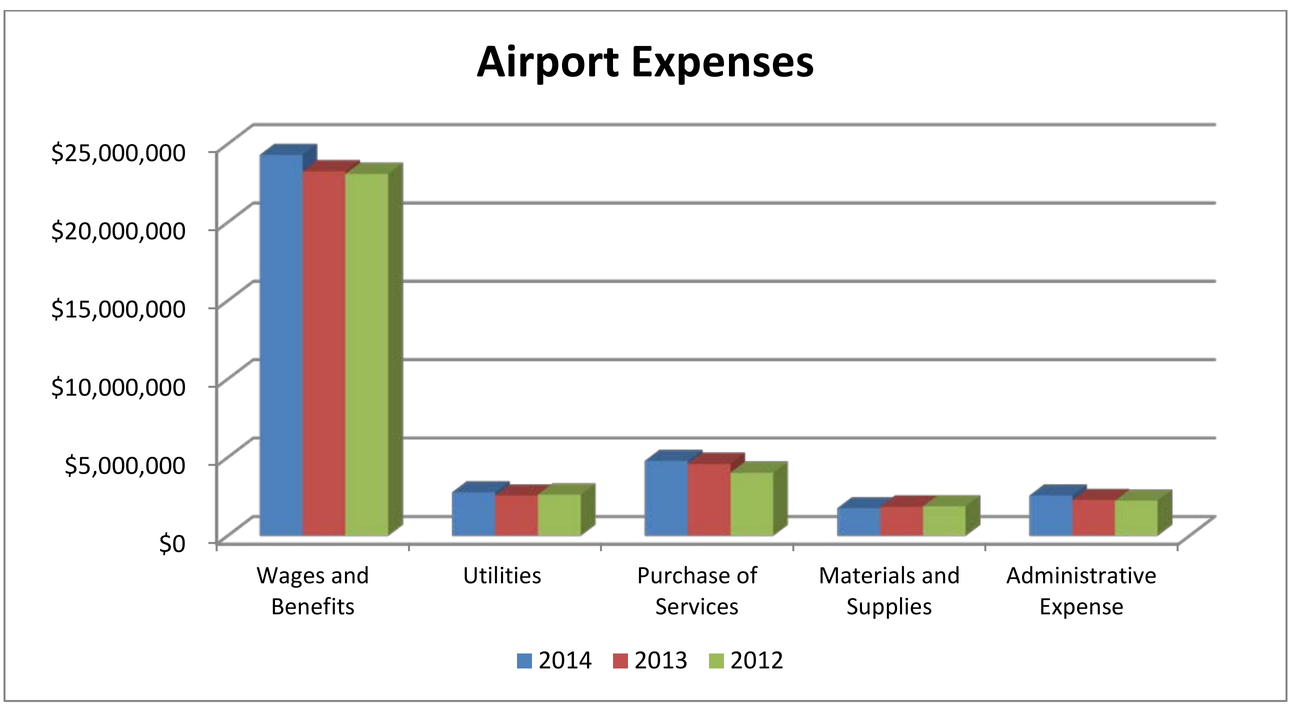
Passenger Facility Charges (PFCs) comprise 13% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. PFC revenues are down 5% from the prior year. The current collection rate is $4.50.

Expenses

Total operating expenses of approximately $36.159 million in FY 2013-14, increased by $1.631 million or 5% above the prior year results. Non-operating expense, which represents interest expense, of $1,546 million, increased by 6% above the prior year results. Total expenses increased 5% or $1.716 million from prior year. The following is a summary of expenses (excluding depreciation and amortization) by source for the years ended June 30:

	2014	2013	% Change	2012	% Change
Employee Wages and Benefits	$ 24,301,598	$ 23,255,693	4%	$ 23,094,222	1%
Utilities and Communications	2,774,328	2,559,355	8%	2,626,376	-3%
Purchase of Services	4,770,478	4,588,047	4%	4,019,245	14%
Materials and Supplies	1,749,084	1,850,565	-5%	1,871,019	-1%
Administrative Expenses	2,563,199	2,273,581	13%	2,234,156	2%
Total Operating Expenses	36,158,687	34,527,241	5%	33,845,018	2%
Reclamation Expenses	-	-	0%	474,912	-100%
Interest Expense	1,545,697	1,460,898	6%	1,315,921	11%
Total Expenses	$ 37,704,384	$ 35,988,139	5%	$ 35,635,851	1%

The graph that follows presents the Airport's expenses for fiscal years ended 2014, 2013 and 2012.



An analysis of significant changes in expenses for the year 2013-2014 is as follows:

Employee Wages and Benefits of $24.302 million comprise 64% of total expenses, a 4% increase over the prior year's total of $23.256 million. The following table outlines the major category of expenses within employee wages and benefits for the years ending June 30:

	2014	**2013**	**Change**	**% Change**
Salary	$15,597,753	$15,444,697	$ 153,056	1%
Overtime, Standby, Holiday Worked	933,316	$1,116,729	(183,412)	-16%
Employee Benefits	7,599,043	6,572,588	1,026,455	16%
Post-Employment Health Plan	171,486	121,680	49,806	41%
Total Employee Wages and Benefits	$24,301,598	$23,255,693	$1,045,905	4%

As shown, the increase in Wages and Benefits is primarily due to significantly higher costs associated with providing employee health insurance coverage and retirement contributions to the Nevada Public Employee Retirement System (PERS). In FY 2013-14, group medical insurance costs increased approximately $572,000 and PERS retirement contributions increased approximately $475,000 from the same period last year.

Utilities and Communications expense of $2.774 million registered an increase of 8% from the prior year. This increase in utilities as compared to the prior year reflects an increase in electricity, natural gas, water, and sewer costs. This increase is primarily due to the addition of new square footage in the terminal building as a result of the Consolidated Security Checkpoint project. Also in October 2013, NV Energy implemented rate increases of approximately 50% for electricity and 29% for natural gas. Utilities and communications represent 7% of total expenses.

Purchase of Services expense, which includes professional and other purchased services, of $4.770 million increased $182,431 or 4% over the prior year. This increase is primarily due to the increase in data processing/ computer maintenance services and general consulting services. With the strategic focus on developing air service and increasing non-airline revenues, air service and market studies were commissioned to provide data to support legislative initiatives and identify business opportunities available at RTAA. Purchase of services expense represents 13% of expenses.

Materials and Supplies expense of $1.749 million decreased approximately $101,500 or 5% over the prior year. This decrease is primarily due to savings of $150,600 in paint and $21,800 in Ice Control supplies due to a moderate winter season.

Administrative expenses of $2.563 million comprise 7% of total costs, an increase of approximately $290,000 or 13% from the prior fiscal year. This increase is comprised of higher property insurance costs and legal settlement of a contract dispute.

Interest expense increased from $1.461 million in FY 2012-13 to $1.546 million in FY 2013-14, an increase of $84,799 or 6%. This increase reflects the additional interest expenses associated with the full year impact of $5.350 million of borrowing under the 2011B Subordinate Lien notes in March and May of 2013. See the Debt Administration discussion within the MD&A.

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 million, 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.

Summary of Changes in Net Position

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

	2014	2013	% Change	2012	% Change
OPERATING REVENUES					
Landing fees	$ 7,440,496	$ 7,380,804	0%	$ 7,793,050	-5%
Concession revenue	10,301,098	10,478,433	-2%	10,649,435	-2%
Parking and ground transportation	8,983,926	8,914,030	1%	8,742,195	2%
Rentals	13,282,322	11,967,776	11%	12,499,901	-4%
Reimbursements for services	2,632,002	2,579,738	2%	2,407,854	7%
Other revenue	34,596	92,093	-62%	68,099	35%
Total Operating Revenues	$ 42,674,440	$ 41,412,874	3%	$42,160,534	-2%
OPERATING EXPENSES					
Employee wages and benefits	24,301,598	23,255,693	4%	23,094,222	1%
Utilities and communications	2,774,328	2,559,355	8%	2,626,376	-3%
Purchase of services	4,770,478	4,588,047	4%	4,019,245	14%
Materials and supplies	1,749,084	1,850,565	-5%	1,871,019	-1%
Administrative expenses	2,563,199	2,273,581	13%	2,234,156	2%
Total Operating Expenses	$ 36,158,687	$ 34,527,241	5%	$ 33,845,018	2%
Operating Income Before Depreciation and Amortization	$ 6,515,753	$ 6,885,633	-5%	$8,315,516	-17%

	2014	2013	% Change	2012	% Change
Operating Income Before Depreciation and Amortization	$ 6,515,753	$ 6,885,633	-5%	$8,315,516	-17%
Depreciation and Amortization	35,816,772	33,189,676	8%	30,253,602	10%
Operating Loss	(29,301,019)	(26,304,043)	11%	(21,938,086)	20%
NON-OPERATING REVENUE (EXPENSES)					
Interest income	289,281	67,781	327%	210,110	-68%
Passenger facility charge revenue	6,601,269	6,453,403	2%	6,806,898	-5%
Customer facility charge revenue	1,263,517	1,088,981	16%	-	100%
Jet fuel tax revenue	264,586	276,338	-4%	304,048	-9%
Gain on sale of Capital Assets	5,631	32,003	-82%	8,014	299%
Gain on sale of Easements	-	-	100%	70,637	-100%
Reclamation expenses	-	-	100%	(474,912)	-100%
Interest expense	(1,545,697)	(1,460,898)	6%	(1,315,921)	11%
Total non-operating revenues (expenses)	6,878,587	6,457,608	7%	5,608,874	15%
Loss before Capital Contributions	(22,422,432)	(19,846,435)	13%	(16,329,212)	22%
Capital Contributions	12,210,737	14,651,900	-17%	10,298,935	42%
Decrease in Net Position	(10,211,695)	(5,194,535)	97%	(6,030,277)	-14%
Net Position, Beginning of Year	465,591,591	470,786,126	-1%	476,816,403	-1%
Net Position, End of Year	$455,379,896	$465,591,591	-2%	$470,786,126	-1%

An analysis of significant changes in net position for the year 2014-2013 is as follows:

Total operating revenues increased 3% while total operating expenses increased by 5%. A view of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of $35.817 million increased 8% from the prior year. This increase of $2.627 million represents incremental depreciation on an increase of $37.251 million in capital assets.

Interest income increased $221,500 or 327%. This increase reflects rising interest rates on investments as well as the Authority's ability in invest in longer term maturity investments as construction projects are finished. Interest expense increased $84,799 or 6% as compared to the prior year.

Passenger facility charge revenue increased slightly by 2% and jet fuel tax revenue decreased by 4%. Gain on sale of capital assets was $5,631 and reflected the sale of fully depreciated assets no longer in use by the RTAA.
Capital contributions, which are primarily comprised of federal grants from the Federal Aviation Administration, decreased 17% this year compared to the amounts received in 2012-2013. The contributions include reimbursements for runway, taxiway and apron rehabilitation and noise mitigation projects.

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 $28.659 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 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 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 $1.089; 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 mitigation projects, and the Transportation Security Administration checkpoint test bed screening project.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2014 was $437.302 million, net of depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment and development rights. The total decrease in the investment in capital assets for the year 2013-2014 was 4% or $16.497 million.

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

	2014	2013	2012
Land	$ 165,122,099	$ 154,549,165	$ 154,549,165
Construction in Progress	15,792,420	46,592,535	38,751,248
Improvements, Buildings, and Equipment, net	253,462,980	249,732,845	253,572,818
Development rights	2,924,038	2,924,038	2,924,038
Total	$ 437,301,537	$ 453,798,583	$ 449,797,269

Major capital asset events during fiscal year 2013-14 included the following:

Projects at RTAA that were funded by federal grants amounted to $12.211 million in capital contributions. Completed projects include apron and taxiway 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.

Completed projects this year include the central security checkpoint project and the Reno-Stead Airport terminal building and emergency operations center.

The Consolidated Security Checkpoint project relocated the two existing security checkpoints to a centralized area. 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.

The new terminal/emergency operation facility consists of a 12,000 square foot two story building and parking area.

In addition, several building improvements were made to RTAA properties including roof replacement projects, addition of new doors and pavement maintenance projects.

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 snow removal equipment, new computer workstations, and upgrades to the public address system and the wireless local area network (Wi-Fi) available to the public in the RTIA terminal building.

Vehicles purchased this year include three all-purpose trucks.

For additional information on Capital Assets, see Notes to the Financial Statements, Item 5.

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.

For additional information on Capital Assets, see Notes to the Financial Statements, Item 5.

DEBT ADMINISTRATION

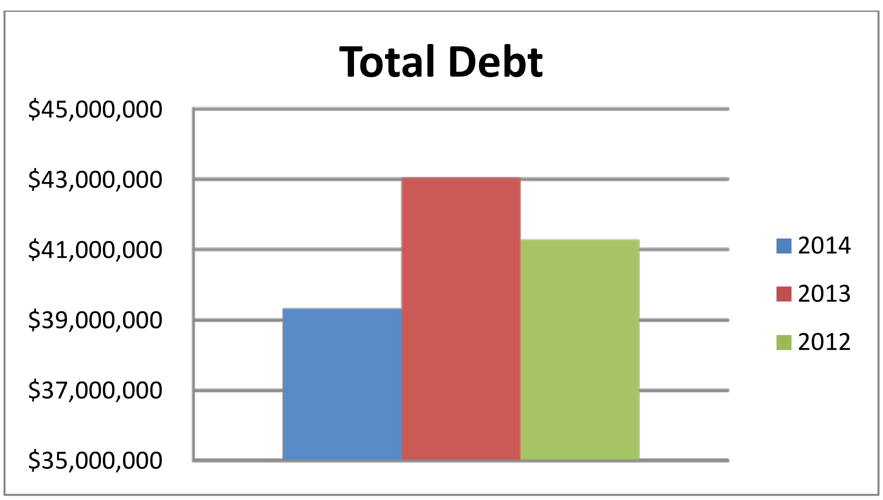
As of June 30, 2014, the RTAA had approximately $39.330 million in debt (without regard to premium) comprised of $23.715 million of senior lien revenue bonds (Series 2005 Airport Refunding Bonds), $10.265 million of a subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note - Fixed Rate portion) and $5.350 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.

The following presents the RTAA's outstanding debt for the years ended June 30:

	2014	2013	2012
2005	$ 23,715,000	$ 25,025,000	$ 26,270,000
2011 A	10,265,000	12,665,000	15,000,000
2011 B	5,350,000	5,350,000	-
Total Debt	$ 39,330,000	$ 43,040,000	$ 41,270,000



The Series 2005 Airport Revenue Refunding bonds of $29.775 million 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 million 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 $1.555million.

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 Poor's and Aa3 by Moody's Investor Services. On January 17, 2013, the rating of AGM was further downgraded to A2 from Aa3. However, on a positive note, Standard and Poor's upgraded its rating of AGM from AA-to AA on March 18, 2014. As a result, the Insured Rating on the Bonds are now AA and A2.

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 in June 2014.

These rating changes of the bond insurer do 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 $30.000 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 $15.000 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 payments 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 2018.

- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The Authority has structured $15.000 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 million 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 fiscal year 2012-2013. The first draw was March 1, 2013, for $4.000 million, and the second was May 1, 2013, for $1.350 million. 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 and the May 1, 2013, draw was 1.806% as of June 30, 2014, for both draws. 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% of the senior revenue bond debt service or 100% 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 Notes to the Financial Statement, Item 6, Long-Term Debt.

PASSENGER FACILITY CHARGE (PFC)

In October 1993, the RTAA received approval from the Federal Aviation Administration (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, 2014, the RTAA collected PFCs, including interest earnings thereon, totaling $6.601 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 FAA. This funding 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 2013-2014, signatories to the Agreement include six commercial and two cargo airlines.

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

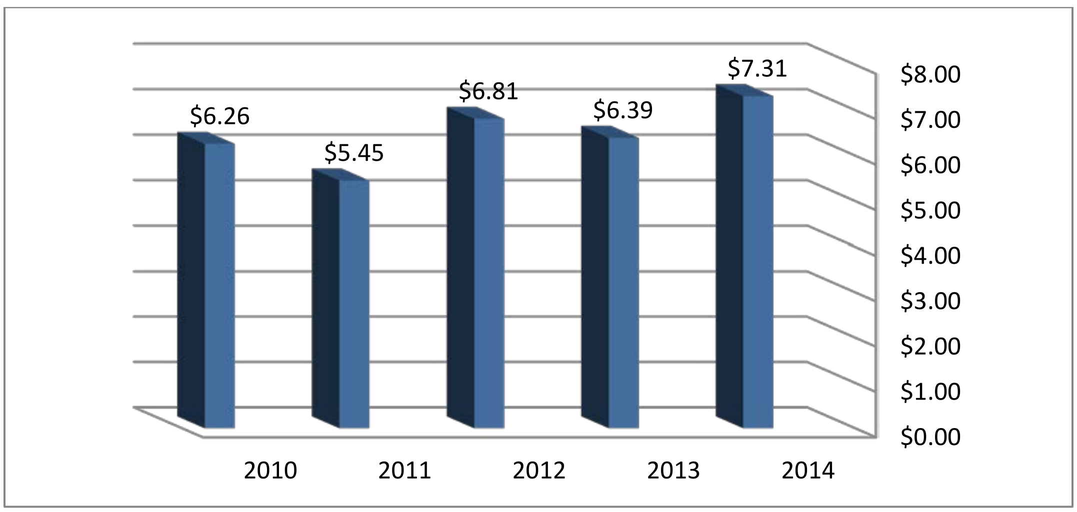
	2014	2013	% Change	2012	% Change
Landing Fee Rate (per 1,000 pounds)	$ 2.80	$ 2.64	6%	$ 2.59	2%
Terminal Rental Rate (Average) (annually per square foot)	$53.24	$45.42	17%	$48.93	-7%

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 Authority targets to maintain a reasonable cost structure for the airlines to attract and retain air service to community.

The cost per enplaned passenger for RTAA in the 2013-14 fiscal year was calculated to be $7.31 as compared to $6.39 in the prior year. According to Moody's Investor Services report of "US Airport Medians: Fiscal 2013" issued September 10, 2014, the average ratio for all US airports is $8.34.

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 or "Ask the Airport" at asktheairport@renoairport.com.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2014 AND 2013

ASSETS	2014	2013
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$12,567,350	$13,228,926
Investments	25,668,320	28,384,995
Accounts receivable, net	2,135,585	2,530,360
Grants receivable	2,920,061	1,172,458
Interest receivable	25,002	18,033
Inventory	798,673	813,234
Other current assets	646,246	170,867
Total Current Unrestricted Assets	44,761,237	46,318,873
NON-CURRENT ASSETS		
Restricted Assets:		
Cash and cash equivalents	11,626,214	6,498,744
Investments	12,033,665	13,220,765
Interest receivable	7,500	11,662
Total Restricted Assets	23,667,379	19,731,171
Capital Assets:		
Non-depreciable	183,838,557	204,065,738
Depreciable	681,720,192	644,468,879
Less accumulated depreciation and amortization	428,257,212	394,736,034
Total Capital Assets	437,301,537	453,798,583
Other Assets:		
Road credits	1,383,599	1,383,599
Bond issue costs and other charges, net	0	518,399
Surety bond, net	21,248	23,043
Total Other Assets	1,404,847	1,925,041
Total Non-Current Assets	462,373,763	475,454,795
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss amount on refunding bonds	1,372,084	1,486,424
Total Assets and Deferred Outflows of Resources	$508,507,084	$523,260,092

See accompanying notes to financial statements.

LIABILITIES AND NET POSITION	2014	2013
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$2,840,233	$3,756,235
Construction contracts payable	3,094,834	2,267,835
Rents received in advance	802,590	496,558
Accrued payroll	1,677,003	1,899,223
Total payable from unrestricted assets	8,414,660	8,419,851
Payable from Restricted Assets:		
Current portion of long-term debt	5,125,000	3,710,000
Accrued interest	770,191	810,392
Construction contracts payable	303,430	763,064
Total payable from restricted assets	6,198,621	5,283,456
Total Current Liabilities	14,613,281	13,703,307
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	35,099,851	40,299,422
Net other postemployment benefits obligation	400,399	446,950
Accrued payroll, net of current portion	996,105	1,128,100
Deposits	438,449	341,916
Reclamation liability	1,579,103	1,748,806
Total Non-Current Liabilities	38,513,907	43,965,194
Total Liabilities	53,127,188	57,668,501
NET POSITION		
Net investment in capital assets	395,050,506	412,444,732
Restricted for:		
Revenue bond operations and maintenance	6,197,187	6,115,879
Renewal and replacement	781,027	772,673
Passenger facility charge projects	5,868,897	1,648,244
Debt service	8,054,403	4,188,282
Flood grant	1,987,265	1,980,220
Other reserve purposes	8,409	15,435
Total Restricted	22,897,188	14,720,733
Unrestricted	37,432,202	38,426,126
Total Net Position	455,379,896	465,591,591
Total Liabilities and Net Position	$508,507,084	$523,260,092

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Landing fees	$7,440,496	$7,380,804
Concession revenue	10,301,098	10,478,433
Parking and ground transportation	8,983,926	8,914,030
Rentals	13,282,322	11,967,776
Reimbursements for services	2,632,002	2,579,738
Other revenue	34,596	92,093
Total operating revenues	42,674,440	41,412,874
OPERATING EXPENSES		
Employee wages and benefits	24,301,598	23,255,693
Utilities and communications	2,774,328	2,559,355
Purchase of services	4,770,478	4,588,047
Materials and supplies	1,749,084	1,850,565
Administrative expenses	2,563,198	2,273,581
Total operating expenses	36,158,686	34,527,241
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	6,515,754	6,885,633
Depreciation and amortization:		
Depreciation	35,296,578	33,129,086
Amortization of deferred charges	520,195	60,590
Total depreciation and amortization	35,816,773	33,189,676
OPERATING INCOME (LOSS)	(29,301,019)	(26,304,043)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	289,281	67,781
Passenger facility charge revenue	6,601,269	6,453,403
Customer facility charge revenue	1,263,517	1,088,981
Jet fuel tax revenue	264,586	276,338
Gain (loss) on sale of capital assets	5,631	32,003
Interest expense	(1,545,697)	(1,460,898)
Total non-operating revenues (expenses)	6,878,587	6,457,608
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(22,422,432)	(19,846,435)
CAPITAL CONTRIBUTIONS	12,210,737	14,651,900
INCREASE (DECREASE) IN NET POSITION	(10,211,695)	(5,194,535)
TOTAL NET POSITION, BEGINNING OF YEAR	465,591,591	470,786,126
TOTAL NET POSITION, END OF YEAR	$455,379,896	$465,591,591

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 43,471,780	$ 41,452,945
Cash paid to employees	(24,702,365)	(22,792,084)
Cash paid to suppliers	(13,403,612)	(10,856,023)
Net cash provided by operating activities	5,365,803	7,804,838
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	264,586	276,338
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	9,621,034	13,600,562
Passenger facility charge revenue	6,601,269	6,453,403
Customer facility charge revenue	1,263,517	1,088,981
Acquisition and construction of capital assets	(17,555,696)	(37,966,576)
Proceeds from sale of capital assets	5,631	23,533
Principal paid on bonds	(3,710,000)	(3,580,000)
Proceeds from sale of note	0	5,350,000
Interest paid on bonds	(1,581,727)	(1,625,418)
Net cash used in capital and related financing activities	(5,355,972)	(16,655,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	287,702	75,532
Sale (purchase) of investments	3,903,775	6,178,703
Net cash provided by investing activities	4,191,477	6,254,235
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,465,894	(2,320,104)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,727,670	22,047,774
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 24,193,564	$ 19,727,670

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

		2014		2013
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	$	(29,301,019)	$	(26,304,043)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation		35,296,577		33,129,086
Amortization of deferred charges		520,195		60,590
(Increase) Decrease in Assets:				
Accounts receivable, net		394,775		339,850
Inventory		14,561		(49,230)
Other current assets		(475,379)		(31,634)
Increase (Decrease) in Liabilities:				
Accounts payable		(916,002)		502,193
Rents received in advance		306,032		(22,648)
Accrued payroll		(354,216)		515,080
Deposits and unearned revenues		96,533		(245,497)
Net OPEB obligation		(46,551)		(51,471)
Reclamation liability		(169,703)		(37,438)
Net cash provided by operating activities	$	5,365,803	$	7,804,838

Noncash activities:

The unrealized gain (loss) on investments was $26,271 at June 30, 2014 and ($120,256) at June 30, 2013.

		2014		2013
Road credits used for acquisition	$	-	$	17,231
Capital assets included in construction contracts payable		2,888,517		1,383,129
Capital Contributions				
Total Capital Contributions	$	12,210,737	$	14,651,900
Grants Receivable (June 30, 2014 and 2013)		(2,920,061)		(1,172,458)
Grants Receivable (June 30, 2013 and 2012)		1,172,458		444,916
Buildings and equipment received by contribution		(842,100)		(323,796)
	$	9,621,034	$	13,600,562

See accompanying notes to financial statements.

1. Organization and Reporting Entity

<u>Organization</u>

The Reno-Tahoe Airport Authority (the "RTAA" or "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 in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Authority uses 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. Enterprise funds are used to account for activities (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(Continued)

2. Summary of Significant Accounting Policies (continued)

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 2014 and 2013 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, 2014 and June 30, 2013.

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.

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.

(Continued)

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, 2014 and 2013, total interest cost incurred was $1,601,063 and $1,626,968, respectively. Of these amounts, $55,366 and $166,070 were recorded as capitalized costs, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position, the residual of all other financial elements presented in the statement of financial position, which applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category. It includes the deferred amounts on bond refundings. As reported in the statements of net position. A deferred charge on refunding results from the difference between the net carrying amount of the original debt and the reacquisition price. This amount is deferred and amortized over the term of the new bonds or old bonds, whichever is shorter, using the effective interest method, or the straight line method, when not materially different.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position, the residual of all other financial elements presented in the statement of financial position, which applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Authority does not have any items that qualify for reporting in this category at June 30, 2014 and 2013.

Compensated Absences

The Authority accounts for compensated absences by accruing a liability for employees' compensation of future absences in accordance with GASB No. 16 *Accounting for 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 the compensated absences is included in both the current and non-current portion of accrued payroll. As of June 30, 2014 and 2013, liabilities related to compensated absences were $1,886,613 and $1,838,833 respectively.

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, 2014 and 2013, the payables outstanding associated with the airline year-end settlement were $868,474 and $1,826,452, respectively.

2. Summary of Significant Accounting Policies (continued)

<u>Net Position</u>

The Authority's net position is classified into the following categories:

1. Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

2. Restricted – Net Position that has external constraints placed on it by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through contribution provision of enabling legislation.

3. Unrestricted – Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

At times the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

<u>Passenger Facility Charge (PFC) Revenue</u>

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.

<u>Customer Facility Charge (CFC) Revenue</u>

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.

<u>Capital Contributions</u>

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)

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.

Recent Accounting Pronouncements Adopted/Implemented: As of June 30, 2014, the GASB has issued the following statements which were implemented by the Authority.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective on January 1, 2012. The provisions of this Statement are effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Bond issue costs, previously reported as an asset, are now recognized as an expense. The beginning balance of bond issuance costs is considered immaterial and has been expensed as interest on capital-related debt in the current period.

  In addition, deferred debt refunding costs were previously reported by the Authority as a deduction from bonds payable. Deferred refunding costs are now included as deferred outflows of resources on the statements of net position. The disclosures required by this Statement have no material effect on the Authority's beginning net position.

- GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees* - In April 2013, the objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This liability should be reported until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity non-exchange financial guarantees involving blended component units by specifying the information required to be disclosed by governments that extend non-exchange financial guarantee as well as new information to be disclosed by governments that receive non-exchange financial guarantees. Adoption of this Statement did not have a material impact on the Authority's financial statements.

- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012. The provisions of this Statement are effective for periods beginning after June 15, 2013. This Statement is intended to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is not directly applicable to the Authority, but applies to the defined benefit pension plan that the Authority participates in, which is described in Note 10.

(Continued)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements: As of June 30, 2014, the GASB has issued the following statements not yet implemented by the Authority.

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, Issued June 2012. The provisions for this statement are effective for fiscal years beginning after June 15, 2014. This statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Authority's management is working with the Public Employees Retirement System of the State of Nevada (PERS) to determine the impact of this pronouncement on the Authority's financial statement. Although the specific amounts are not yet known, this is expected to result in a material liability being recorded on the Authority's financial statements.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operation* - In January 2013, this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement also requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for the Authority's fiscal year ended June 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – In November 2013, the objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The provisions of this Statement are effective for the Authority's fiscal year ended June 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation. The reclassifications did not impact the financial position or the results of operations of the Authority.

(Continued)

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:

	2014	2013
Cash	$ 6,873,787	$ 12,839,766
Cash Equivalents:		
Short-Term Investments in Money Market Mutual Funds	14,780,564	6,887,904
Short-Term Investments in State of Nevada Local Government Investment Pool	2,539,213	-
Total Cash and Cash Equivalents	24,193,564	19,727,670
Investments:		
State of Nevada Local Government Investment Pool	-	9,533,007
First Independent Bank – Certificate of Deposit	712,666	710,664
Washoe County Investment Pool	8,250,490	-
Certificates of Deposit	4,215,704	3,476,171
Commercial Paper	3,500,785	9,491,298
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	21,022,340	18,394,620
Total Investments	37,701,985	41,605,760
Total Cash, Cash Equivalents and Investments	61,895,549	61,333,430
Less Unrestricted Cash, Cash Equivalents and Investments	(38,235,670)	(41,613,921)
Total Restricted Cash, Cash Equivalents and Investments	$ 23,659,879	$ 19,719,509

In accordance with NRS 355 Public Investments, the Authority's bond resolution and the Authority's 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, 2014 and 2013 are the following statutorily approved investments:

<u>Demand Deposits, Time and Savings Deposits including Negotiable Order of Withdrawal (NOW) accounts</u> 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 States and/or collateralized as required under the Nevada pooled collateral program (NRS 356).

<u>US Government Agency Securities (Mortgage-Backed Securities)</u> 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.

<u>Commercial Paper</u> 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.

(Continued)

3. Cash, Cash Equivalents and Investments (continued)

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) Investment of the LGIP is a function performed by the Office of the State Treasurer pursuant to Nevada Revised Statutes (NRS). In addition to investing the assets of the LGIP as prescribed by law, with regular oversight provided by the State Board of Finance, the State Treasurer has determined that the investment activities should be further controlled by an investment policy set forth by the State Treasurer and approved by the State Board of Finance. 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 economies of scale, full-time portfolio management, diversification, and liquidity.

Washoe County Investment Pool (WCIP) NRS 355.168 and 355.175 authorize the Washoe County's Treasurer ("Treasurer") to invest by pooling any money held by the Treasurer for local governments, including that of the Authority. The Board of County Commissioners has overall responsibility for investment of County funds, including the Pooled Investment Trust Fund, in accordance with NRS 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The external investment pool is not registered with the Securities and Exchange Commission as an investment company.

In addition, NRS 355.171 provides the following additional authorized investments for counties and school districts with county populations greater than 100,000 (Washoe County) and city governments with city populations greater than 150,000:

1. Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that:

    a. Are purchased from a registered broker-dealer;
    b. At the time of purchase, have a remaining term to maturity of no more than 5 years;
    c. Are rated by a nationally recognized rating service as "A" or its equivalent, or better;
    d. Such investments must not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase; and
    e. Not more than 25 percent of such investments may be in notes, bonds and other unconditional obligations issued by any one corporation.

3. Cash, Cash Equivalents and Investments (continued)

2. Collateralized mortgage obligations that are rated by a nationally recognized rating service as "AAA" or its equivalent.

3. Asset-backed securities that are rated by a nationally recognized rating service as "AAA" or its equivalent.

With the Authority not being able to purchase the securities listed above for its own portfolio, participation in the Washoe County Pooled Investment Fund will allow the Authority participate in income from these additional investment instruments.

As of June 30, 2014, the Authority's investments have the following maturity distributions:

RTAA Investments By Maturity

	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	$ 6,873,788	$ -	$ -	$ -	$ -
Money Market Mutual Funds	14,780,564	-	-	-	-
State of Nevada Local Government Investment Pool	-	2,539,213	-	-	-
Certificates of	249,017	3,194,849	1,484,503	-	-
Commercial Paper	1,501,955	1,998,830	-	-	-
US Government Agency Securities	-	2,993,025	6,296,312	9,738,353	1,994,650
Washoe County Investment Pool	-	-	-	-	8,250,490
Grand Total	$23,405,324	$10,725,917	$7,780,815	$9,738,353	$10,245,140

As of June 30, 2013, the Authority's investments have the following maturity distributions:

RTAA Investments By Maturity

	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	$12,839,766	$ -	$ -	$ -	$ -
Money Market Mutual Funds	6,887,904	-	-	-	-
State of Nevada Local Government Investment Pool	-	9,533,007	-	-	-
Certificates of Deposit	497,970	2,454,334	743,317	491,214	-
Commercial Paper	-	9,491,298	-	-	-
US Government Agency Securities	-	4,502,700	1,000,210	4,481,385	8,410,325
Grand Total	$20,225,640	$25,981,339	$1,743,527	$4,972,599	$8,410,325

(Continued)

3. Cash, Cash Equivalents and Investments (continued)

Credit Risk

State statutes, the Authority's revenue bond resolutions and the Authority's investment policy authorize investments in direct obligations of, or obligations guaranteed by the United States of America. The Authority may also invest in commercial paper (rated A-1 or better by Standard & Poor's or P-1 by Moody's Investor Services) 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), the Washoe County Investment Pool (WCIP) 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 and WCIP are unrated external investment pools.

At June 30, 2014 and 2013, 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, 2014 and 2013, Moody's Investor Services 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, 2014 and 2013, the following investments equaled or exceeded 5% of the Authority's total investments:

RTAA Credit Risk Concentration by Issuer		
	2014	2013
Fidelity Governmental Fund 57 (money market)	24%	11%
Washoe County Investment Pool	13%	0%
Federal Farm Credit Banks	10%	4%
Federal Home Loan Bank	9%	14%
Federal Home Loan Mortgage Corporation	8%	7%
Federal National Mortgage Association	7%	6%
Wells Fargo Collateralized Deposit	6%	20%
State of Nevada Local Government Investment Pool	4%	16%
US Bank N.A. Commercial Paper	2%	7%
General Electric Credit Corp. Commercial Paper	2%	5%
Other less than 5% individually	15%	10%

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, 2014 and 2013:

	2014	2013
Current, unrestricted:		
Accounts Receivable	$2,239,927	$2,635,090
Less Allowance for Uncollectible	(104,342)	(104,730)
Net Accounts Receivable	2,135,585	2,530,360
Grants Receivable	2,920,061	1,172,458
Total Current Accounts and Grants Receivable	$5,055,646	$3,702,818

4. Accounts and Grants Receivable (Continued)

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 is not required.

5. Capital Assets

Capital assets are stated at historical cost and include property, equipment, and capitalized 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.

Capital asset balances and changes for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions and Transfers	Deletions and Transfers	Balance June 30, 2014
Capital Assets, not being depreciated/amortized				
Land	$154,549,165	$10,572,934	$ -	$165,122,099
Construction in progress	46,592,535	17,653,903	(48,454,018)	15,792,420
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, not being depreciated/amortized	204,065,738	28,226,837	(48,454,018)	183,838,557
Capital Assets, being depreciated/amortized				
Improvements	335,324,718	8,594,457	-	343,919,175
Buildings	245,353,625	29,600,703	-	274,954,328
Equipment	63,790,536	831,553	(1,775,400)	62,846,689
Total Capital Assets, being depreciated/amortized	644,468,879	39,026,713	(1,775,400)	681,720,192
Less accumulated depreciation/amortization for:				
Improvements	209,362,143	15,234,696	-	224,596,839
Buildings	151,714,794	14,685,908	-	166,400,702
Equipment	33,659,097	5,375,974	(1,775,400)	37,259,671
Total Accumulated Depreciation/Amortization	394,736,034	35,296,578	(1,775,400)	428,257,212
Total Capital Assets, being depreciated/amortized, net	249,732,845	3,730,135	-	253,462,980
Net Capital Assets	$453,798,583	$31,956,972	$(48,454,018)	$437,301,537

(Continued)

5. Capital Assets (Continued)

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

	Balance July 1, 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

5. Capital Assets (Continued)

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

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

Development rights, which preclude residential development near the Reno-Tahoe International Airport, are recorded at cost. 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, 2014, the RTAA had $39.330 million in debt (without regard to premium and deferred loss on refundings) comprised of $23.715 million of senior lien revenue bonds (Series 2005 Airport Refunding bonds), $10.265 million of subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note – Fixed Rate Portion), and $5.350 million of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note - Variable Rate).

Long–term debt activity for the year ended June 30, 2014 is summarized as follows:

	Balance July 1, 2013	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2014
Revenue Bonds:					
Series 2005	$25,025,000	$ -	$1,310,000	$ -	$23,715,000
Unamortized Premium	969,422	-	-	(74,571)	894,851
Total Revenue Bond Debt	25,994,422	-	1,310,000	39,769	24,609,851
Less Current Portion	(1,310,000)				(1,355,000)
Noncurrent Revenue Bonds	24,684,422				23,254,851
Subordinate Notes:					
Series 2011 A-Fixed Rate	12,665,000	-	2,400,000	-	10,265,000
Series 2011 B-Variable Rate	5,350,000		-		5,350,000
Total Subordinate Notes	18,015,000			-	15,615,000
Less Current Portion	(2,400,000)				(3,770,000)
Noncurrent Subordinate Notes	15,615,000				11,845,000
Noncurrent Portion Debt Outstanding	$40,299,422				$35,099,851

(Continued)

6. Long-Term Debt (Continued)

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

	Balance July 1, 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
Total Revenue Bond Debt	27,313,993	-	1,245,000	39,770	25,994,422
Less Current Portion	(1,245,000)				(1,310,000)
Noncurrent Revenue Bonds	26,068,993				24,684,422
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	$38,733,993				$40,299,422

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:

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

2. 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

6. Long-Term Debt (continued)

3. Additional Securities- The Authority has chosen to satisfy the Minimum Securities Reserve by a Qualified Surety Bond.

4. 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.

5. 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.

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

7. 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, 2014 and 2013.

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 monies 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 is 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 $23,715,000 are not advanced refundable, but may be refunded on a current basis starting ninety days prior to July 1, 2015.

6. Long-Term Debt (continued)

Maturities of revenue bonds will require the following principal and interest payments (based on amounts outstanding at June 30, 2014):

Series 2005	Amount	
Bond year ended July 1,	Principal	Interest
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	1,625,000	895,750
2019-2023	9,425,000	3,176,250
2024-2026	6,865,000	698,000
	$23,715,000	$9,048,050

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.

6. Long-Term Debt (continued)

- 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, 2014, was at 1.848%. 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, 2014, the Authority has applied $4.653 million of PFC revenues toward debt service on the Subordinate Lien Notes associated with PFC approved projects.

The Authority collected $6.601 million and $6.453 million of PFC revenue during the years ended June 30, 2014 and 2013, 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.

On July 1, 2014, the Authority, as permitted under the Subordinate Lien Notes, will make an early repayment of $2.913 million on the Series 2011 B Variable Rate Notes. This early repayment, authorized by the RTAA Board of Trustees in the adopted fiscal year 2014-15 Budget, is in addition to the $1.300 million scheduled principal payment.

(Continued)

6. Long-Term Debt (continued)

Maturities of subordinate notes, reflecting the early repayment, will require the following principal and interest payments (based on amounts outstanding at June 30, 2014):

Subordinate Note-Series 2011A Fixed Rate	Amount	
Note year ended July 1,	Principal	Interest
2014	$ 2,465,000	$ 282,288
2015	2,530,000	214,500
2016	2,600,000	144,925
2017	2,670,000	73,425
	$10,265,000	$ 715,138

Subordinate Note-Series 2011B Variable Rate (a)	Amount	
Note year ended July 1,	Principal	Interest
2014	$ 1,305,000	$ 97,741
2015	1,325,000	73,123
2016	1,350,000	49,110
2017	1,370,000	24,735
	$ 5,350,000	$ 244,709

(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 1.88%.

7. Non-Current Liabilities

Other long –term liability activity for the year ended June 30, 2014 is summarized as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
Net other postemployment benefits obligation	$ 446,950	$ 190,752	$ 237,303	$ 400,399	$ -
Compensated absences	1,838,833	356,220	308,440	1,886,613	890,508
Deposits	341,916	207,176	110,643	438,449	-
Reclamation liability	1,748,806	26,695	196,398	1,579,103	-
	$ 3,929,555	$ 590,091	$ 615,481	$ 3,904,165	$ 890,508

7. Non-Current Liabilities (Continued)

Other long –term liability activity for the year ended June 30, 2013 is summarized as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Net other postemployment benefits obligation	$ 498,421	$ 191,029	$ 242,500	$ 446,950	$ -
Compensated absences	1,876,518	174,734	212,419	1,838,833	710,733
Deposits	450,434	240,104	348,622	341,916	-
Reclamation liability	1,921,472	480,329	652,995	1,748,806	-
	$ 4,248,424	$ 895,167	$ 1,214,036	$ 3,929,555	$ 710,733

8. 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.

Pledged revenues consist of the following at June 30:

	2014	2013
Airport Systems Revenues:		
Airline Fees and Rentals:		
Landing fees	$ 6,612,638	$ 6,593,034
Terminal building space rental	6,873,127	5,830,298
Total Airline Fees and Rentals	13,485,765	12,423,332
Non-Airline Revenues:		
Other aircraft fees	827,859	840,659
Concession fees	10,301,098	10,478,433
Parking and ground transportation	8,983,926	8,914,030
Other rentals	6,409,160	6,146,844
Reimbursement for services	2,632,003	2,579,738
Other operating revenues	34,596	92,093
Non-operating revenues	1,697,382	1,551,635
	30,886,024	30,603,432
Gross pledged revenues	$ 44,371,788	$ 43,026,765
Airport system operation and maintenance expenses	(36,158,687)	(34,527,241)
(Gain)/Loss on Sale of Capital Assets	(5,631)	--
Airline revenue sharing	1,213,703	1,587,803
35% of gaming revenue	(462,963)	(550,386)
Net Pledged Revenues	$ 8,958,210	$ 9,536,941
Debt Service Coverage Required	$ 3,145,625	$ 3,154,875
Debt Service Coverage Requirement is the greater of the following:		
125% of Senior Lien Revenue Bond Debt Service	$ 3,145,625	$ 3,154,875
100% of Senior Lien Debt Service	$ 2,516,500	$ 2,523,900

(Continued)

8. Rate Maintenance Covenant (Continued)

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.

	2014	2013
Net Pledged Revenues	$ 8,958,210	$ 9,539,941
100% Senior Lien Debt Service	(2,516,500)	(2,523,900)
Pledged Passenger Facility Charge Revenue	2,079,176	1,491,202
Subordinate Net Revenues	$ 8,520,886	$ 8,507,243
Debt Service Coverage Required	$ 4,559,530	$ 3,055,345
Debt Service Coverage Requirement is the greater of the following:		
110% of Subordinate Lien Debt Service	$ 4,559,530	$ 3,055,345
100% of Subordinate Lien Debt Service	$ 4,145,028	$ 2,777,586

9. 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, 2014 and June 30, 2013, $10,301,098 and $10,478,433, 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:

2015	$ 21,066,984
2016	4,951,632
2017	4,813,630
2018	6,572,855
2019	4,484,075
2020-2025	24,787,749
Total	$ 66,676,925

10. 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.

(Continued)

10. Pension Plan (Continued)

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 going to www.nvpers.org , writing to the Public Employees Retirement System of the State of Nevada, 693 Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Benefits for plan members are funded under one of two methods; the employer pay contribution plan or the employer/employee paid contribution plan. All of the employees of the Authority are under the employer pay contribution plan where the Authority is required to contribute all amounts due under the plan. The contribution requirements of the Authority are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation. The Authority's contribution rates based on employee members covered payroll and amounts contributed (equal to the required contributions) for the last three years are as follows:

Contribution Rates

Fiscal Year	Regular	Police/Fire	Total Contribution
2013-2014	25.75%	40.50%	$4,249,041
2012-2013	23.75%	39.75%	$3,722,876
2011-2012	23.75%	39.75%	$3,684,541

11. 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 may also be 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, 2014 included the donation of art depicting the Reno Arch from the Economic Development Authority of Western Nevada (EDAWN) and the addition of the base building of the previous FAA tower.

The Authority has received capital contributions as follows:

	Inception to Date	Year Ended 2014	Year Ended 2013
Federal	$423,634,753	$11,360,929	$14,328,104
State	250,331	-	-
Other Sources	26,550,272	849,808	323,796
Total	$450,435,356	$12,210,737	$14,651,900

(Continued)

12. 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, 2014:

Airfield	$ 3,617,005
Terminal	696,377
Reno-Stead Airport	422,057
Other	1, 358,386
Total Outstanding Commitments	$ 6,093,825

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 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 utilize an allocation for costs to address the 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 $2.62 million to prefund these costs and the Lear entities paid $1.57 million as a settlement to end participation. The balance of these funds is $1.56 million dollars for year ended 2014 and $1.75 million dollars for year ended 2013.

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, 2014 and 2013 is $1,579,103, and $1,748,806, respectively. In the 2012-2013 fiscal year, the RTAA added an additional $475,000 to the fund.

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 statements of the Authority.

13. 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 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.

(Continued)

14. 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, 2014 and 2013, respectively, the net other postemployment benefit liability was $400,399 and $446,950. Currently, the Authority finances their liability on the pay-as-you go basis.

The Authority provides other postemployment benefits (OPEB) for eligible retirees through two plans – (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.

A. RTAA Group Health Plan

Plan Description and Eligibility: 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.

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, 2014 there were three retirees participating in the plan and as of June 30, 2013, 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, 2014. 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.

(Continued)

14. Other Postemployment Benefits (Continued)

As of June 30, 2014 and 2013, the plan was funded on a “pay as you go” basis and no contribution was made to fund the actuarial determined liability.

The Authority previously had an actuarial valuation performed for the plan as of January 1, 2013 and a roll forward of that valuation was performed for the fiscal year 2014. For fiscal year 2014 and 2013, the Authority’s employer contribution, which is the value of the plan’s implicit rate subsidy, for retirees’ benefits, was $13,098 and $10,927, respectively.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 50,191	$ 11,395	22.70%	$ 235,554
2013	$ (30,958)	$ 10,927	-35.30%	$ 193,669
2014	$ (32,573)	$ 13,098	-40.21%	$ 147,998

The net OPEB obligation as of June 30, 2014 and 2013 was calculated as follows:

	2014	2013
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	12,784	12,292
Interest to June 30	250	240
Annual Required Contribution (ARC)	$ 13,034	$ 12,532
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 13,034	$ 12,532
Interest on Net OPEB Obligation	7,747	9,422
Adjustment to ARC	(53,354)	(52,912)
Annual OPEB Cost	(32,573)	(30,958)
Retiree Benefit payments Paid by the Authority	(13,098)	(10,927)
Increase (Decrease) in Net OPEB Obligation	(45,671)	(41,885)
Net OPEB Obligation, Beginning of Year	193,669	235,554
Net OPEB Obligation, End of Year	$ 147,998	$ 193,669
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 48,260	$ 56,910
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 48,260	$ 56,910
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 Percentage of Covered Payroll	N/A	N/A

(Continued)

14. Other Postemployment Benefits (Continued)

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 plan administered by a nine member governing board. PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. 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.

14. Other Postemployment Benefits (Continued)

Funding Policy: 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 $15 to a maximum of $627 per month for the year ended June 30, 2014; subsidies ranged from a minimum of $13 to a maximum $575 per month for the year ended June 30, 2013. 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 $151,567 for 37 retirees, which equaled the required contribution. The prior year's contribution to PEBP was $159,319 for 42 retirees, which equaled the required contribution.

Annual OPEB Cost and Net OPEB Obligations: The Authority had an actuarial valuation performed for the plan as of January 1, 2013 and a roll forward of that valuation was performed for the fiscal year 2014. 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, 2014 and 2013. 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
2012	$ 249,618	$ 157,813	63.22%	$ 262,867
2013	$ 149,733	$ 159,319	106.40%	$ 253,281
2014	$ 150,687	$ 151,567	100.58%	$ 252,401

The net OPEB obligation as of June 30, 2014 and 2013 was calculated as follows:

	2014	2013
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	156,778	155,523
Interest to June 30	3,062	3,037
Annual Required Contribution (ARC)	$ 159,840	$ 158,560
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 159,840	$ 158,560
Interest on Net OPEB Obligation	10,131	10,515
Adjustment to ARC	(19,284)	(19,342)
Annual OPEB Cost	150,687	149,733

(Continued)

14. Other Postemployment Benifits (Continued)

	2014	2013
Retiree Benefit Payments Paid by the Authority	(151,567)	(159,319)
Increase (Decrease) in Net OPEB Obligation	(880)	(9,586)
Net OPEB Obligation, Beginning of Year	253,281	262,867
Net OPEB Obligation, End of Year	$ 252,401	$ 253,281
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 2,141,483	$ 2,198,149
Actuarial Accrued Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 2,141,483	$ 2,198,149
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 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.

(Continued)

15. 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 employees covered exclusively by the Management Guidelines and Civil Service Plan with an individual account to provide for post-employment health benefits through the following funding formulas:

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 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.

(Continued)

15. Post-Employment Health Plan – Defined Contribution Plan (Continued)

For the year ended June 30, 2014, $199,006 was contributed to the PEHP plan. For the year ended June 30, 2013, $197,698 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 hours of sick leave, 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, 2014, $2,477 was contributed to the Airport Authority Police Officers Association plan. For the year ended June 30, 2013, $3,893 was contributed to the Airport Authority Police Officers Association plan.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

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, 2014

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 7,403,045	$ 7,403,045	$ 7,440,496	$ 37,451
Concession revenue	10,653,300	10,653,300	10,301,098	(352,202)
Parking and ground transportation	8,186,200	8,186,200	8,983,926	797,726
Rentals	13,951,800	13,951,800	13,282,322	(669,478)
Reimbursements for services	2,573,544	2,573,544	2,632,002	58,458
Other revenue	25,400	25,400	34,596	9,196
Total Operating Revenues	42,793,289	42,793,289	42,674,440	(118,849)
Operating expenses:				
Employee wages and benefits	24,983,395	24,983,395	24,301,598	681,797
Utilities and communications	2,849,635	2,849,635	2,774,328	75,307
Purchase of services	5,144,666	5,144,666	4,770,478	374,188
Materials and supplies	1,794,195	1,794,195	1,749,084	45,111
Administrative expenses	2,367,785	2,367,785	2,563,199	(195,414)
Total Operating Expenses before Depreciation and Amortization	37,139,676	37,139,676	36,158,687	980,989
Depreciation and amortization	37,875,000	37,875,000	35,816,772	2,058,228
Total Operating Expenses	75,014,676	75,014,676	71,975,459	3,039,217
Operating Income (Loss)	(32,221,387)	(32,221,387)	(29,301,019)	2,920,368
Non-operating revenues (expenses):				
Interest income	166,500	166,500	289,281	122,781
Passenger facility charge revenue	6,385,800	6,385,800	6,601,269	215,469
Customer facility charge revenue	1,190,100	1,190,100	1,263,517	73,417
Jet fuel tax revenue	308,600	308,600	264,586	(44,014)
Gain (loss) on sale of capital assets	-	-	5,631	5,631
Interest expense	(1,557,802)	(1,557,802)	(1,545,697)	12,105
Total Non-Operating Revenues (Expenses)	6,493,198	6,493,198	6,878,587	385,389
Income (Loss) Before Capital Contributions	$ (25,728,189)	$ (25,728,189)	$ (22,422,432)	$ 3,305,757

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2014

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
2014	1,355,000	1,161,500	2,465,000	282,288	1,305,000	97,741	6,666,529
2015	1,420,000	1,101,300	2,530,000	214,500	1,325,000	73,123	6,663,923
2016	1,475,000	1,044,500	2,600,000	144,925	1,350,000	49,110	6,663,535
2017	1,550,000	970,750	2,670,000	73,425	1,370,000	24,735	6,658,910
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
	$ 23,715,000	$ 9,048,050	$ 10,265,000	$ 715,138	$ 5,350,000	$ 244,709	$ 49,337,897

*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 1.848%. On July 1, 2014 the Authority reduced the principal of the Series 2011B notes with an additional payment of $2,916,000.

Statistical Section

STATISTICAL SECTION EXPLANATIONS

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

<u>Contents</u>

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 - 2014
(unaudited)

	2005	2006	2007	2008	2009
Operating revenues					
Landing fees	$5,801,560	$7,545,675	$7,142,939	$8,503,502	$8,020,650
Concession revenue	12,618,012	14,385,592	15,095,247	15,610,371	14,267,318
Parking and ground transportation	9,082,135	10,253,964	10,136,245	10,285,079	9,102,015
Rentals	11,102,359	11,352,662	12,225,827	12,100,223	12,172,296
Reimbursements for services	477,425	827,853	959,434	630,653	957,499
Other revenue	8,648	27,238	37,005	13,206	82,970
Total operating revenues	39,090,139	44,392,984	45,596,697	47,143,034	44,602,748
Nonoperating revenues					
Interest income	1,370,190	1,723,481	3,382,557	2,440,071	1,814,681
Passenger facility charge revenue	8,771,723	11,029,218	10,992,217	9,931,917	7,688,656
Customer facility charge revenue	-	-	-	-	-
Insurance proceeds	30,000	-	13,853	-	-
Jet fuel tax income	414,908	414,874	338,810	400,006	313,204
Gain on sale of capital assets	1,311,777	496,591	112,337	89,009	544,222
Gain on sale of easements	-	-	-	-	-
Total nonoperating revenues	11,898,598	13,664,164	14,839,774	12,861,003	10,360,763
Total revenues	50,988,737	58,057,148	60,436,471	60,004,037	54,963,511
Operating expense					
Employee wages and benefits	18,158,194	19,929,337	20,877,676	22,612,550	21,868,506
Utilities and communications	2,425,659	2,457,764	2,797,048	2,655,511	2,978,879
Purchase of services	3,115,090	3,232,102	3,131,901	3,039,115	3,037,358
Materials and supplies	1,524,721	1,649,492	1,546,951	1,651,664	1,424,020
Administrative expenses	2,167,021	2,261,031	2,100,296	1,976,701	1,911,933
	27,390,685	29,529,726	30,453,872	31,935,541	31,220,696
Depreciation and amortization	17,374,021	18,564,621	20,686,072	22,000,778	21,904,868
Total operating expenses	44,764,706	48,094,347	51,139,944	53,936,319	53,125,564
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	-	-	-	-
Interest expense	4,126,651	3,608,057	3,229,056	2,834,064	2,417,329
Total nonoperating expenses	4,126,651	3,608,057	3,229,056	2,834,064	2,417,329
Total expenses	48,891,357	51,702,404	54,369,000	56,770,383	55,542,893
Capital contributions	19,279,194	23,701,303	18,910,166	31,014,332	14,759,282
Increase in Net Position	$21,376,574	$30,056,047	$24,977,637	$34,247,986	$14,179,900
Net Position at Year-End					
Net Investment in capital assets	$240,083,059	$259,361,293	$280,057,920	$310,515,372	$354,630,181
Restricted	36,564,162	42,831,382	53,606,914	50,911,600	29,015,626
Unrestricted	50,064,661	54,575,254	48,080,732	54,566,580	46,527,645
Total Net Position	$326,711,882	$356,767,929	$381,745,566	$415,993,552	$430,173,452

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 - 2014
(unaudited)

	2010	2011	2012	2013	2014
Operating revenues					
Landing fees	$9,157,170	$6,134,543	$7,793,050	$7,380,804	$7,440,496
Concession revenue	14,400,176	11,727,995	10,649,435	10,478,433	10,301,098
Parking and ground transportation	8,738,391	8,927,778	8,742,195	8,914,030	8,983,926
Rentals	10,378,966	12,235,790	12,499,901	11,967,776	13,282,322
Reimbursements for services	1,838,355	2,368,283	2,407,854	2,579,738	2,632,002
Other revenue	18,300	42,411	68,099	92,093	34,596
Total operating revenues	44,531,358	41,436,800	42,160,534	41,412,874	42,674,440
Nonoperating revenues					
Interest income	347,571	286,887	210,110	67,781	289,281
Passenger facility charge revenue	7,737,810	7,346,775	6,806,898	6,453,403	6,601,269
Customer facility charge revenue	-	-	-	1,088,981	1,263,517
Insurance proceeds	-	-	-	-	-
Jet fuel tax income	304,912	319,073	304,048	276,338	264,586
Gain on sale of capital assets	9,641	3,226	8,014	32,003	5,631
Gain on sale of easements	-	-	70,637	-	-
Total nonoperating revenues	8,399,934	7,955,961	7,399,707	7,918,506	8,424,284
Total revenues	52,931,292	49,392,761	49,560,241	49,331,380	51,098,724
Operating expense					
Employee wages and benefits	21,148,848	22,421,307	23,094,222	23,255,693	24,301,598
Utilities and communications	3,234,216	2,934,201	2,626,376	2,559,355	2,774,328
Purchase of services	3,218,502	4,176,135	4,019,245	4,588,047	4,770,478
Materials and supplies	1,611,574	1,855,013	1,871,019	1,850,565	1,749,084
Administrative expenses	1,922,140	2,028,418	2,234,156	2,273,581	2,563,199
	31,135,280	33,415,074	33,845,018	34,527,241	36,158,687
Depreciation and amortization	23,624,026	23,521,743	30,253,602	33,189,676	35,816,772
Total operating expenses	54,759,306	56,936,817	64,098,620	67,716,917	71,975,459
Nonoperating expenses					
Loss on debt defeasance	207,881	-	-	-	-
Reclamation expenses	-	-	474,912	-	-
Interest expense	2,146,371	1,542,358	1,315,921	1,460,898	1,545,697
Total nonoperating expenses	2,354,252	1,542,358	1,790,833	1,460,898	1,545,697
Total expenses	57,113,558	58,479,175	65,889,453	69,177,815	73,521,156
Capital contributions	24,330,343	35,581,288	10,298,935	14,651,900	12,210,737
Increase in Net Position	$20,148,077	$26,494,874	($6,030,277)	($5,194,535)	($10,211,695)
Net Position at Year-End					
Net Investment in capital assets	$381,032,297	$413,692,789	$415,582,335	$412,444,732	$395,050,506
Restricted	21,539,564	24,195,980	19,148,691	14,720,733	22,897,188
Unrestricted	47,749,668	38,927,634	36,055,100	38,426,126	37,432,202
Total Net Position	$450,321,529	$476,816,403	$470,786,126	$465,591,591	$455,379,896

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2005 - 2014
(unaudited)

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

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2005- 2014
(unaudited)

	2010	2011	2012	2013	2014
Operating Revenues	$44,531,358	$41,436,800	$42,160,534	$41,412,874	$42,674,440
Operating Expenses	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)
Operating Income before Depreciation and Amortization	13,396,078	8,021,726	8,315,516	6,885,633	6,515,753
Depreciation and Amortization	(23,624,026)	(23,521,743)	(30,253,602)	(33,189,676)	(35,816,772)
Operating Income (Loss)	(10,227,948)	(15,500,017)	(21,938,086)	(26,304,043)	(29,301,019)
Nonoperating Revenues and (Expenses):					
Interest Income	347,571	286,887	210,110	67,781	289,281
PFC Revenue	7,737,810	7,346,775	6,806,898	6,453,403	6,601,269
CFC Revenue	-	-	-	1,088,981	1,263,517
Insurance Proceeds	-	-	-	-	-
Jet Fuel Tax Revenue (Expense)	304,912	319,073	304,048	276,338	264,586
Interest Expense	(2,146,371)	(1,542,358)	(1,315,921)	(1,460,898)	(1,545,697)
Gain (Loss) on Sale of Capital Assets	9,641	3,226	8,014	32,003	5,631
Gain (Loss) on Sale of Easements	-	-	70,637	-	-
Reclamation Expenses	-	-	(474,912)	-	-
Gain (Loss) on Debt Defeasance	(207,881)	-	-	-	-
	6,045,682	6,413,603	5,608,874	6,457,608	6,878,587
Income (Loss) Before Capital Contributions	($4,182,266)	($9,086,414)	($16,329,212)	($19,846,435)	($22,422,432)

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2005-2014
(unaudited)

	2005	2006	2007	2008	2009
Airlines - Landing Fees Only					
Alaska/Horizon	$ 290,641	$ 245,852	$ 206,913	$ 486,348	$ 530,531
Allegiant	-	-	-	107,828	109,586
American Airlines	828,472	914,863	716,350	886,944	475,216
Delta	-	-	-	237,722	138,633
Fed Ex	275,375	413,968	375,597	482,404	472,658
Sky West	296,989	289,214	199,614	268,331	302,178
Southwest	2,186,532	2,986,471	2,696,100	3,479,612	3,574,278
United	311,269	382,391	443,457	564,843	624,754
UPS	157,832	226,810	268,967	324,172	330,133
US Airways	-	-	-	-	288,960
Total:	$ 4,347,110	$ 5,459,569	$ 4,906,998	$ 6,838,204	$ 6,846,927
Rental Cars - Concession Leases Only					
Advantage	$ 222,934	$ 258,574	$ 251,533	$ 331,069	$ 121,870
Avis/Budget	1,541,188	1,772,904	1,811,918	1,822,000	1,268,385
Alamo/ National	934,212	1,085,510	1,139,785	1,196,774	876,612
Dollar/Thrifty	1,117,899	1,206,992	1,250,000	1,300,000	820,997
Enterprise	298,869	750,534	1,020,726	1,330,346	619,832
Payless	-	-	-	-	-
Hertz	1,598,244	1,741,128	1,827,419	1,791,561	1,364,751
Total:	$ 5,713,346	$ 6,815,642	$ 7,301,381	$ 7,771,750	$ 5,072,447
Other Concession Leases					
IGT	$ 3,085,604	$ 3,425,940	$ 3,699,474	$ 3,491,388	$ 1,407,513
Paradise Gift Shops	983,306	891,177	1,118,410	1,156,652	887,355
SSP America, Inc.	1,030,095	1,019,313	972,536	952,053	748,384
Younger Agency Advertising	630,574	866,313	998,691	1,019,036	945,315
Forever Heather	-	-	-	-	-
Total:	$ 5,729,579	$ 6,202,743	$ 6,789,111	$ 6,619,129	$ 3,988,567
Parking and Ground Transportation	$ 9,082,135	$ 10,253,964	$ 10,136,245	$ 10,285,079	$ 9,102,015
Total:	$ 24,872,170	$ 28,731,918	$ 29,133,735	$ 31,514,162	$ 25,009,956

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2005-2014
(unaudited)

	2010	2011	2012	2013	2014
Airlines - Landing Fees Only					
Alaska/Horizon	$ 464,362	$ 234,561	$ 19,049	$ 290,576	$ 341,556
Allegiant	94,825	20,811	12,220	20,209	67,867
American Airlines	567,034	418,736	499,548	533,388	592,839
Delta	388,775	297,922	522,361	416,790	406,794
Fed Ex	588,786	420,983	578,381	585,585	782,244
Sky West	520,360	12,477	-	-	-
Southwest	4,614,487	2,637,384	3,442,903	3,068,489	2,751,016
United	710,570	599,606	667,687	613,229	657,735
UPS	417,670	243,003	354,818	440,067	451,188
US Airways	627,073	399,961	472,953	475,990	542,374
Total:	$ 8,993,942	$ 5,285,444	$ 6,569,920	$ 6,444,323	$ 6,593,613
Rental Cars - Concession Leases Only					
Advantage	$ 175,662	$ 197,109	$ 205,928	$ 252,957	$ 229,167
Avis/Budget	1,254,954	1,406,645	1,462,576	1,518,405	1,493,707
Alamo/ National	930,385	1,039,715	986,217	923,862	1,026,907
Dollar/Thrifty	822,933	845,807	830,192	881,351	840,070
Enterprise	786,176	996,820	950,649	929,817	879,344
Payless	-	-	-	-	20,833
Hertz	1,447,168	1,512,460	1,393,391	1,455,966	1,421,777
Total:	$ 5,417,278	$ 5,998,556	$ 5,828,953	$ 5,962,358	$ 5,911,805
Other Concession Leases					
IGT	$ 2,234,661	$ 2,256,664	$ 1,790,472	$ 1,697,814	$ 1,322,752
Paradise Gift Shops	916,445	923,381	714,600	705,250	901,000
SSP America, Inc.	783,755	871,916	823,646	835,653	929,240
Younger Agency Advertising	828,219	845,357	825,559	757,754	670,850
Forever Heather	-	26,851	44,686	41,865	65,531
Total:	$ 4,763,080	$ 4,924,169	$ 4,198,963	$ 4,038,336	$ 3,889,373
Parking and Ground Transportation	$ 8,738,391	$ 8,927,778	$ 8,742,195	$ 8,914,030	$ 8,983,926
Total:	$ 27,912,691	$ 25,135,947	$ 25,340,031	$ 25,359,047	$ 25,378,717

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2005-2014
(unaudited)

	2005	2006	2007	2008	2009
Landing fees	$ 5,801,560	$ 7,545,675	$ 7,142,393	$ 8,503,502	$ 8,020,650
Concession revenue	12,618,012	14,385,592	15,095,247	15,610,371	14,267,318
Parking and ground transportation	9,082,135	10,253,964	10,136,245	10,285,079	9,102,015
Rentals	11,102,359	11,352,662	12,225,827	12,100,223	12,172,296
Interest Income	1,370,190	1,723,481	3,382,557	2,440,071	1,814,681
Total	$ 39,974,256	$ 45,261,374	$ 47,982,269	$ 48,939,246	$ 45,376,960

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2005-2014
(unaudited)

	2010	2011	2012	2013	2014
Landing fees	$ 9,157,170	$ 6,134,543	$ 7,793,050	$ 7,380,804	$ 7,440,496
Concession revenue	14,400,176	11,727,995	10,649,435	10,478,433	10,301,098
Parking and ground transportation	8,738,391	8,927,778	8,742,195	8,914,030	8,983,926
Rentals	10,378,966	12,235,790	12,499,901	11,967,776	13,282,322
Interest Income	347,571	286,887	210,110	67,781	289,281
Total	$ 43,022,274	$ 39,312,993	$ 39,894,691	$ 38,808,824	$ 40,297,123

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 2005-2014
(unaudited)

	Landing Fee (a)		RON (Ramp Over Night) (a)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2014	$ 2.80	$ 2.78	$ 55.00 (b)	$ 55.00 (b)	$ 53.24	$ 7.31
2013	2.64	2.81	0.37	0.62	45.42	6.38
2012	2.59	2.83	0.38	0.71	48.93	6.81
2011	1.83	1.89	0.29	0.47	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

(a) Assessed per thousand pounds of FAA maximum certificated landed weight
(b) For fiscal year 2014, the Ramp Over Night fee changed to a flat fee amount per occurance.

Non-Signatory and 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, 2005-2014
(unaudited)

YEAR	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Pledged Revenues (1)	$44,371,827	$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
Transfers- LOI Bond	-	-	-	-	650,117	644,911	641,856	639,373	649,427	647,661
G/L on Sale of Assets	(5,631)	-	-	-	-	-	-	-	-	-
Airline Revenue Sharing	1,213,722	1,587,800	1,926,162	3,594,787	1,516,737	1,892,768	1,867,149	2,111,696	1,537,929	1,653,595
35% Gaming Revenue	(462,963)	(550,386)	(626,665)	(789,832)	(780,474)	(946,661)	(1,221,986)	(1,294,816)	(1,199,079)	(1,079,961)
Direct Operating Expense (2)	(36,158,687)	(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)
Net Pledged Revenue (Available for Debt and Obligation Payments)	8,958,268	9,536,938	10,223,347	11,411,483	15,337,630	16,423,723	18,289,324	19,074,281	17,273,188	13,962,600
Debt Service (Senior Lien Debt Service)	2,516,500	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
Debt Service Coverage Ratio - Senior Lien Debt Service	3.56	3.78	4.06	1.66	1.36	1.53	1.70	1.77	1.79	1.72
Net Pledged Revenue (Available for Subordinate Notes)	6,441,768	7,013,038	7,702,197	-	-	-	-	-	-	-
Pledged PFC Revenue	2,079,176	1,491,202	1,383,833	-	-	-	-	-	-	-
Pledged Revenue (Available for Subordinate Notes)	8,520,944	8,504,240	9,086,030	-	-	-	-	-	-	-
Debt Service (Subordinate Lien Debt Service)	4,150,028	2,777,586	2,781,875	-	-	-	-	-	-	-
Debt Service - Coverage Ratio - Subordinate Lien Debt Service	2.05	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, 2005 - 2014
(unaudited)

	2005	2006	2007	2008	2009
Operating Revenues	$39,090,139	$44,392,984	$45,596,697	$47,143,034	$44,602,748
Trust Fund Investment Interest Income	728,223	1,220,400	2,475,203	1,794,812	1,450,653
Gross Pledged Revenues	39,818,362	45,613,384	48,071,900	48,937,846	46,053,401
Transfers - General Purpose Fund for LOI Bond Debt Service	647,661	649,427	639,373	641,856	644,911
Operating Expenses	(27,077,027)	(29,328,473)	(30,453,872)	(31,935,541)	(31,220,696)
G/L on Sale of Capital Assets	-	-	-	-	-
Airline Revenue Share Prior Year	1,653,595	1,537,929	2,111,696	1,867,149	1,892,768
35% of Gaming Revenues	(1,079,961)	(1,199,079)	(1,294,816)	(1,221,986)	(946,661)
Net Pledged Revenues - Senior Lien Bonds	$13,962,630	$17,273,188	$19,074,281	$18,289,324	$16,423,723
125% of Senior Lien Revenue Bond Debt Service	$10,145,266	$12,039,713	$13,456,835	$13,463,095	$13,460,781
Senior Lien Debt Service	$8,116,213	$9,631,770	$10,765,468	$10,770,476	$10,768,625
Net Pledged Revenues - Subordinate Lien Notes	$5,846,417	$7,641,418	$8,308,813	$7,518,848	$5,655,098
Pledged Passenger Facility Charges	-	-	-	-	-
Pledged Revenues - Subordinate Lien Notes	$5,846,417	$7,641,418	$8,308,813	$7,518,848	$5,655,098
110% of Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$ -
Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$ -
Rate Maintenance Minimum Revenues	$10,145,266	$12,039,713	$13,456,835	$13,463,095	$13,460,781

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2005- 2014
(unaudited)

	2010	2011	2012	2013	2014
Operating Revenues	$44,531,358	$41,436,800	$42,160,534	$42,863,935	$44,208,178
Trust Fund Investment Interest Income	555,172	584,802	608,334	162,830	163,649
Gross Pledged Revenues	45,086,530	42,021,602	42,768,868	43,026,765	44,371,827
Transfers - General Purpose Fund for LOI Bond Debt Service	650,117	-	-	-	-
Operating Expenses	(31,135,280)	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)
G/L on Sale of Capital Assets	-	-	-	-	(5,631)
Airline Revenue Share Prior Year	1,516,737	3,594,787	1,926,162	1,587,800	1,213,722
35% of Gaming Revenues	(780,474)	(789,832)	(626,665)	(550,386)	(462,963)
Net Pledged Revenues - Senior Lien Bonds	$15,337,630	$11,411,483	$10,223,347	$9,536,938	$8,958,268
125% of Senior Lien Revenue Bond Debt Service	$14,085,906	$8,617,063	$3,151,438	$3,154,875	$3,145,625
Senior Lien Debt Service	$11,268,725	$6,893,650	$2,521,150	$2,523,900	$2,516,500
Net Pledged Revenues - Subordinate Lien Notes	$4,068,905	$4,517,833	$7,702,197	$7,016,041	$6,441,768
Pledged Passenger Facility Charges	-	-	1,383,833	1,491,202	2,079,176
Pledged Revenues - Subordinate Lien Notes	$4,068,905	$4,517,833	$9,086,030	$8,507,243	$8,520,944
110% of Subordinate Lien Debt Service	$ -	$ -	$3,060,063	$3,055,345	$4,559,531
Subordinate Lien Debt Service	$ -	$ -	$2,781,875	$2,777,586	$4,145,028
Rate Maintenance Minimum Revenues	$14,085,906	$8,617,063	$6,211,501	$6,210,220	$7,705,156

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2005 - 2014
(unaudited)

	2005	2006	2007	2008	2009
Outstanding Debt					
Revenue bonds	$77,975,000	$74,320,000	$68,175,000	$60,810,000	$53,045,000
Unamortized discount	(790,951)	-	-	-	-
Unamortized premium	2,131,354	3,224,509	2,751,672	2,278,837	1,806,117
Notes payable	-	-	-	-	-
Total outstanding debt	$79,315,403	$77,544,509	$70,926,672	$63,088,837	$52,533,163
Outstanding debt per enplaned passenger	$31	$30	$29	$26	$26
Debt Service					
Principal	$2,375,000	$3,970,000	$6,145,000	$7,365,000	$7,765,000
Interest	4,247,348	4,146,213	3,486,770	3,400,468	3,005,476
Total debt service	$6,622,348	$8,116,213	$9,631,770	$10,765,468	$10,770,476
Ratio of debt service to total expenses	13.55%	15.70%	17.72%	18.96%	19.39%

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, 2005 - 2014
(unaudited)

	2010	2011	2012	2013	2014
Outstanding Debt					
Revenue bonds	$40,700,000	$31,620,000	$26,270,000	$25,025,000	$23,715,000
Unamortized discount	-	-	-	-	-
Unamortized premium	1,327,738	1,118,564	1,043,993	969,422	894,851
Notes payable	-	15,000,000	15,000,000	18,015,000	15,615,000
Total outstanding debt	$42,027,738	$47,738,564	$42,313,993	$42,522,998	$40,224,851
Outstanding debt per enplaned passenger	$22	$25	$24	$24	$23
Debt Service					
Principal	$8,180,000	$9,080,000	$5,350,000	$3,710,000	$5,125,000
Interest	2,588,625	2,188,725	1,543,650	1,591,486	1,541,528
Total debt service	$10,768,625	$11,268,725	$6,893,650	$5,301,486	$6,666,528
Ratio of debt service to total expenses	18.92%	19.27%	10.46%	7.66%	9.64%

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2003-2013
(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nevada										
County										
Churchill	24,289	24,556	25,036	24,891	24,896	24,897	24,877	24,637	24,375	24,063
Douglas	45,933	47,017	45,909	45,406	45,180	45,464	46,997	46,886	46,996	47,118
Humboldt	16,863	17,129	17,446	17,523	17,763	18,260	16,528	16,735	17,048	17,363
Lyon	43,336	47,515	51,231	52,479	53,022	52,641	51,980	51,871	51,327	51,557
Pershing	6,396	6,360	6,414	6,376	6,291	6,286	6,753	6,734	6,749	6,877
Storey	3,731	4,074	4,132	4,193	4,341	4,441	4,010	3,896	3,935	3,942
Washoe	380,612	389,872	396,428	406,079	410,443	414,820	421,407	425,710	429,908	433,731
Carson City	55,926	56,062	55,289	54,939	54,867	55,176	55,274	55,439	54,838	54,080
Subtotal	577,086	592,585	601,885	611,886	616,803	621,985	627,826	631,908	635,176	638,731
California										
County										
Alpine	1,197	1,159	1,180	1,145	1,061	1,041	1,175	1,102	1,129	1,159
El Dorado	172,723	176,841	178,066	175,689	176,075	178,447	181,058	180,938	180,561	181,737
Lassen	34,606	34,751	34,715	35,031	34,574	34,473	34,895	34,200	33,658	32,163
Mono	12,687	12,509	12,754	12,801	12,774	12,927	14,202	14,309	14,348	14,074
Nevada	97,447	98,394	98,764	97,027	97,118	97,751	98,764	98,612	98,292	98,200
Placer	306,305	317,028	326,242	332,920	341,945	348,552	348,432	357,138	361,682	367,309
Plumas	21,328	21,477	21,263	20,615	20,275	20,122	20,007	19,765	19,399	18,859
Sierra	3,486	3,434	3,455	3,328	3,263	3,174	3,240	3,113	3,086	3,047
Subtotal	649,779	665,593	676,439	678,556	687,085	696,487	701,773	709,177	712,155	716,548
Total	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	1,355,279
Percentage increase	2.82%	2.55%	1.60%	0.95%	1.04%	1.12%	0.84%	0.86%	0.47%	0.59%
Unemployment rate Washoe County	4.2%	3.9%	4.0%	4.4%	11.8%	13.6%	13.0%	11.9%	11.9%	7.3%

Source: U.S. Department of Commerce, Bureau of the Census and Economagic.com.
Nevada Department of Employment, Training, and Rehabilitation

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
FOR THE CALENDAR YEARS ENDED 2014 AND 2005
(unaudited)

	Calendar year 2014		Calendar year 2005	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	8,500-8,999	1	8,000-8,499
University of Nevada-Reno	2	4,000-4,499	2	4,500-4,999
Renown Regional Medical Center	3	2,500-2,999		
Washoe County	4	2,000-2,499	3	2,500-2,999
Peppermill Hotel Casino-Reno	5	2,000-2,499	8	1,500-1,999
International Game Technology	6	1,500-1,999	4	2,500-2,999
Silver Legacy Resort Casino	7	1,500-1,999	6	2,000-2,499
Atlantis Casino Resort	8	1,500-1,999	9	1,500-1,999
Grand Sierra Resort & Casino	9	1,500-1,999		
St. Mary's Hospital	10	1,000-1,499	3	2,500-2,999
Eldorado Hotel & Casino	11	1,000-1,499		
City of Reno	12	1,000-1,499	7	1,500-1,999
Sierra Nevada HealthCare	13	1,000-1,499		
Circus Circus	14	1,000-1,499		
Truckee Meadows Community College	15	1,000-1,499		
Washoe Medical Center			5	2,000-2,499
Reno Hilton			10	1,500-1,999

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, 2005-2014
(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
2014	9.0	52.0	68.0	42.0	15.0	20.0	71.5	268.5
2013	9.0	50.0	69.0	43.0	15.0	20.0	70.5	267.5
2012	9.0	52.0	69.0	43.0	15.0	20.0	68.5	267.5
2011	9.0	53.0	69.0	43.0	15.0	20.0	68.5	268.5
2010	9.0	51.0	69.0	43.0	15.0	20.0	65.5	263.5
2009	9.0	51.0	69.0	43.0	15.0	20.0	68.5	275.5
2008	9.0	51.0	67.0	43.0	15.0	20.0	64.5	269.5
2007	9.0	51.0	68.0	38.0	16.0	20.0	59.5	261.5
2006	9.0	51.0	68.0	38.0	15.0	20.0	59.0	260.0
2005	9.0	48.5	66.0	38.0	15.0	19.0	57.5	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, 2005 - 2014
(unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2014	1,658,187	-5.6%	2,388,387	-5.3%	34,687	-5.7%
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%

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2005 - 2014

(unaudited)

Scheduled Airline	2005 Enplanements	2005 Share	2005 Percent Change	2006 Enplanements	2006 Share	2006 Percent Change	2007 Enplanements	2007 Share	2007 Percent Change
Alaska / Horizon Air	200,849	8%	10%	202,327	8%	1%	218,752	9%	8%
Allegiant Air	28,731	1%	-1%	32,307	1%	12%	1,194	0%	-96%
Aloha Airlines	43,378	2%	35%	31,502	1%	-27%	26,639	1%	-15%
American	250,509	10%	5%	240,675	9%	-4%	202,654	8%	-16%
Atlantic Southeast	23,149	1%	n.a	26,254	1%	13%	15,481	1%	-41%
Continental	66,663	3%	-14%	59,379	2%	-11%	71,216	3%	20%
Delta	34,165	1%	n.a	67,838	3%	99%	105,718	4%	56%
Frontier	31,441	1%	-43%	39,036	2%	24%	33,280	1%	-15%
Mesa	3,674	0%	n.a	38,238	1%	941%	41,512	2%	9%
Northwest	82,998	3%	-9%	35,758	1%	-57%	-	0%	-100%
Skywest	188,436	7%	3%	151,168	6%	-20%	117,820	5%	-22%
Southwest	1,182,838	46%	2%	1,251,809	49%	6%	1,222,526	49%	-2%
United	182,893	7%	-11%	185,751	7%	2%	238,640	10%	28%
US Airways (America West)	228,743	9%	11%	202,610	8%	-11%	183,965	7%	-9%
Other	1,806	0%	322%	12,894	1%	614%	2,771	0%	-79%
	2,550,273	100%	4%	2,577,546	100%	1%	2,482,168	100%	-4%

Rounding errors may occur.

2008			2009			2010			2011		
Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
218,090	9%	0%	177,743	9%	-19%	141,403	7%	-20%	118,207	6%	-16%
12,748	1%	968%	36,148	2%	184%	13,948	1%	-61%	5,230	0%	-63%
22,091	1%	-17%	-	0%	-100%	-	0%	n.a	-	0%	n.a
191,839	8%	-5%	173,989	9%	-9%	163,971	9%	-6%	201,748	11%	23%
-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
70,108	3%	-2%	15,046	1%	-79%	-	0%	-100%	15,584	1%	n.a
100,467	4%	-5%	50,249	3%	-50%	93,341	5%	86%	137,094	7%	47%
7,759	0%	-77%	-	0%	-100%	253	0%	n.a	381	0%	51%
43,503	2%	5%	-	0%	-100%	7,197	0%	n.a	38	0%	-99%
-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
111,688	5%	-5%	120,743	6%	8%	139,577	7%	16%	-	0%	-100%
1,177,434	49%	-4%	1,052,348	54%	-11%	1,022,318	54%	-3%	1,032,811	54%	1%
220,543	9%	-8%	208,228	11%	-6%	161,396	9%	-22%	248,322	13%	54%
155,643	7%	-15%	95,466	5%	-39%	140,501	7%	47%	141,980	7%	1%
59,601	2%	2051%	15,888	1%	-73%	2,772	0%	-83%	455	0%	-84%
2,391,514	100%	-4%	1,945,848	100%	-19%	1,886,677	100%	-3%	1,901,850	100%	1%

Continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2005 - 2014

(unaudited)

	2012			2013			2014		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	78,491	4%	-34%	113,819	6%	45%	124,581	8%	9%
Allegiant Air	1,988	0%	-62%	7,590	0%	282%	21,578	1%	184%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	185,797	10%	-8%	201,472	11%	8%	208,919	13%	4%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	17,727	1%	14%	-	0%	-100%	-	0%	n.a
Delta	165,462	9%	21%	133,014	8%	-20%	126,904	8%	-5%
Frontier	-	0%	-100%	271	0%	n.a	-	0%	-100%
Mesa	-	0%	-100%	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	967,792	54%	-6%	945,143	54%	-2%	815,160	49%	-14%
United	220,653	12%	-11%	210,530	12%	-5%	214,531	13%	2%
US Airways (America West)	141,880	8%	0%	143,559	8%	1%	144,760	9%	1%
Other	1,022	0%	125%	1,073	0%	5%	1,754	0%	63%
	1,780,812	100%	-6%	1,756,471	100%	-1%	1,658,187	100%	-6%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2005 - 2014
(unaudited)

	2005			2006			2007		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	255,320	7%	-6%	235,246	6%	-8%	252,897	7%	8%
Allegiant Air	42,323	1%	9%	41,573	1%	-2%	44,782	1%	8%
Aloha Airlines	73,125	2%	56%	47,802	1%	-35%	47,028	1%	-2%
American	318,810	8%	7%	270,454	7%	-15%	234,199	6%	-13%
Atlantic Southeast	31,021	1%	n.a	33,031	1%	6%	19,329	1%	-41%
Continental	79,589	2%	-13%	63,076	2%	-21%	79,075	2%	25%
Delta	44,142	1%	n.a	81,464	2%	85%	125,790	3%	54%
Frontier	49,713	1%	-43%	54,646	1%	10%	47,964	1%	-12%
Mesa	8,748	0%	n.a	43,610	1%	399%	48,490	1%	11%
Northwest	93,582	2%	-10%	41,726	1%	-55%	-	0%	-100%
Skywest	230,224	6%	7%	167,176	4%	-27%	131,325	3%	-21%
Southwest	1,694,986	44%	1%	1,726,284	46%	2%	1,773,750	46%	3%
United	241,294	6%	-8%	221,035	6%	-8%	291,748	8%	32%
US Airways (America West)	323,416	8%	7%	258,369	7%	-20%	237,084	6%	-8%
Airborne Express	26,010	1%	0%	25,990	1%	0%	60,472	2%	133%
Federal Express	213,469	6%	2%	239,288	6%	12%	247,103	6%	3%
United Parcel Service	122,350	3%	5%	131,104	4%	7%	176,952	5%	35%
Other	29,802	1%	5%	42,659	1%	43%	23,543	1%	-45%
	3,877,924	100%	3%	3,724,533	100%	-4%	3,841,531	100%	3%

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, 2005 - 2014
(unaudited)

	2008			2009			2010		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	240,766	6%	-5%	184,624	6%	-23%	142,752	5%	-23%
Allegiant Air	60,634	2%	35%	48,064	2%	-21%	30,692	1%	-36%
Aloha Airlines	35,271	1%	-25%	-	0%	-100%	-	0%	n.a
American	224,056	6%	-4%	208,428	7%	-7%	173,591	6%	-17%
Atlantic Southeast	-	0%	-100%	-	0%	n.a	-	0%	n.a
Continental	77,562	2%	-2%	17,374	1%	-78%	-	0%	-100%
Delta	117,684	3%	-6%	60,804	2%	-48%	103,373	4%	70%
Frontier	8,978	0%	-81%	-	0%	-100%	537	0%	n.a
Mesa	46,188	1%	-5%	50,673	2%	10%	7,497	0%	-85%
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	132,837	4%	1%	132,534	4%	0%	158,717	6%	20%
Southwest	1,722,580	46%	-3%	1,567,666	51%	-9%	1,408,964	51%	-10%
United	279,625	7%	-4%	274,015	9%	-2%	218,469	8%	-20%
US Airways (America West)	215,025	6%	-9%	126,737	4%	-41%	191,455	7%	51%
Airborne Express	71,094	2%	18%	35,632	1%	-50%	-	0%	-100%
Federal Express	238,814	6%	-3%	207,306	7%	-13%	180,343	7%	-13%
United Parcel Service	160,481	4%	-9%	144,795	5%	-10%	127,978	5%	-12%
Other	104,578	3%	344%	39,277	1%	-62%	18,302	1%	-53%
	3,736,173	100%	-3%	3,097,929	100%	-17%	2,762,670	100%	-11%

2011			2012			2013			2014		
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
125,780	4%	-12%	75,706	3%	-40%	112,694	4%	49%	122,862	5%	9%
10,618	0%	-65%	-	0%	-100%	7,650	0%	n.a	24,413	1%	219%
-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
225,413	8%	30%	195,901	7%	-13%	206,613	8%	5%	213,251	9%	3%
-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
19,674	1%	n.a	24,587	1%	25%	-	0%	-100%	-	0%	n.a
161,192	6%	56%	204,847	8%	27%	161,684	6%	-21%	146,329	6%	-9%
807	0%	50%	-	0%	-100%	-	0%	n.a	-	0%	n.a
221	0%	-97%	-	0%	-100%	-	0%	n.a	-	0%	n.a
-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
6,207	0%	-96%	-	0%	-100%	-	0%	n.a	-	0%	n.a
1,424,216	49%	1%	1,350,158	51%	-5%	1,190,140	47%	-12%	989,574	41%	-17%
322,040	11%	47%	261,838	10%	-19%	237,421	9%	-9%	236,595	10%	0%
216,418	7%	13%	185,472	7%	-14%	184,243	7%	-1%	195,099	8%	6%
-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
228,274	8%	27%	226,816	8%	-1%	226,398	9%	0%	281,383	12%	24%
131,984	5%	3%	139,144	5%	5%	170,193	7%	22%	162,298	7%	-5%
23,755	1%	30%	8,445	0%	-64%	25,768	1%	205%	16,584	1%	-36%
2,896,599	100%	5%	2,672,914	100%	-8%	2,522,804	100%	-6%	2,388,387	100%	-5%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2014
(unaudited)

Reno-Tahoe International Airport

Location:	2001 East Plumb Lane	
	4 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:	11 miles northwest of Downtown 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, 2005 - 2014
(unaudited)

	2014	2013	2012	2011	2010 (a)	2009	2008	2007	2006	2005
Terminal Space - square feet										
Airlines	175,221	175,221	160,622	160,622	160,622	154,875	154,875	154,875	154,875	154,875
Ground Transportation	2,883	2,883	3,103	3,103	3,103	3,103	3,103	3,103	3,103	3,326
Concession Space	37,167	37,167	34,952	34,952	34,952	18,825	18,825	18,825	18,825	18,602
Public Areas	197,723	197,723	194,406	194,406	194,406	157,081	157,081	157,081	157,081	157,081
RTAA	45,309	45,309	45,795	45,795	45,795	36,271	36,271	36,271	36,271	36,271
Unfinished Areas	-	-	-	-	-	5,426	5,426	5,426	5,426	5,426
	458,303	458,303	438,878	438,878	438,878	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	1,532	1,565	1,565	1,565	1,565
	3,632	3,632	3,632	3,632	3,632	3,632	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 2010 reflects the building expansion associated with the Integrated Explosive Detections System (ABC Project) and remeasurement of concession, public areas, and RTAA dedicated space.

Compliance Section

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*

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 26, 2014.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 26, 2014

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

Report on Compliance for Each Major Federal Program

We have audited the 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 a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority 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 for the year ended June 30, 2014.

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 26, 2014

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

DATE	DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED July 1, 2013 to June 30,2014	REIMBURSEMENTS RECEIVED Cumulative Thru June 30, 2014	REIMBURSEABLE EXPENSES July 1, 2013 to June 30,2014	REIMBURSEABLE EXPENSES Cumulative Thru June 30, 2014
	United States Department of Transportation **Federal Aviation Administration** **Airport Improvement Program**								
	Property Acquisition and Relocation Assistance and Sound Insulation								
03/31/10	Noise Compatibility	93.75%	20.106	3-32-0017-88	6,000,000	981,373	5,197,877	969,328	5,197,877
09/07/11	Noise Compatibility	93.75%	20.106	3-32-0017-91	4,600,831	540,151	1,474,576	594,680	1,556,504
09/05/12	Noise Compatibility	93.75%	20.106	3-32-0017-95	7,000,000	1,104,794	1,995,015	901,559	1,996,636
	Construction								
03/15/10	Rehabilitate Terminal Apron	93.75%	20.106	3-32-0017-87	5,838,585	48,546	4,385,008	23,015	4,385,008
06/20/12	Terminal Apron Reconstruction	93.75%	20.106	3-32-0017-93	3,530,625	1,386,063	3,288,444	1,204,710	3,288,444
07/23/12	Taxiway Rehabilitation	93.75%	20.106	3-32-0017-94	3,135,863	1,325,490	3,131,463	683,418	3,131,463
09/19/13	Terminal Apron Rehabilitation	93.75%	20.106	3-32-0017-97	3,368,299	1,859,277	1,859,277	2,907,607	2,907,607
09/23/13	Runway 16L-34R Touchdown Areas Rehabilitation	93.75%	20.106	3-32-0017-98	5,756,250	2,082,431	2,082,431	3,712,034	3,712,034
09/13/11	Construct Terminal Building - Design	95.00%	20.106	3-32-0018-30	350,000	41,030	350,000	29,666	350,000
08/08/13	Rehabilitation taxiway, design (Taxiway C, Phase 1)	93.75%	20.106	3-32-0018-32	337,500	6,475	6,475	165,053	165,053
	Equipment								
09/29/13	Snow Equipment	93.75%	20.106	3-32-0018-31	169,935	169,631	169,631	169,631	169,631
					40,087,888	9,545,261	23,940,197	11,360,701	26,860,258
	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	846,196	202,967	820,278	181,500	845,696
12/13/12	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-13-H-SLR127	372,300	123,325	196,965	123,755	218,825
06/26/12	Checkpoint Test Bed Screening Project	Fixed	97 Unknown (1)	HSTS04-12-H-CT2051	1,500,000	68,066	1,500,000	-	1,500,000
					2,718,496	394,358	2,517,243	305,255	2,564,521
					$ 42,806,384	$ 9,939,619	$ 26,457,440	11,665,956	$ 29,424,779

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

See accompanying notes to schedule of expenditures of federal awards.

1. Basis of Presentation:

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

2. Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

3. Special Tests and Provisions:

Special tests and provisions for the Airport Improvement Program (AIP) include review of the Authority's policy for using airport revenue to determine whether all airport revenue is accounted for and used for the capital or operating costs of the airport.

(Continued)

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes	X None Reported
Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	U.S. Department of Transportation: Federal Aviation Administration: Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 349,979

Auditee qualified as low-risk auditee? X Yes ______ No

SECTION 2 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

There were no findings for the year ended June 30, 2014.

SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133 SECTION 510(a).

There were no findings for the year ended June 30, 2014.

SECTION 4 – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding 2013-001 Airport Improvement Program:

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

Status: The Authority enhanced the procedures over the reporting process to ensure all amounts included in the FAA Form 5100-127 are presented in accordance with program requirements.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE (PFC) PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

Report on Compliance of Passenger Facility Charges

We have audited the Reno-Tahoe Airport Authority's (the "Authority") compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration ("Guide"), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2014.

Management's Responsibility

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, and regulations, applicable to the passenger facility charge program. Management of the Authority is also responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance 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; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

Opinion on Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2014.

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 requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 26, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 26, 2014

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
Year ended June 30, 2014

Balance July 1, 2013	$	1,655,449
Collection of Passenger Facility Charges, July 1, 2013		
through June 30, 2014		6,592,255
Interest earnings		8,435
Proceeds expended for Passenger Facility Charge Projects		
July 1, 2013 through June 30, 2014		(2,385,917)
Balance June 30, 2014	$	5,870,222

Summary of Auditor's Results

We have issued an unmodified opinion, dated November 26, 2014 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2014.

Our audit disclosed no material weaknesses or significant deficiencies that are considered to be material weaknesses in relation to internal control over financial reporting or internal control over the passenger facility charge program.

Our audit disclosed no instances of non-compliance which are material to the Reno-Tahoe Airport Authority's financial statements.

We have issued an unmodified opinion, dated November 26, 2014 on the Reno-Tahoe Airport Authority's compliance for the passenger facility charge program.

Our audit disclosed no findings required to be reported under the provisions of the Passenger Facility Charge Audit Guide for Public Agencies.

Findings Relating to the Financial Statements

Our audit disclosed no findings which are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.

Findings and Questioned Costs for the Passenger Facility Charge Program

Our audit disclosed no findings or questioned costs for passenger facility charge program as defined by the Passenger Facility Charge Audit Guide for Public Agencies.

Finding 2013-002:

Condition: As part of the testing over allowable project costs, a sample of transactions was tested for conformance with the criteria contained in the Record of Decision. For one transaction selected, it was 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.

Status: 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.

Reno-Tahoe Airport Authority

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