Reno-Tahoe
Airport Authority
Reno, NV

Comprehensive Annual Financial Report

For the years ended June 30, 2016 and 2015

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2016 and 2015

Prepared by
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November 30, 2016

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, 2015 through June 30, 2016. 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, 2016 are presented in the Management's Discussion and Analysis ("MD&A") found at the beginning of the Financial Section.

This Comprehensive Annual Financial Report has been prepared and organized based on guidelines recommended by the Government Finance Officers Association of the United States and Canada ("GFOA"). The GFOA awards a Certificate of Achievement to those entities whose annual financial reports are judged to conform to the high standards of public financial reporting, including generally accepted accounting principles issued by the Governmental Accounting Standards Board. It is our belief that the accompanying 2016 CAFR meets these program standards and it will be submitted to the GFOA for review.

REPORTING ENTITY

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

The RTAA owns, and operates the Reno-Tahoe International Airport ("RNO") and Reno-Stead Airport ("RTS"). According to the latest available Federal Aviation Administration ("FAA") statistics, RNO is the 67th busiest commercial passenger airport in the nation. RNO 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, the RTAA's airports have an estimated $2 billion annual economic impact on the local economy.

The geographical, or catchment, area served by RNO primarily encompasses the seven northern 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 RNO also includes the Lake Tahoe area and several communities in northeastern California.

RNO is located four miles southeast of Reno's central business district. RTS is located 11 miles northwest of the central business district. Carson City, the capital of Nevada, is 30 miles south of Reno. Elected officials and state employees use RNO 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 ("RSCVA"). The Board members' terms are staggered to ensure the continued presence of experienced members.

As defined by the FAA, RNO is a small hub airport, which served 3.563 million passengers in FY 2015-16. RNO is home to the following passenger air carriers: Alaska, Allegiant, American, Delta, JetBlue, Southwest, United, and Volaris. RNO saw year-over-year growth during the fiscal year of 253,622 passenger, an increase of 7.7% over the same period last year.

During the past year, new or additional non-stop service has been added or announced to Atlanta, Boise, Dallas Love Field, Long Beach, Los Angeles, New York City, Orange County (John Wayne Airport), Oakland, and a third weekly flight to Guadalajara, Mexico.

RNO 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 and is home to the Tesla Gigafactory.

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. RNO is designed to accommodate all types of cargo aircraft.

Air cargo represented approximately 22% of total RNO landed weight for FY 2015–16, which is a significant factor in lowering overall landing fee costs for all carriers.

Consecutive month-over-month air cargo growth, since early in 2015, is one indicator of the strength in the economy as well as the growing business diversification in Northern Nevada.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook

The U.S. economy performed well in 2015 and the outlook for 2016 is healthy, despite a few concerning trends on the horizon. Most economists are forecasting that the Gross Domestic Product ("GDP") will remain within the 2-3% ideal range and the economy is on track to reach a 5% unemployment rate or full employment.

The U.S. economy is not experiencing inflation or deflation and the significantly lower oil prices in 2014 and 2015 have lowered the cost of transportation and raised airline industry business profit margins. In 2016, businesses will likely remain mostly cautious amid concerns about global growth, fear of recession and election-year uncertainty.

One notable area that also benefited from an improving job market and recent lower retail gasoline prices is consumer spending, a positive sign for air travel. The consumer outlook for 2016 remains positive, driven by job gains, wage growth, and a further decline in gasoline prices. Consumers are concerned about the overall economy, but generally feel better about their own financial situation.

As an offset, slower growth for some of America's important trading partners (China, Europe, and Japan), uncertainty surrounding the exit of the United Kingdom from the European Union ("Brexit"), and a stronger dollar means that international trade and tourism may be negatively impacted.

The rise in the value of the U.S. dollar appears to be having a more significant impact on U.S. exporters, particularly for those exporting to our largest trading partners. The cumulative strength in the dollar and softer global demand will remain significant headwinds in 2016.

The Federal Reserve raised the Fed funds rate to 0.5% in December 2015 and was expected to gradually raise interest rates throughout 2016. With the uncertain economic outlook and the volatility in the financial markets, the Federal Reserve has not increased the Fed funds rate through September 30, 2016. The Fed funds rate controls short-term interest rates, such as banks' prime rate, LIBOR, adjustable-rate and interest-only loans, and credit card rates.

Despite this projected increase, interest rates remain near historic lows and credit-worthy borrowers should continue to have access to inexpensive loans. Low interest rates have historically stimulated investment and enabled consumers to spend more.

The upside of the modestly higher interest rates for the RTAA is the impact on investment earnings derived from our investment portfolio.

Despite financial market volatility, the U.S. economic outlook is not forecasted to change significantly and, despite continued concerns about the rest of the world, the U.S. economy is likely to proceed at a moderate pace.

Regional Economic Outlook

In 2015, Northern Nevada registered a very good year and most experts are forecasting continued economic success in 2016 with growth above the national averages due to exceptional job growth.

According to the Economic Development Authority of Western Nevada ("EDAWN"), 2015 started strong with the Switch announcement outlined below and ended with more than 30 companies, new and expanding, getting recognized by the community for adding more than 3,000 new jobs.

According to a Wall Street Journal article on Northern Nevada dated October 26, 2015, the Reno-Sparks area has attracted either through relocation or expansion approximately 100 companies representing 10,000 jobs since 2011. The article noted that the RTAA service area is positioning itself for future success by diversifying its talent pool and focusing on attracting advanced manufacturing employers. In addition, many self-employed and entrepreneurial Californians are leaving the State for tax reasons.

As the local economy gathers such positive national coverage, the economic data supports an optimistic picture with continued job growth and expansion, lowering unemployment rate, and increasing median home prices.

Using the unemployment rate as an indicator of relative economic performance of the region, the Reno/Sparks area has seen vast improvement over the past several years with the June 2016 unemployment rate at 5.9%, a decrease of 7.4% from the recession peak.

According to the Nevada Department of Employment, Training and Rehabilitation ("DETR"), the Reno-Sparks MSA has registered employment growth of 3.9% in June 2016 as compared to the same period last year and the unemployment rate is below the State average of 6.4%. The U.S. national unemployment rate is 4.9%.

The largest driver of the region's improved economic diversification arrived with Tesla Motor's new $5 billion battery "Gigafactory", under construction 17 miles east of Sparks. The Tesla Motors facility is estimated to generate 6,500 direct on-site jobs and 10,700 indirect jobs in the community for a total of 17,200 jobs.

Over the next five years, EDAWN is estimating over 50,000 new jobs are coming to the Reno/Sparks area, which represents continued growth in the transportation, warehousing, manufacturing and advanced technology sectors.

While it will take several years for the facilities to be built, equipment purchased, and employees hired and trained, the following factors are forecasted to impact the outlook for next year:

- <u>Tesla Motors, Inc.</u> 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 for by a host of states, will provide 6,500 jobs to our region, in addition to some 3,000 construction jobs.

  In cooperation with Panasonic and other strategic partners, the Gigafactory's stated goal is to produce batteries for significantly less cost using economies of scale, innovative manufacturing, reduction of waste, and the benefit of locating most manufacturing processes in one facility.

  With Tesla's mission to accelerate the world's transition to sustainable transportation, the company has a planned production rate of 500,000 relatively inexpensive cars per year with the first delivery in late 2017. At this level of production, Tesla alone will require today's entire worldwide production of lithium ion batteries.

  In addition, Tesla is launching a new product line of large batteries that store energy in homes and even larger batteries that do the same for utilities and businesses. The idea is to pair the new Tesla products with solar panels, either on the rooftops of homes or in large-scale solar farms, which will store excess energy generated during the day so that it can be used at night at no cost.

Northern Nevada was chosen in part because of the location; a direct route to Tesla's car factory in California is available using rail and Interstate 80 and Northern Nevada is home to the only lithium mine in the United States

At the end of 2015, Tesla has made significant progress at the "Gigafactory" with 272 permanent employees shipping battery walls and battery packs from the facility. According to the Governor's Office of Economic Development ("GOED"), construction is at a strong pace with nearly 900 construction workers on site and $375 million invested on the site.

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.

It is no wonder that the Tesla Gigafactory has been called a deal that "changes the world", "a once in a generation opportunity", and was awarded the 2014 Economic Development Deal of the Year Award by Business Facilities Magazine.

In addition, the new factory has created what is called the "Tesla Effect" with a positive shift in changing Reno's national perception for the better and having a game changing impact on the future of our region.

- <u>Technology / Data Center Facilities.</u> The Union Pacific's "Overland Route" with the Interstate 80 (I-80) corridor and railroad 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. is rapidly building out its $1 billion data center, which hosts various online services. Located on 345 acres approximately 11 miles east of Sparks, the company is already close to completion of its third data center cluster with work beginning on a fourth cluster.

  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. This facility will provide services such as the iTunes store, the App Store, and Apple's iCloud data storage and syncing services.

  At the time of Apple's announcement, it was predicted that the economic benefits of Apple's new facility would likely multiply because the company is so well respected that other corporations are likely to give Northern Nevada a closer look.

  This prediction has come true with the announcement of SUPERNAP Data Center by Switch in the Tahoe-Reno Industrial Center. Originally announced as a $1 billion project, Switch now says the Northern Nevada data center will cost $3 billion when fully built out. Once completed, the campus will house seven buildings totaling 6.49 million square feet.

  Unlike Apple, which builds and runs its own data centers, Switch builds data centers and leases space and equipment to its clients, who are responsible for operating and maintaining them. Switch now has more than 1,000 customers, including more than 40 cloud computing companies and a dense concentration of network carriers including eBay, Google, Cisco VMware and Microsoft Xbox One.

The data center will be a critical link in a new fiber loop, which will extend from Los Angeles, Las Vegas, Reno-Sparks and the San Francisco Bay Area. The SUPERNAP facility will allow Switch to expand its Las Vegas footprint and to allow two California metropolitan areas, which are over 500 miles apart, to communicate in milliseconds with both redundancy and scalability. Switch expects the overall project to take five to 10 years, but its first facility should be open by the second quarter of 2016.

In 2015, Northern Nevada also obtained two additional data centers:

1. Managed cloud company Rackspace US, Inc., applied for incentives with the GOED for a $422 million, 150,000-square-foot data center it plans to build at Reno Technology Park.

   San Antonio-based Rackspace is a leading cloud service provider that serves more than 300,000 clients in over 120 countries worldwide. The company provides a range of offerings to clients that include public, private, dedicated and hybrid cloud computing services. Rackspace, which employs more than 6,000 workers, also co-founded the fastest-growing open cloud platform and developer community in the world, OpenStack, together with NASA.

2. eBay will invest $230 million in a new data center located in Storey County at the Tahoe-Reno Industrial Center. The Northern Nevada project is estimated to provide an investment of $341 million into the area, including $230 million in equipment and $111 million in building construction and improvements.

   The auction website, with 159 million active buyers and $2.1 billion in revenue, plans to hire 50 employees by the end of 2016, at an average wage of about $20 an hour.

- 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.

  In the report, the buildable lands inventory showed that within Washoe County there are the following:

  - 1,200 vacant buildable acres on land with industrial zoning, which includes land zoned primarily for industrial uses

  - 1,600 vacant buildable acres on land with mixed use and planned unit development ("PUD") zoning that allows industrial uses, which includes mixed-use and PUD lands

  - 2,400 vacant buildable acres on lands owned by the RTAA (airport lands) that are planned to support industrial uses

  Of these, the 2,800 acres of land zoned for industrial or mixed-use and PUD (shown in the first two bullets above) are generally considered by TMRPA as having the most development potential.

  The RTAA owns 2,396 total acres or 37% of the vacant industrial lands in Washoe County listed above. The lands owned by the RTAA are different than non-airport lands in that they are only available for long-term lease rather than sale, which can impact the choices industrial businesses may make about locating on airport land. However, the Reno-Stead Airport ("RTS") can accommodate growth of businesses that need large sites.

With Reno-Sparks serving as an active distribution hub for the 11 Western states, e-commerce firms (on-line internet shopping), such as Amazon, Petco and Urban Outfitters, have chosen to locate and grow in Northern Nevada.

With available land being in short supply in the future, land at both airports, which is available for long-term commercial lease, is receiving significantly more interest from both local and national development firms.

- <u>Commercial Development - Airport Gateway Center.</u> The RTAA owns approximately 10 acres of land located at the entrance of RNO known as the Gateway Center (corner of Plumb Lane and Terminal Way). Starting in 2009, the site has been solely occupied by a 127 suite, six-story non-gaming Hyatt Place Hotel development.

  On March 21, 2016, JMA Ventures, LLC ("JMA"), a full-service investment and development firm with offices in San Francisco and Lake Tahoe, signed a Letter of Interest outlining terms to develop an Aloft Hotel on the northern portion (3.0 acres) of the Gateway Center with an option to assess market demand and possibly financing Class A office and food and beverage development on the southern portion (4.5 acres) of vacant land.

  The capital investment by JMA is estimated to be $25 million for constructing the hotel improvements.

  Additional information on the new hotel development is included in this section under "Operating Environment – "Land Development – Reno Tahoe International Airport (RNO)".

  With the property being on the market since 2009, the letter of interest reflects the improving economic conditions in the Northern Nevada marketplace and the increase in passenger traffic served by RNO.

- <u>Unmanned Aircraft Systems.</u> The Federal Aviation Administration ("FAA") selected Nevada as one of six test sites for unmanned aircraft systems ("UAS") in December 2013. Historically, unmanned aircraft have been known by many names including: "drones", "remotely piloted vehicles (RPV)", "unmanned aerial vehicles (UAV)", "models", and "radio control (R/C) aircraft."

  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.

  With the Reno-Stead Airport ("RTS") being one of the most accessible non-military ranges in the Nevada test site, staff has been actively promoting RTS through hosting UAS demonstrations and testing, sponsoring conferences, developing industry relations, and enhancing the RTAA's website and other direct marketing materials.

  In addition, the RTAA took a leadership role in support of the Governor's Office of Economic Development's ("GOED") successful 2015 legislative effort to abate a portion of aircraft parts sales and use taxes. This legislation will directly benefit the UAS sectors as well as existing RNO maintenance, repair and operations ("MRO") tenants currently serving both RNO and RTS.

Working within an evolving and ever changing environment, the RTAA continues to work with GOED and the Nevada Institute for Autonomous Systems ("NIAS") on UAS testing at RTS.

On September 22, 2015, the National Aeronautics and Space Administration ("NASA") awarded a one-year grant to each of the six FAA Designated UAS Test Sites. GOED, the official State of Nevada test site operator, was the recipient of this award with the RTS test range and other partners providing operational support.

The grant, also known as Task Order 2, will support the UAS integration in the National Airspace System ("NAS") Project. The objective of NASA's Task Order 2 is to develop a live, virtual environment that will create a source of simulated air traffic to test NASA software.

As a part of the State match requirement of the NASA grant awarded, the State of Nevada provided grant funding to the University of Nevada, Reno ("UNR") designated for building rent and tenant improvements to accommodate the new Nevada Unmanned, Autonomous, and NextGen Collaborative Environment ("NUANCE") laboratory at the RTS Terminal Building.

UNR is leasing 1,572 square feet of space located on the first floor, where they are working closely with Global C2 Integration Technologies (GC2IT) and Flight Research Aerospace (FRA), to operate the NUANCE lab.

As an incentive to locate at RTS, the RTAA funded and constructed Phase 1 of the NUANCE Lab infrastructure on the first floor of the Reno-Stead Airport terminal in early 2016. The NUANCE Lab will maintain a direct connection to NASA's Live Virtual Constructive-Distributed Environment ("LVC-DE") capability enabling cutting-edge research around air traffic control and airspace management.

In addition, NASA awarded funding of $250,000 through a cooperative agreement to GOED with allocations assigned to UNR and the RTAA for operational support services for UAS testing. The RTAA's assigned portion is $139,459 or approximately 56% of award.

- Tourism Update. Tourism in Northern Nevada continues to rebound. The leisure/hospitality sector comprises approximately 18% of the workforce, according to the University of Nevada, Reno's Center of Regional Studies ("CRS"). Reno-Sparks visitor volumes reflected growth in FY 2014-15 with a total of 4.6 million visitors with an estimate by CRS of nine percent (9%) growth for FY 2015-16.

  With the pre-recession peak of 5.1 million visitors within reach, the improving national economy and the growing concern about visiting other parts of the world for vacation should help our region in the near term.

- Gaming Market Update

  With the upswing in the economy, 2015 reflected a renewed interest and investment in gaming properties. Reno's Eldorado Resorts recently acquired MGM Resorts' fifty percent (50%) stake in the Silver Legacy Resort Casino as well as neighboring Circus Circus. Eldorado Resorts now own the three largest hotel-casinos in downtown Reno and has indicated a key priority is to invest in upgrading the Circus Circus property.

In addition, the Nugget Casino Resort in Sparks announced its sale on February 11, 2016 to Marnell Gaming. The company's portfolio includes the Colorado Belle and Edgewater casino resorts, two prominent casino-hotels on the Colorado River in Laughlin, NV.

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 the 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, downtown Reno now offers the Whitney Peak Hotel, a non-gaming, smoke-free property with an indoor bouldering park and the world's tallest outdoor rock-climbing wall. In addition, the former Siena Hotel Spa Casino is scheduled to reopen in 2016 as a non-gaming Renaissance Hotel.

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.

In 2015, the Hard Rock Hotel & Casino in Las Vegas opened a new hotel and casino at Lake Tahoe after a $60 million renovation of the former Horizon Casino Resort at Stateline.

Per Nevada Gaming Control Board revenue reports, large casinos in Washoe County for the FY 2015-16 gained approximately 3.2% as compared to the same period last year. South Lake Tahoe, which is reported separately, reported a decrease of 3.8% for the same period.

- <u>Skiing Market Update</u>

Few ski resort destinations have been hit harder by the four year drought than Lake Tahoe, which is home to one of the largest collection of ski areas in North America. According to the California Ski Industry Association, the number of skier days fell there by 37% to 2.9 million in the 2013-14 season from 4.6 million in the last big snow season of 2010-ll.

With long-range weather forecaster's predictions of an El Niño weather pattern in 2015-16 coming true, it was a great winter season for all Lake Tahoe ski resorts. Many of them opened in time for the Thanksgiving crowd and kept their lifts running for skiing and snowboarding far into April of 2016. At Mt. Rose Ski Tahoe, the ski season lasted over six months making it the longest season in its history and Squaw Valley/Alpine was open through Memorial Day.

Ski resort operators served by RNO say lift ticket sales have increased as much as 50% compared with the last few years, an accomplishment attributed to pent-up demand after the recent dry years.

This increased demand is reflected in significantly higher enplaned passenger traffic at RNO for November, December 2015 and January 2016 of 12.5%, 8.6% and 5.4%, respectively, as compared to the same periods last year.

Lake Tahoe ski resorts have made significant on-going capital improvements in excess of $100 million over the last five seasons, which has greatly enhanced the guest experience. Improvements include upgraded snowmaking systems, new chairlifts, extensive base area renovations, and more than 30,000 square feet of new retail storefronts and restaurants planned over the next few years.

- Bowling Tournament Update

  Between March 5th and July 11th of 2016, the National Bowling Stadium in downtown Reno hosted for the 10th time, the United States Bowling Congress ("USBC") Open Championships. This event marks the 113th edition of the tournament, which brought nearly 8,000 five-player teams or 40,000 bowlers to our region over the 129 day tournament.

  A conservative estimate is that Reno-Sparks area realized an economic impact of between $75 to $100 million based solely on bowlers and not counting additional visitors.

  On January 15, 2015, the U.S. Bowling Congress, the Reno-Sparks Convention & Visitors Authority ("RSCVA") and the City of Reno executed a contract that will keep eight bowling tournaments in town through 2026.

  Per the revised calendar, Reno will next host the Women's Championship in 2018 with the Open Championship returning in 2020.

Air Service Market Update

Passenger Airlines

The 2015 financial results for the 10 publicly traded U.S. airlines (Alaska Airlines, Allegiant Airlines, American Airlines, Delta Air Lines, Hawaiian Airline, JetBlue Airways, Southwest Airlines, Spirit Airlines, United Airlines and Virgin America) reflect significant improvement. These airlines collectively reported pre-tax earnings of $23.2 billion in 2015 as compared to $9.5 billion in 2014, an increase of $13.7 billion or 144%.

The U.S. airline trade industry group, Airlines for America ("A4A"), reported operating revenues in 2015 were flat, as 5.1 percent lower fares offset 4.4 percent traffic growth, while airline operating expenses fell $14 billion or 9.5 percent, as lower fuel costs offset higher employee wages and benefits. According to the A4A, a majority of the savings are being reinvested in new aircraft and capacity, establishing new routes, and upgrading facilities and services such as onboard Wi-Fi and entertainment, ground equipment, IT systems and mobile technology.

In addition, the airline's higher profits allowed for the retirement of $8 billion of debt in 2015, hiring of new employees by more than 10,000 over 2014, and returned $10.5 billion to shareholders through stock buybacks and dividends.

Starting in July 2015, the positive economic winds and cumulative efforts of the community and RTAA were rewarded with RNO registering twelve month-over-month increases in passenger traffic as compared to the prior year.

In FY 2015-16, enplaned passengers were 1,778,611, a 7.4% increase from the passenger traffic levels posted last year for the same period.

Alaska, American, Delta, Southwest and United reported approximately 74,197 more passengers in the current fiscal year than the same period last year. In addition, the full year impact of new service by JetBlue and Volaris has resulted in 47,908 additional passengers in FY 2015-16.

Starting on May 28, 2015, JetBlue Airways introduced the first ever non-stop daily service between Reno and New York City, John F. Kennedy International Airport. Utilizing an Airbus 320 aircraft with 150 seats, JetBlue brings to our community their reputation of dedicated customer service, great ticket prices, and convenient non-stop service to the east coast. New York City has been the most sought after non-stop destination by this community for years and this service provides excellent connections to the Caribbean, Latin America and across the eastern United States.

Additionally, the introduction of service by Volaris Airlines, which began on December 16, 2014, put the “International” back in Reno-Tahoe International with non-stop service between Reno and Guadalajara, Mexico with twice weekly service using an Airbus 320 aircraft with 174 seats. This new service is the first scheduled international air service at RNO since 1999.

Based on strong demand, Volaris also added a third weekly flight between Reno and Guadalajara on November 2, 2015. The airline offers this service on Mondays, Wednesdays and Fridays.

Alaska Airlines began non-stop daily flights between RNO and Boise Airport (“BOI”) on November 5, 2015 and John Wayne Airport, Orange County (“SNA”) on March 16, 2016. Both new routes are served by Horizon Air, Alaska’s sister carrier, with a 76-seat Bombardier Q400 aircraft. The Boise route also offers great connectivity into another popular market, Spokane, Washington, with only a half hour connect time.

Looking forward into the new FY 2016-17, the following new service announcements will have a positive impact on passenger and aircraft activity:

1. On June 5, 2016, Southwest Airlines brought back non-stop service to Oakland, CA with convenient three times a day service. Southwest flew the Oakland-Reno route until June of 2013 and the reestablishment of this service has been a top priority for the RTAA ever since. With the support of both the business and the tourism community, non-stop Oakland service will give both business and leisure travelers another option for travel between Reno and the Bay Area.

2. On June 9, 2016, Allegiant Air began new non-stop service between RNO and Los Angeles via Los Angeles International Airport (“LAX”). This twice weekly service will provide a cost-effective way to get to one of the most sought after destinations.

3. Starting on August 15, 2016, JetBlue will give both business and leisure travelers another option of travel between RNO and the Los Angeles basin with a new non-stop daily flight to Long Beach (“LGB”). JetBlue will fly the new route with a 150-seat Airbus 320 with convenient mid-day service.

4. Starting on December 19, 2016, Delta Air Lines is establishing seasonal, non-stop service to Atlanta, Ga., the world’s biggest and busiest airport. Just in time for the holidays and winter ski season, Delta will fly non-stop between RNO and Hartsfield-Jackson Atlanta International Airport (“ATL”). The Atlanta-Reno flight will begin as three times per week service during the holidays, from December 19, 2016 until January 3, 2017 with weekly service, on Saturdays only, between January 7, 2017 and March 26, 2017.

5. Starting on January 7, 2017 through March 4, 2017, Southwest Airlines announced new air service to Dallas Love Field. The new seasonal air service will fly non-stop once a week to Dallas Love Field (“DAL”). This new flight is perfectly timed for the ski season and flies to and from convenient Love Field.

Bringing all of this new service to RNO took an incredible amount of hard work over multiple years and represents an example of what this region can do when it works together for a common goal. Going forward into FY 2016-17, the enplaned passenger traffic forecasts of 1,801,291 reflects continued growth of 1.3% above the FY 2015-16 actual results.

Cargo Airlines

Fiscal Year 2015-16 was the best year recorded at RNO in terms of air cargo. During the year, RNO handled 150,645,147 pounds of air cargo, an increase of 14.8% when compared to the prior fiscal year.

RNO has registered consecutive month-over-month growth in air cargo at RNO for the last sixteen (16) months starting in March 2015, indicating continued strength in the economy as well as the growing business diversification in Northern Nevada.

The presence of major warehousing, pharmaceutical, e-commerce and distribution facilities in the region play a key role in cargo growth at RNO. In addition, growth in industrial development areas such as the Tahoe-Reno Industrial Center has continued to help spur cargo growth and economic diversity.

In September 2015, United Parcel Service ("UPS") added eight weekly flights to their current schedule at RNO. The additions include six Boeing 757s and two Airbus A300s.

Starting November 1, 2015, Southern Air began cargo flights on behalf of DHL at RNO. Previously, Ameriflight operated two flights a day on behalf of DHL utilizing Beechcraft 1900 aircraft. Southern Air replaced one of the Beechcraft 1900 flights with a Boeing 737-400, a significantly larger aircraft.

In addition to cargo-only carriers, passenger airlines also provide cargo services at RNO. In FY 2015-16, passenger airlines accounted for approximately 3% of all cargo, of which Southwest Airlines represent 88% of this total.

The growth in outbound cargo freight is making RNO an increasingly prominent component on Southwest's cargo map. According to Southwest spokesman Dan Landson, "the airport (RNO) is now among the fastest-growing cities in the carrier's cargo network."

This growth reflects the expanding warehouse and distribution facilities in Northern Nevada serving e-commerce for companies such as Amazon, Walmart, Petco, Urban Outfitters, eBay, Zulily and 1-800-Flowers.com.

MAJOR INITIATIVES AND DEVELOPMENT

Strategic Plan

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. GA 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 34% 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.

<u>Air Service Development</u>

The success in attracting the new carriers of JetBlue and Volaris and expanding service by existing carriers as outlined in the Air Service Market Update reflects the combined efforts of the RTAA and a regional partnership with the Regional Air Service Corporation ("RASC"), comprised of convention and visitor bureaus, hotels, casinos, ski resorts, golf, and various business groups.

Looking forward into FY 2016-17, staff is committed to building on this success by continuing its aggressive marketing program that includes:

(a) The RTAA hosted the Boyd Aviation International Forecast Summit ("Summit") in September 2016. Over the last two decades, the Summit has evolved into the industry's most prestigious and insightful air service event bringing together the world's most influential and respected airline and airport professionals.

For the RTAA and the Reno-Sparks-Tahoe region, the Summit, with its approximate 300 attendees, delivered unparalleled exposure to airline decision-makers from around the globe, as well as major players in the industry including aviation media, financial institutions and aircraft manufacturers and suppliers. At this year's event, there were about 50 airline representatives in attendance. In addition, aviation professionals from over 20 nations attended the Summit.

(b) Support existing air service through a route maintenance and community awareness program. This effort will include local market advertising and on-going outreach to community partners on air service (i.e. fare sales, mileage program promotion).

(c) Continue to work with the RASC and the local community to develop Risk Mitigation resources (i.e. marketing and/or funding) to bring new air service to RNO. While the RTAA is limited by FAA policy regarding use of its funds in support of new air service, the RASC and its partners have been able to provide the following:

- Promotion through all partner databases (locally and out of market)
- Promotion through all partner social media channels and websites
- Promotion through all partner marketing/public relations programs
- Financial purchase of advertising both locally and out of market
- Air carrier risk mitigation

RASC offers a marketing resource that few other communities can match - a consortium that spreads across industries (tourism, hotel, gaming, ski, etc.) to promote air service and the region.

(d) Bring airline representatives to the Reno-Tahoe region as guests to showcase the area through the use of private invitations, Air Service 101 participation, special event attendance and more. The goal is to host twenty-two (22) airline representative visits to the Reno-Tahoe region.

(e) On-going aggressive airline marketing to attract new and maintain existing air service including:

- Making twice a year visits with existing passenger and cargo carriers with market analysis and local economic updates.
- Presenting at least thirty-five (35) market analyses of new routes and supporting market data.
- Developing a targeted marketing plan for a minimum of four (4) new air service markets.
- Packaging RTAA incentives and marketing support with community derived resources focused on risk mitigation.

In accordance with the FAA's Policy and Procedures Concerning the Use of Airport Revenue, RTAA revenue may only be used for the following:

1. Financial Incentives such as airport fee reductions and fee waivers.

2. Acceptable promotional costs, where the purpose is to encourage an air carrier to increase service at the airport.

Under the FAA policy, the financial incentive is limited to one year for new service to markets currently being offered to RNO passengers and up to two years for service to a new destination.

Current levels of marketing support permitted under the Board approved Air Service Incentive Policy consist of the following:

1. $25,000 - Targeted marketing support for passenger airline commencing new non-stop service from RNO to destinations without existing non-stop service.
2. $25,000 - Targeted marketing support for new passenger airlines commencing service from RNO.
3. $25,000 - Targeted marketing support for new dedicated all-cargo air carriers commencing service from RNO.

The proposed FY 2016-17 Budget has forecasted $400,000 in fee waivers and $746,300 in air service development and promotional costs eligible under FAA guidelines.

<u>Land Development – Reno Tahoe International Airport (RNO)</u>

With the 2015 success of the third legislative effort to abate sales and use tax on aircraft and aircraft parts, Nevada is no longer at a competitive disadvantage. Aviation manufacturers and Maintenance, Repair, and Overall (“MRO”) firms located in Nevada or considering relocating to Nevada will operate in a tax environment competitive with 45 other states that offer similar abatements or exemptions.

With this success, staff is updating RNO’s General Aviation Commercial Minimum Standards to attract aviation businesses and private sector capital to targeted RNO aeronautical land along Rock Boulevard. Depending upon market demand, the RTAA will focus on attracting new tenants on one or more vacant parcels.

In addition to aviation related development, RTAA also has available 7.5 acres of vacant land located at the entrance to RNO, known as the Gateway Center (Plumb Lane and Terminal Way). Since 2006, the Gateway Center has been home to a 127 suite, six-story non-gaming Hyatt Place Hotel. The Hyatt Place hotel is the only current tenant at the Gateway Center.

On March 21, 2016, JMA Ventures, LLC (“JMA”), a full-service investment and development firm with offices in San Francisco and Lake Tahoe, signed a Letter of Interest outlining terms to develop an Aloft Hotel on the northern portion of the Gateway Center with an option to market and possibly develop Class A office and food and beverage on the southern portion.

The Aloft Hotel will be a four- to five-story, non-gaming property with 168 rooms and a common social area, courtyard, pool and a branded bar concept that is designed to encourage guests to mix, meet, and mingle over music and cocktails. The estimated capital investment will be approximately $25 million for constructing the hotel improvements.

The proposed Aloft Hotel will be operated by JMA under a Starwood Franchise Agreement. JMA is negotiating directly with Starwood and will execute the license agreement in conjunction with the RTAA land lease.

The RTAA Board of Trustees approved the Aloft Hotel on April 14, 2016 and a Right of Entry/ Hold Harmless agreement was executed on June 22, 2016 to allow JMA to complete physical due diligence.

JMA believes the proposed Aloft Hotel will fill an untapped market segment by appealing more to the younger (Millennial) traveler. This traveling demographic aligns with the growth in Hi-Tech in Reno (Tesla, Switch, Apple, etc.).

In FY 2016-17, RTAA staff will be focused on executing a ground lease with JMA and coordinating site construction with the developer.

Land Development – Reno Stead Airport ("RTS")

In an effort to improve utilization of vacant land at RTS and attract aeronautical and non-aeronautical companies, staff issued a national Request For Qualifications ("RFQ") for an exclusive master plan airport development partner in March 2014. The RFQ process is in support of Resolution No. 504 setting forth policy adopted by the Board in May 2011. As reflected in the Strategic Plan initiatives, the RTAA recognizes the economic value of development at RTS.

After an extensive due diligence process and extensive negotiation, the Board of Trustees authorized the President/CEO in February 2016 to execute a Memorandum of Understanding ("MOU") with Dermody Properties to serve as the exclusive master real estate developer.

In addition, the Board approval authorized the President/CEO to negotiate final terms and execute the following: (1) an exclusive master development agreement, and (2) a fifty (50) year Phase 1 ground lease with Dermody Properties for approximately 90 acres.

Due to the size and importance of this development effort, the negotiations remain on-going as both parties are taking a systematic and prudent approach to this long-term development effort.

Unmanned Aircraft Systems ("UAS")

As outlined in the National and Regional Economic Outlook, UAS testing at the Reno-Stead Airport (RTS) is currently in a state of evolution.

To integrate UAS aircraft into the National Airspace System, testing is required to develop technologies such as sense-and-avoid and the RTAA has secured an anchor tenant for such testing in the National Aeronautics and Space Administration (NASA). Through a one-year grant, RTS now has a live, virtual environment, the Nevada Unmanned, Autonomous, and NextGen Collaborative Environment ("NUANCE") laboratory, that will create a source of simulated air traffic to test NASA software.

In addition, the State of Nevada match requirement in conjunction with the NASA grant provided funding to the University of Nevada, Reno (“UNR”) for building rent and tenant improvements at RTS. UNR is leasing 1,572 square feet of space located on the first floor, where they work closely with private contractors to operate the NUANCE lab.

In addition, NASA awarded funding of $250,000 through a cooperative agreement to Governor’s Office of Economic Development (“GOED”) with allocations assigned to UNR and the RTAA for UAS operational support services. The RTAA’s assigned portion is $139,459 or approximately 56% of award.

Refinance of 2005 Senior Lien Revenue Bonds

On September 30, 2015, the RTAA issued the "Reno-Tahoe Airport Authority, Nevada, Airport Revenue Refunding Bond, Series 2015" (the "2015 Bond"). The proceeds from the bond sale were used to redeem the Airport Revenue Refunding Bonds, Series 2005 (the “Series 2005 Bonds”), which were outstanding as of July 1, 2015 in the amount of $20,940,000, and the cost of issuance necessary to execute this transaction.

The Series 2015 Bond is a direct loan of $20,690,000 secured through a Request for Proposals process issued on July 9, 2015 to numerous banks and financial lending organizations. Upon review of the submitted proposals, Compass Mortgage Corporation, an Alabama Corporation and a subsidiary of BBVA Compass, provided the most favorable business terms and conditions.

The interest rate on the Series 2015 Bond is 2.75% with an eleven (11) year term consistent with the refunded Series 2005 Bonds. The RTAA will benefit from $2.917 million of gross savings or $2.519 million on a present value basis in lower debt service payments. This represents a net present value savings as a percentage of refunding bonds of 12.03%.

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 RTAA’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 debt related 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, 2016	Tentative budget filed with the Nevada Department of Taxation
Seven to 14 days before the Third Thursday in May	May 9, 2016	Notice of Budget Public Hearing published
Third Thursday in May	May 19, 2016	Hold Public Hearing
On or Before June 1st	May 19, 2016	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 ("GFOA") 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, 2015. This was the 29th 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 RTAA 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. In addition, the receipt of Federal funds and Passenger Facility Charges, to assist in funding capital improvement projects and security related costs, requires the audit meet 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,

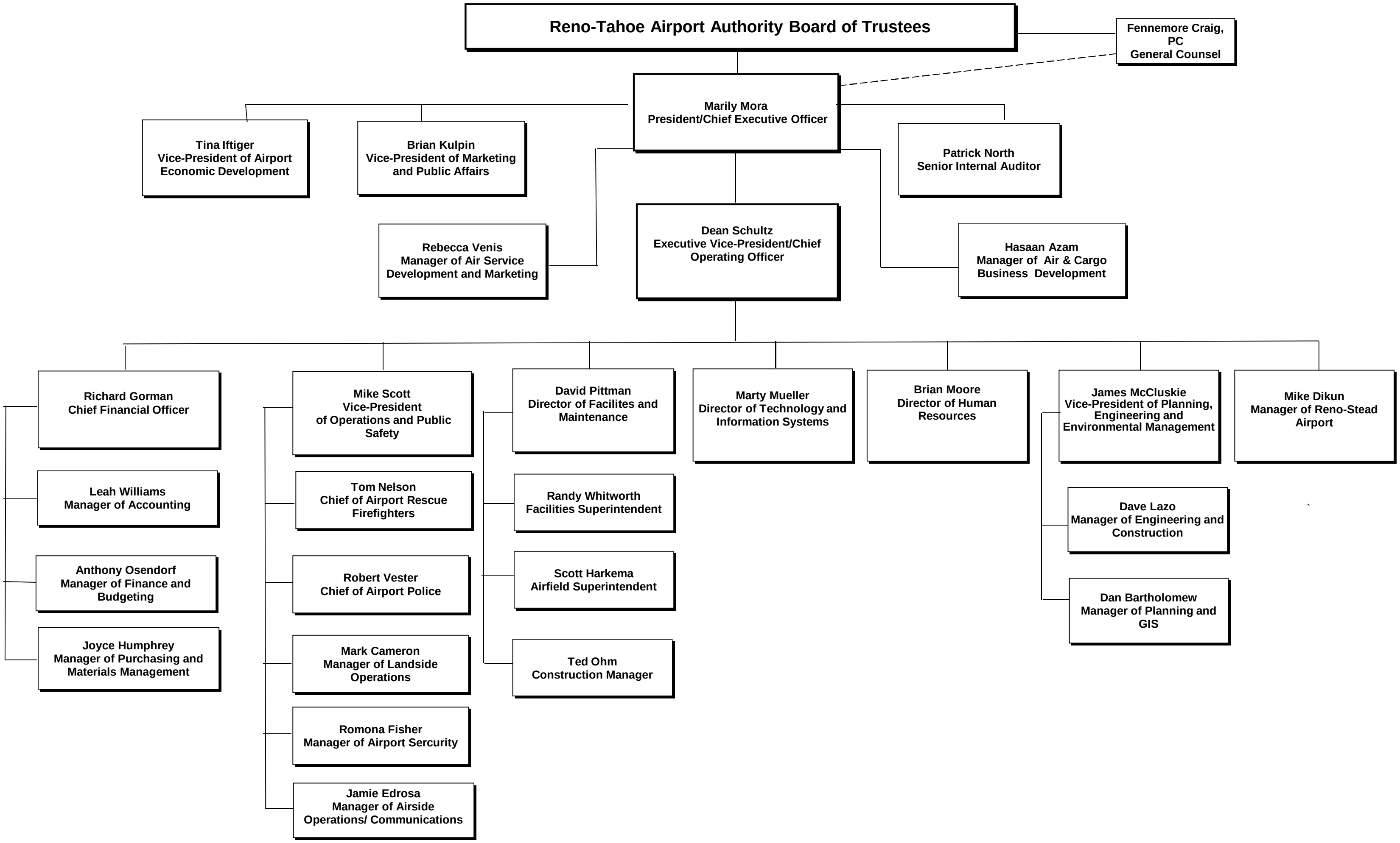
Marily M. Mora

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

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2016

Board of Trustees	Position	Term Expires	Represents
Rick Murdock	Chairman	June 2017	City of Reno
Andy Wirth	Vice Chair	June 2017	Reno-Sparks Convention & Visitors Authority
Lisa Gianoli	Treasurer	June 2019	Washoe County
Jessica Sferrazza	Secretary	June 2019	City of Reno
Nat Carasali	Trustee	June 2017	Washoe County
William “Bill” Eck	Trustee	June 2017	City of Sparks
Jerry Hall	Trustee	June 2017	City of Reno
Adam Mayberry	Trustee	June 2019	City of Sparks
Jenifer Rose	Trustee	June 2019	City of Reno

Staff	Title
Marily M. Mora, A.A.E.	President/CEO
Dean Schultz, A.A.E.	Executive Vice President/COO
Mike Dikun	Manager of Reno-Stead Airport
Rick Gorman	Chief Financial Officer
Tina Iftiger	Vice-President of Airport Economic Development
Brian Kulpin	Vice-President of Marketing and Public Affairs
James McCluskie	Vice-President of Planning, Engineering and Environmental Management
Brian Moore	Director of Human Resources
Marty Mueller	Director of Technology and Information Systems
David Pittman	Director of Facilities and Maintenance
Mike Scott	Vice-President of Operations and Public Safety


Reno-Tahoe Airport Authority Board of Trustees
Fennemore Craig, PC General Counsel
Marily Mora President/Chief Executive Officer
Tina Iftiger Vice-President of Airport Economic Development
Brian Kulpin Vice-President of Marketing and Public Affairs
Patrick North Senior Internal Auditor
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Robert Vester Chief of Airport Police
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Romona Fisher Manager of Airport Sercurity
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Scott Harkema Airfield Superintendent
Ted Ohm Construction Manager
Marty Mueller Director of Technology and Information Systems
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Dan Bartholomew Manager of Planning and GIS
Mike Dikun Manager of Reno-Stead Airport

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Reno-Tahoe Airport Authority

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Finance Section

Reno-Tahoe Airport Authority

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

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 years ended June 30, 2016 and 2015 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the years 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 24 through 42, the Schedule of Funding Progress-Other Postemployment Benefits on page 85, and the Schedule of RTAA's Proportionate Share of the Net Pension Liability and the Schedule of Pension Plan Contributions on pages 86 and 87, 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 21, Statistical Section on pages 90 through 116, the Schedule of Revenues and Expenses, Comparison of Budget to Actual on page 88, the Schedule of Debt Service Requirements on Bonds and Notes on page 89, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards on page 121, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 30, 2016 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 30, 2016

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, 2016 and 2015. 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 RTAA'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:

	2016	2015	% Change	2014	% Change
Assets:					
Current Assets	$ 51,346,966	$ 43,211,318	19%	$ 44,761,237	-3%
Current Assets – Restricted	20,736,450	23,127,639	-10%	23,667,379	-2%
Capital Assets, Net	396,244,756	414,420,116	-4%	437,301,537	-5%
Other Assets	1,383,599	1,383,599	0%	1,404,847	-2%
Deferred Outflows of Resources	5,505,409	5,914,475	-7%	1,372,084	331%
Total Assets and Deferred Outflows of Resources	$ 475,217,180	$ 488,057,147	-3%	$ 508,507,084	-4%
Liabilities:					
Current Liabilities	$ 8,628,373	$ 7,640,030	13%	$ 8,414,659	-9%
Liabilities Payable from Restricted Assets	4,815,081	5,036,327	-4%	6,198,621	-19%
Non-Current Liabilities	58,131,486	60,441,018	-4%	38,513,907	57%
Deferred Inflows of Resources	4,219,146	7,579,121	-44%	-	%
Total Liabilities and Deferred Inflows of Resources	75,794,086	80,696,496	-6%	53,127,187	52%
Net Position:					
Net Investment in Capital Assets	367,749,013	382,231,061	-4%	395,050,506	-3%
Restricted Net Position	20,371,555	22,459,489	-9%	22,897,188	-2%
Unrestricted Net Position	11,302,526	2,670,101	323%	37,432,202	-93%
Total Net Position	399,423,094	407,360,651	-2%	455,379,896	-11%
Total Liabilities and Net Position	$ 475,217,180	$ 488,057,147	-2%	$ 508,507,084	-4%

For the Fiscal Year ended June 30, 2016:

Total assets and deferred outflows of resources of $475.217 million reflect a decrease of 3% or $12.840 million as compared to 2015.

Current Assets (unrestricted) increased by 19% or $8.210 million. This increase was primarily due to Cash, Cash Equivalents and Investments, which increased by $8.415 million due primarily to higher operating revenues. In addition, the RTAA reclassificated $4.348 million of previously restricted funds associated with the reserve for the Series 2005 Bonds, which were refinanced on September 30, 2015, and grant settlement proceeds associated with a 1997 flood.

The overall impact of this reclassification out of Current Assets (restricted), net of higher unliquidated Passenger Facility Charge (PFC) funds of $2.092 million, is a net decrease of $2.391 million or 10%.

Capital Assets, Net of $396.245 million decreased by $18.175 million or 4% as compared to the prior year. This net decrease resulted from an increase in accumulated depreciation of $34.449 million partially offset by the addition of $16.274 million of net new capital assets.

Other Assets are comprised of regional road impact credits with the Regional Transporation Commission (RTC) of Washoe County. 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 RTAA owns credits, which currently expire on June 26, 2023, as an offset to this fee that can use as needed or sold to others.

Total liabilities and deferred inflows of resources of $75.794 million decreased 6% for the year ended June 30, 2016. The RTAA's total liabilities registered $71.575 million, a decrease of $1.542 million or 2%. This decrease is the result of lower RTAA debt of $5.390 million offset by an increase of $3.221 million in net pension liability.

The deferred outflows and inflows related to the RTAA's pension plan will be further explained in the Notes to the Financial Statements under the Item #10, Pension Plan.

Total Net Position (Total Assets less Total Liabilities) of $399.423 million represents a decreased by 2% or $7.938 million. This net decrease is comprised of a decrease in Net Investment in Capital Assets of $14.482 million and a decrease in restricted net position of $2.088 million partially offset by an increase in unrestricted net position of $8.632 million.

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, 2016, there was a $367.749 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 $20.372 million, or 5% of total net position at June 30, 2016, represents resources that are subject to use restrictions. The $2.088 million decrease in restricted net position is attributed to reclassification of the Series 2005 bond reserve fund and the release of restricted 1997 flood grant proceeds outlined previously. This release of restricted to unrestricted cash is partially offset by additional collected, but unspent PFC funds.

The restricted net position is not available for spending because it has already been committed as of June 30, 2016 as follows:

		2016
Revenue Bond Operations and Maintenance	$	6,614,174
Renewal and Replacement		798,814
Passenger Facility Charge Projects		8,623,418
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes		4,303,412
Other Reserve Purposes		31,737
	$	20,371,555

The remaining unrestricted net position of $11.303 million or 3% of the total net position at June 30, 2016 may be used to meet any of the RTAA's ongoing obligations.

For the Fiscal Year ending June 30, 2015:

Total assets and deferred outflows of resources of $488.057 million reflect a decrease of 4% or $21.318 million over 2014.

Current Assets (unrestricted) decreased by 3% or $1.545 million. This decrease represents a reduction in Grants Receivable of $1.880 million and $353,652 in Other Assets, which reflects lower prepayments of medical insurance and advertising commissions. This decrease was partially offset by an increase in Accounts Receivable of $1.157 million from airlines serving the RTAA and reimbursements due from the Transportation Security Administration (TSA) associated with law enforcement and canine services.

Current Assets (restricted) decreased slightly by $539,740 or 2%, a result of lower debt service payment requirements and the early retirement of debt funded in the previous year. This decrease was partially offset by an increase of $14,252 in interest receivable.

Capital Assets, Net of $414.420 million decreased by $22.881 million or 5% as compared to the prior year. This net decrease resulted from an increase in accumulated depreciation of $34.938 million partially offset by the addition of $19.560 million of new capital assets.

With the implementation of Governmental Accounting Standard Board (GASB), Statement 68, "Accounting and Financial Reporting for Pensions" the RTAA recognized two additional deferred outflows of resources. The first item reflects the pension contributions of $4.392 million made by the RTAA to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2014. In addition, the RTAA's proportion allocation share and differences between RTAA contributions and its proportionate share of contributions of $264,346, as measured by the actuarial study completed by PERS, was recorded. With the RTAA's participation in this cost sharing, multiple employer defined benefit plan, an individual employer's proportionate share will almost certainly change from measurement date to measurement date.

Total liabilities and deferred inflows of resources of $80.696 million increased 52% for the year ended June 30, 2015. The RTAA's total liabilities registered $73.117 million, an increase of $19.990 million or 38%. This increase is primarily due to the addition of pension liability of $29.388 million per GASB Statement 68. This increase was offset by $7.303 million in lower non-current revenue bonds and a slight decrease in net other postemployment benefits obligation, accrued payroll net of current portion, deposits and reclamation liability.

As required by GASB 68 and other associated pronouncements, two deferred inflows of resources were also recorded this year. The first item reflects higher investment earnings between actual results and projected estimates of $6.173 million as of June 30, 2014. The second item is the decrease in the RTAA's net pension liability of $1,406,608 resulting from differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences. Factors impacting this deferred inflow include employee mortality, payroll increases, retirements, and turnover.

The deferred outflows and inflows related to the RTAA's pension plan will be further explained in the Notes to the Financial Statements under the Item #10, Pension Plan.

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, 2015, the RTAA had $382. 231 million of 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 position of $22.459 million or 6% at June 30, 2015 represents resources that are subject to use restrictions. This represents a slight decrease of $437,699 or 2% below last year with higher restricted net position attributed to reserves and passenger facility charges offset by low restricted net position associated with debt service.

The restricted net position is not available for spending because it has already been committed as follows:

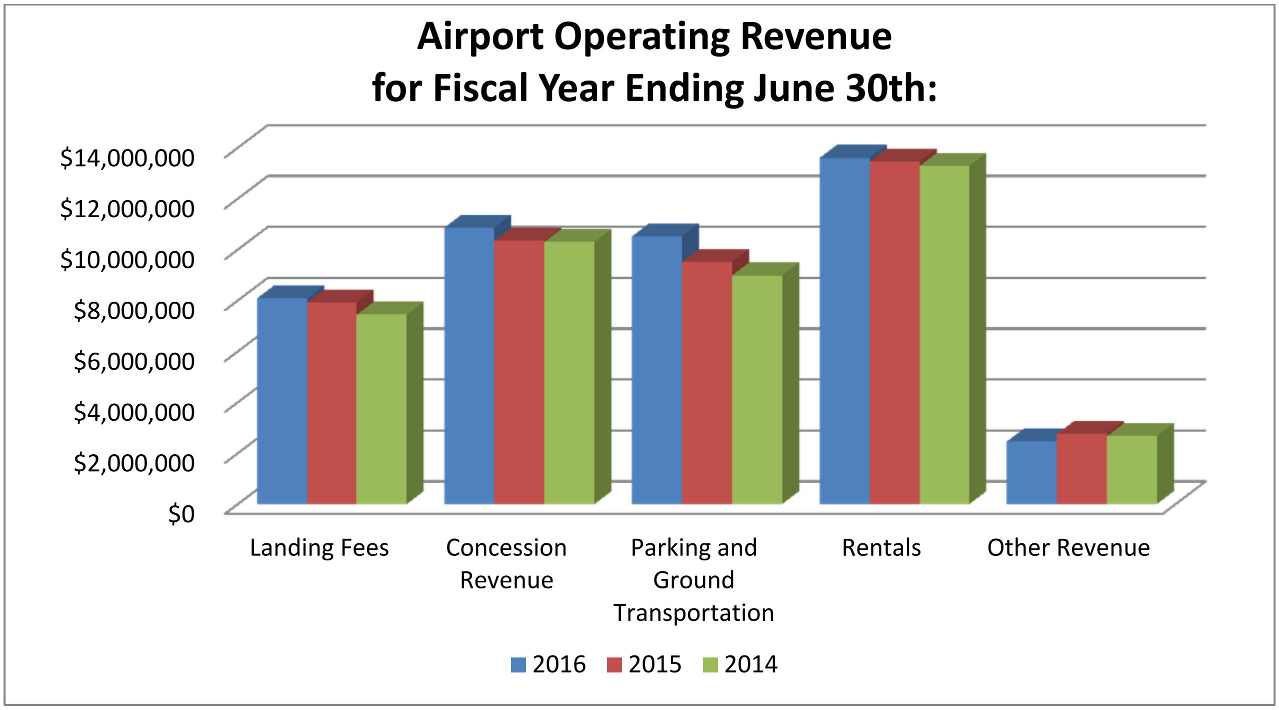
	2015
Revenue Bond Operations and Maintenance	$ 6,440,637
Renewal and Replacement	780,402
Passenger Facility Charge Projects	6,526,871
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes	4,320,047
Flood Grant	1,992,135
Bond Reserve- Series 2005 Bonds	2,356,115
Other Reserve Purposes	43,282
	$ 22,459,489

As of June 30, 2015, the remaining unrestricted net position of $2.670 million or 0.6% of total net positon may be used to meet any of the RTAA's on-going obligations. Unrestricted net position decreased 93% or $34.762 million due primarily to recording the pension liability as required under GASB 68.

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:

	2016	2015	% Change	2014	% Change
Landing Fees	$ 8,071,097	$ 7,916,995	2%	$ 7,440,496	6%
Concession Revenue	10,861,366	10,344,733	5%	10,301,098	0%
Parking and Ground Trans.	10,519,785	9,515,946	11%	8,983,926	6%
Rentals	13,599,106	13,456,901	1%	13,282,322	1%
Reimbursements for Services	2,419,689	2,647,105	-9%	2,632,002	1%
Other Revenue	42,873	106,844	-60%	34,596	209%
Total Operating Revenues	$ 45,513,916	$ 43,988,524	4%	$ 42,674,440	3%



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 RTAA-owned rental car facilities.

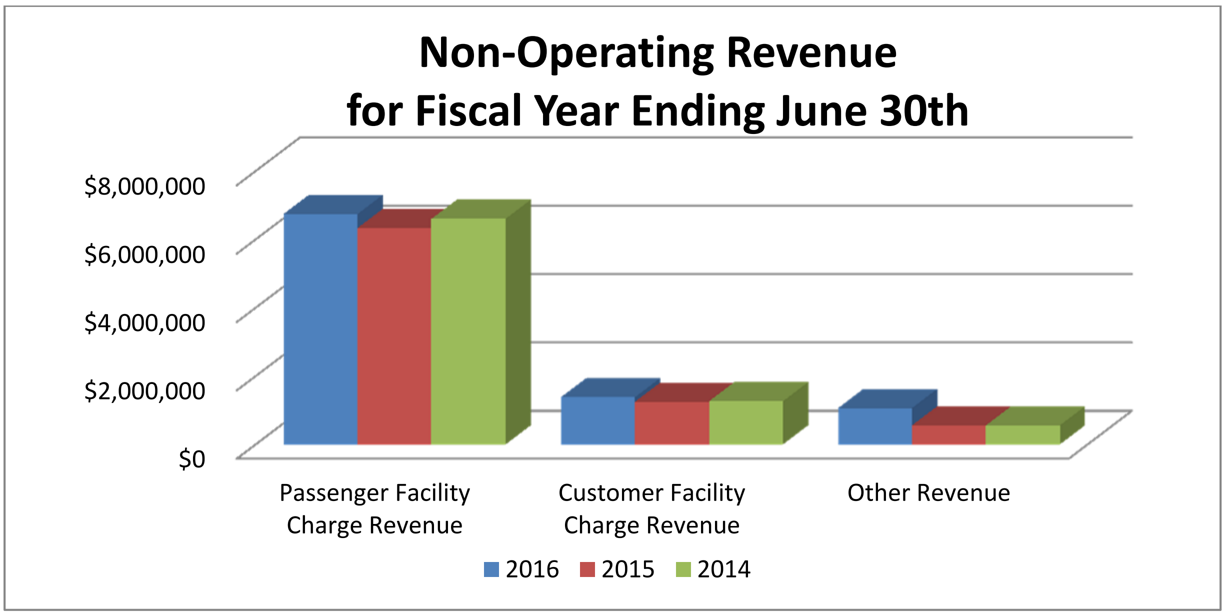
(4) Jet Fuel Tax Revenue. This tax is collected by Washoe County in the form of fuel tax in the amount of one cent per gallon of fuel for jet or turbine-aircraft sold, distributed or used per Nevada Revised Statute 365.170.

(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:

	2016	2015	% Change	2014	% Change
Interest Income	$ 694,721	$ 286,481	142%	$ 289,281	-1%
Passenger Facility Charge Revenue	6,740,165	6,332,093	6%	6,601,269	-4%
Customer Facility Charge Revenue	1,385,061	1,252,480	11%	1,263,517	-1%
Jet Fuel Tax Revenue	268,287	246,059	9%	264,586	-7%
Gain (Loss) on Sale of Capital Assets	105,471	29,533	257%	5,631	424%
Total Non-Operating Revenues	$ 9,193,705	$ 8,146,646	13%	$ 8,424,284	-3%

The graph below present the Airport's revenues by source for fiscal years ended 2016, 2015, and 2014.



An Analysis of Significant Changes in Revenues for Fiscal Year 2015-2016 is as follows:

Enplaned passenger traffic was up 7.4%, as compared to the same period last year and total revenues of $54.708 million for Fiscal Year 2015-2016 increased 5% above the prior year.

Landing Fees and Rentals of $21.670 million represent 40% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $13.678 million represent 63% of the total revenues from these two categories, which result from 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 Reno-Tahoe International Airport (RNO). Airline-derived revenue is 30% of total operating revenue.

Parking and Ground Transportation revenues of $10.520 million account for 19% of total revenue, an increase of $1.004 million or 11% above 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 $10.861 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprised 20% of the RTAA's total revenues for Fiscal Year 2015-16. Concession revenue increased 5% this year primarily driven by the increase in passenger traffic.

Reimbursements for Services and Other Revenue make up 5% of RTAA's total revenues. Reimbursements for services of $2.420 million represent a decrease of 9% over 2015. 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 $9.194 million increased 13% or $1.047 million over last year. This increase includes higher interest income of $408,240, passenger facility charge revenue of $408,072 and customer facility charge revenue of $132,581. Interest income represents the earnings on investments and is 1% of total revenue.

Passenger Facility Charges (PFC) Revenue of $6.740 million, which comprises 12% of total revenue, is up 6% from the prior year.

In addition, the RTAA recorded a $105,471 gain on sale of capital assets, which included two surplus property sales and sale of land easements. Jet fuel revenue slightly increased $22,228 dollars or 9%.

An Analysis of Significant Changes in Revenues for Fiscal Year 2014-2015 is as follows:

While the RTAA enplaned passenger traffic of 1,667,290 was virtually unchanged from the prior year with an increase of 0.8%, the economic recovery in the Northern Nevada economy was reflected in improvement in the RTAA's total operating revenues of $43.989 million, an increase of 3% from the prior year.

Landing Fees and Rentals of $21.374 million represent 41% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of $13.778 million represents 64% of the total revenues from these two categories, which result from 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 31% of total operating revenue.

Concession Revenue of $10.345 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 2014-15. Concession revenue was modestly above the results in the prior year.

Parking and Ground Transportation revenues account for 18% of total revenue. Parking revenue in FY 2014-15 of $9.516 million increased by $532,020 or 6% above the prior year. The category of revenue is primarily responsible for the increase in RTAA's operating revenue during FY 2014-15 and reflects higher revenue being generated per transaction due primarily to the improving economy.

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.

Reimbursements for Services and Other Revenue make up 5% of total RTAA revenue. Reimbursements for services of $2.647 million represent a slight increase of 1% 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 $106,844 represents miscellaneous revenue and late fees collected by the RTAA.

Non-Operating Revenues of $8.146 million decreased 3% as compared to the prior year. This decrease reflects lower interest income, Passenger Facility Charge (PFC) revenue, Customer Facility Charge (CFC) fees on rental car transactions and Jet Fuel revenue. CFC fees and Jet fuel revenue decreased 1% and 7% respectively.

Passenger Facility Charges (PFCs) comprise 12% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. PFC revenues are down 4% from the prior year. The current collection rate is $4.50.

During Fiscal Year 2014-15, the RTAA recorded a Gain on Sale of Capital Assets of $29,533, which included two surplus property sales.

Expenses

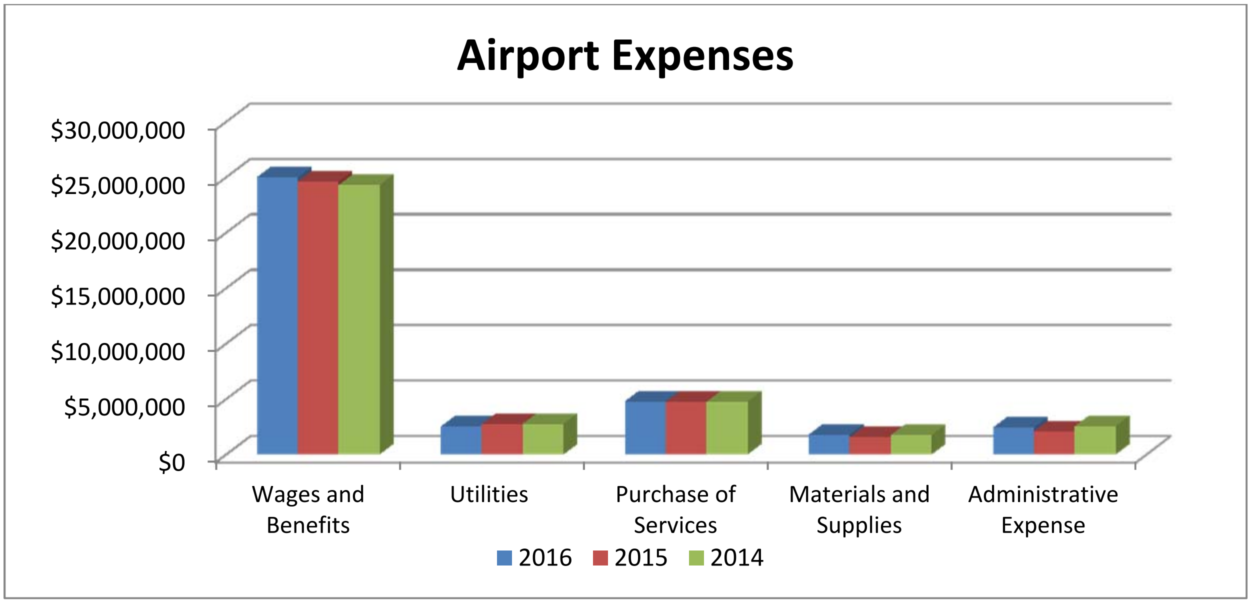
RTAA's total operating expenses registered approximately $36.617 million in FY 2015-16, an increase of $760,870 or 2% above the prior year results. Non-operating expense, which represents interest expense, of $1.28 million decreased by 7% below the prior year results.

Total operating and non-operating expenses of $37.901 million increased 2% or $668,911 from the prior year.

The following is a summary of expenses (excluding depreciation and amortization) by source for the years ended June 30:

	2016	2015	% Change	2014	% Change
Employee Wages and Benefits	$ 25,007,616	$ 24,638,525	1%	$ 24,301,598	1%
Utilities and Communications	2,540,504	2,757,835	-8%	2,774,328	-1%
Purchase of Services	4,803,679	4,763,544	1%	4,770,478	0%
Materials and Supplies	1,821,369	1,582,278	15%	1,749,084	-10%
Administrative Expenses	2,443,771	2,113,887	16%	2,563,199	-18%
Total Operating Expenses	36,616,939	35,856,069	2%	36,158,687	-1%
Interest Expense	1,284,053	1,376,012	-7%	1,545,697	-11%
Total Expenses	$ 37,900,992	$ 37,232,081	2%	$ 37,704,384	-1%

The graph that follows presents the Airport's expenses for fiscal years ended 2016, 2015 and 2014.



An Analysis of Significant Changes in Expenses for Fiscal Year 2015-2016 is as follows:

Employee Wages and Benefits of $25.008 million comprise 66% of total expenses, a 1% increase over the prior year's total of $24.638 million.

The following table outlines the major category of expenses within employee wages and benefits for the years ending June 30:

	2016	2015	Change	% Change
Salary	$16,658,757	$16,306,403	$ 352,354	2%
Overtime, Standby, Holiday Worked	1,049,440	839,584	209,856	25%
Employee Benefits	7,317,727	7,527,426	(228,007)	-3%
Post-Employment Health Plan	(18,308)	(34,888)	34,888	-100%
Total Employee Wages and Benefits	$25,007,616	$24,638,525	$369,091	1%

Employee salary's increased $352,354 or 2% over the prior year results. With no increase in overall staffing, this increase reflects salary increases established under collective bargaining agreements and management and civil service employee guidelines.

Overtime, standby and holiday worked payments also increased $209,856 or 25% over the prior year. This significant increase is primarily in airside operations, police, and airfield maintenance. This reflects additional law enforcement and customer service coverage in conjunction with new international air service and an increase hours associated with snow removal operations.

These increases were partially offset by lower employee benefit costs of $228,007 or 3% below last year due primarily to lower employee and retiree medical insurance costs $324,093 and lower pension liability of $466,740 per the actuarial study completed by the Nevada Public Employee Retirement System (PERS) as of June 30, 2015. This study is completed in accordance with Governmental Accounting Standard Board (GASB), Statement 68, "Accounting and Financial Reporting for Pensions"

This savings in medical insurance reflects not replicating the initial, one-time RTAA contribution into the newly created Health Reimbursement Accounts (HRA) and Health Savings Accounts (HAS) in

Fiscal Year 2014-15 of $215,000. In FY 2015-16, the RTAA only contributed to HSA accounts for employees with higher deductible plans than are less expensive to the RTAA.

As an offset, the RTAA paid mandated retirement contibutions of $4.743 million to PERS, an increase of $350,600 or 8.0% higher than actual results for the same period last year. This increase reflects an increase in the established contribution rates from 25.75% to 28.0% for regular employees. The rate for Police/Fire employees is unchanged at 40.5%.

Utilities and Communications expense of $2.541 million registered a decrease of 8% from the prior year. This decrease reflects continued savings in electricity costs from the prior year. Utilities and communications represent 7% of total expenses.

Purchase of Services expense, which includes professional, repair and maintenance contracts and other purchased services, of $4.804 million, stayed relatively flat over the prior year with an increase of $40,135 or 1%. Overall, the RTAA had lower costs in consulting services significantly offset by higher legal, data processing and real estate appraising services. Repair and maintenance contracts and services increased by $56,780 or 2.2% over the prior year. Purchase of services expense represents 13% of expenses.

Materials and supplies expense of $1.821 million increased approximately $239,091 or 15% over the prior year. This increase reflects higher supply usage of ice control materials and additional purchases of machinery, jet bridge and runway/taxiway repair parts. These increased costs were partially offset by lower gasoline and diesel fuel costs. Supplies and Materials represent 5% of total expenses.

Administrative expenses of $2.444 million comprises 6% of total costs, an increase of approximately $329,884 or 16% from the prior fiscal year. The increase reflects higher expenses associated employee training and increased expenditures for both air service development and community outreach. In addition, the RTAA had a one-time legal settlement of $100,500.

Interest expense in FY 2015-16 was $1.284 million, a decrease of $91,959 or 7%. This decrease reflects the impact of the refunding of the Series 2015 Bonds on September 30, 2015 and lower interest expenses as the principal on subordinate lien notes is paid down. Additional detail is provided in the Debt Administration discussion within the MD&A.

An Analysis of Significant Changes in Expenses for Fiscal Year 2014-2015 is as follows:

Employee Wages and Benefits of $24.639 million comprise 66% of total expenses, a 1% increase over the prior year's total of $24.302 million.

The following table outlines the major category of expenses within employee wages and benefits for the years ending June 30:

	2015	**2014**	**Change**	**% Change**
Salary	$16,306,403	$15,597,753	$ 708,650	5%
Overtime, Standby, Holiday Worked	839,584	933,316	(93,732)	-10%
Employee Benefits	7,527,426	7,817,080	(289,654)	-4%
Post-Employment Health Plan	(34,888)	(46,551)	(11,663)	3%
Total Employee Wages and Benefits	$24,638,525	$24,301,598	$336,927	1%

Employee salary's increased $708,650 or 5% over the prior year results. This increase was partially offset by lower overtime, standby, and holiday worked. In addition, the RTAA restructured several of its employee benefit programs resulting in a net savings of approximately $290,000.

The primary benefit changes included the following:

1. Effective July 1, 2014, the Authority changed its health insurance to two Preferred Provider Organization (PPO) plans to further encourage employee "consumerism". One plan (the "Hybrid" PPO) offers flat copays for some services and an annual deductible for the remaining services. The other plan (the "Traditional" PPO) requires members to pay 100% of costs until they reach the annual deductible amount, at which time the plan will pay for all covered expenses at 100%. These plans included higher co-pays and deductibles than the previous year's HMO and PPO plans and expanded employee contributions for family coverage to all work groups.

2. These plans were paired with Medical Savings Accounts (Heath Reimbursement Account (HRA) and Health Savings Account (HSA)). Approximately $383,300 was funded into these accounts in FY 2014-15 to offset the higher employee out of pocket costs.

3. In addition, the RTAA no longer offered a fixed benefit bank to management employees. This program permitted employees that waived or did not need certain RTAA benefits, such as family health insurance funded by the RTAA, to apply the savings to other RTAA's benefits such as the deferred compensation plan. This step resulted in savings of approximately $218,000.

Utilities and Communications expense of $2.758 million registered a decrease of 1% 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 $4.764 million, stayed relatively flat over the prior year. Purchase of services expense represents 13% of expenses.

Materials and supplies expense of $1.582 million decreased approximately $166,800 or 10% over the prior year. This savings reflects lower supply usage due to mild winter conditions and lower fuel and diesel costs. Supplies and Materials represent 4% of total expenses.

Administrative expenses of $2.114 million comprise 6% of total costs, a decrease of approximately $449,300 or 18% from the prior fiscal year. The savings reflects lower expenses associated with no triannual disaster exercise and lower recruitment and insurance (liability and property) costs. In addition, the prior year's results reflected a significant legal settlement associated with a contract dispute.

Interest expense decreased from $1.56 million in FY 2013-14 to $1.376 million in FY 2014-15, a decrease of $169,685 or 11%. This decrease reflects the lower interest expenses as the principal outstanding on RTAA debt is paid down. 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:

	2016	2015	% Change	2014	% Change
OPERATING REVENUES					
Landing fees	$ 8,071,097	$ 7,916,995	2%	$ 7,440,496	6%
Concession revenue	10,861,366	10,344,733	5%	10,301,098	0%
Parking and ground trans.	10,519,785	9,515,946	11%	8,983,926	6%
Rentals	13,599,106	13,456,901	1%	13,282,322	1%
Reimbursements for services	2,419,689	2,647,105	-9%	2,632,002	1%
Other revenue	42,873	106,844	-60%	34,596	209%
Total Operating Revenues	$45,513,916	$43,988,524	3%	$42,674,440	3%
OPERATING EXPENSES					
Employee wages and benefits	25,007,616	24,638,525	1%	24,301,598	1%
Utilities and communications	2,540,504	2,757,835	-8%	2,774,328	-1%
Purchase of services	4,803,679	4,763,544	1%	4,770,478	0%
Materials and supplies	1,821,369	1,582,278	15%	1,749,084	-10%
Administrative expenses	2,443,771	2,113,887	16%	2,563,199	-18%
Total Operating Expenses	$36,616,939	$35,856,069	2%	$36,158,687	-1%
Operating Income Before Depreciation and Amortization	$ 8,896,977	$ 8,132,455	9%	$ 6,515,753	25%
Depreciation and Amortization	34,613,731	34,958,476	-1%	35,816,772	-2%
Operating Loss	$(25,716,754)	$(26,826,021)	-4%	$(29,301,019)	-8%
NON-OPERATING REVENUE (EXPENSES)					
Interest income	$ 694,721	$ 286,481	143%	$ 289,281	-1%
Passenger facility charges	6,740,165	6,332,093	6%	6,601,269	-4%
Customer facility charges	1,385,061	1,252,480	11%	1,263,517	-1%
Jet fuel tax revenue	268,287	246,059	9%	264,586	-7%
Gain on sale of Capital Assets	105,471	29,533	257%	5,631	424%
Non-operating expense	(140,952)		100%		
Interest expense	(1,284,053)	(1,376,012)	-7%	(1,545,697)	-11%
Total non-operating revenues (expenses)	7,768,700	6,770,634	15%	6,878,587	-2%
Loss before Capital Contributions	(17,948,054)	(20,055,387)	-11%	(22,422,432)	-11%
Capital Contributions	10,010,497	4,867,414	106%	12,210,737	-60%
Decrease in Net Position	(7,937,557)	(15,187,973)	-48%	(10,211,695)	49%
Net Position, Beginning of Year	407,360,651	455,379,896	-11%	465,591,591	-2%
Adjustment to Net Position, Beginning of Year	-	(32,831,272)	0%	-	0%
Net Position, End of Year	$399,423,094	$407,360,651	-2%	$455,379,896	-11%

An Analysis of Significant Changes in Net Position for Fiscal Year 2015-2016 is as follows:

Total operating revenues increased 3% 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 of $34.614 million decreased slightly by 1% from the prior year. This decrease of $344, 745 is due to assets that were fully depreciated in the prior year.

Interest income increased $408,240 or 143%. This increase reflects modestly rising interest rates as well as the RTAA's ability in invest in longer maturity investments and local government investment pools. In addition, the RTAA recorded an unrealized gain on investments of $278,163, an increase of $274,888 over the prior year, to record certain investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Interest expense decreased $91,959 or 7% as compared to the prior year. This decrease reflects the impact of the refunding of the Series 2015 Bonds on September 30, 2015 and lower interest expenses as the principal on subordinate lien notes is paid down. Additional detail is provided in the Debt Administration discussion within the MD&A.

Passenger facility charge revenue increased by 6% and jet fuel tax revenue increased by 9%. Gain on sale of capital assets was $105,471 and reflected the sale of fully depreciated assets no longer in use by the RTAA and sale of an easement.

Capital contributions of $10.010 million, which are primarily comprised of federal grants from the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA), increased 106% this year compared to the amounts received in Fiscal Year 2014-2015. The largest contributions include reimbursements for runway, taxiway and apron rehabilitation at both RNO and the Reno-Stead Airport (RTS).

An Analysis of Significant Changes in Net Position for Fiscal Year 2014-2015 is as follows:

Total operating revenues increased 6% while total operating expenses decreased by 1%. A review of these two categories has been provided earlier in the MD&A.

Depreciation and amortization expense of $34.958 million decreased 2% from the prior year. This decrease of $858,296 is due to assets that were fully depreciated in the prior year.

Interest income decreased slightly by $3,000 or 1%. Interest expense decreased $169,685 or 11% as compared to the prior year. This decrease is a reflection of incremental lower interest payments and the early repayment of $2.913 million of the 2011B Subordinate Lien Notes.

Passenger facility charge revenue decreased by 4% and jet fuel tax revenue decreased by 7%. Gain on sale of capital assets was $29,533 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 60% this year as compared to 2013-2014. The contributions include reimbursements for runway, taxiway and apron rehabilitation and noise mitigation projects.

The adjustment in net position of $32.831 million reflect the cumulative impact of implementing GASB 68 and associated accounting pronouncements associated with the RTAA's pension liability.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2016 was $396.245 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 Fiscal Year 2015-16 was 4% or $18.175 million.

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

	2016	2015	2014
Land	$172,476,937	$172,549,179	$ 165,122,099
Construction in Progress	19,957,459	8,334,194	15,792,420
Improvements, Buildings, and Equipment	200,886,322	230,612,705	253,462,980
Development rights	2,924,038	2,924,038	2,924,038
Total	$ 396,244,756	$414,420,116	$437,301,537

Major Capital Asset Events during Fiscal Year 2015-16 included the following:

Federal grants funded $10.010 million of capital projects in Fiscal Year 2015-16. Projects included taxiway and apron rehabilitation projects at both RNO and the RTS.

In the terminal building, the RTAA upgraded the passenger notification/ flight information display (FIDS) system and installed 110 additional electrical outlets/Universal Serial Bus (USB) units on terminal seating to address increasing electronic device charging needs.

Technology upgrade projects completed this year included (1) bar code readers and software to improve fixed asset inventory controls; (2) phone system upgrade to replace an outdated system; and (3) vehicle gate audio visual aid to enhance security and efficiency.

Equipment purchases included a riding mower, a sand spreader, two vehicle lifts, and a CLIQ key system. The CLIQ key system project consisted of installing security locks at various gates on the RNO airfield perimeter fence that will provide audit capabilities to account for user access.

Movable equipment purchased this year includes a two snow plow trucks and six new vehicles. The snow plow trucks, which were purchased with Passenger Facility Charge (PFC) fees, replaced aging snow removal equipment used for clearing snow and ice from runways, taxiways, aprons and other areas contained withing the Air Operations Area at RNO.

The six vehicles consist of three sport utility vehicles that are used by Airport Police and Airport Fire, while three trucks are for the Purchasing, Lanndside Operations and Airfield Maintenance departments. All vehicles meet the replacement requirement set through the vehicle replacement policy.

The RTAA continued its on-going pavement maintenance program with major projects in the airfield, landside parking and various tenant properties.

In addition, several hangar and maintenance facility improvements were made to RNO and RTS properties including GA east tenant restroom addition, airfield maintenance door replacements, rain gutters replacement, and the completion of the central disposal facility (CDF) upgrade. The CDF facility, a PFC funded project, provides disposal services for ground service equipment used in support of airline operations.

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

Major Capital Asset Events during Fiscal Year 2014-15 included the following:

Federal grants funded $4.867 million of capital projects funded in Fiscal Year 2014-15. Completed projects included runway, apron and taxiway rehabilitation projects and sound insulation programs.

The Customs and Border Protection (CBP) facility was refurbished this year. The building was originally constructed in 1979 and is approximately 14,000 square feet. In order to accommodate new international flights by Volaris Airlines to Guadalajara, Mexico that commenced on December 18, 2014, the Department of Homeland Security required extensive upgrades to the facility.

The requirements consisted of improvements to the interior layout and function to current CBP Technical Design Standards and the Americans with Disabilities Act (ADA) access requirements. Also included in this project were security system and access control modifications, floor plan and space reconfigurations, inspection area modifications, electrical modifications, and upgrades to fixtures, furniture, and equipment (FFE) to improve processing of international passengers.

Completed technology upgrade projects this year include the computerized maintenance management system (CMMS) upgrade and the baggage handling software and hardware replacement.

The CMMS is an important information technology tool that coordinates and records maintenance activities at the Reno-Tahoe International and the Reno-Stead airports. It provides the essential functions of work order issuance, management, and reporting; preventative maintenance monitoring and scheduling; maintenance cost containment; and budgetary decision support.

The baggage handling system software and hardware replacement project included replacement of the server and operator workstation hardware as well as installation of updated program software. The existing system performance reporting software application will also be recompiled to better support communication with the server software replacement upgrade applications.

Equipment purchases included an upgrade to high definition CCTV security cameras at RNO. This project improved monitoring visibility at existing locations and provided additional new locations for improved safety and security.

Movable equipment purchased this year includes a mower, a snow plow and six new vehicles.

In addition, several building improvements were made to RTAA properties including ADA upgrades, terminal water line replacement, HVAC and fire alarm upgrades at the mini warehouse and storage operation, new doors for airfield maintenance and pavement rehabilitation projects.

DEBT ADMINISTRATION

As of June 30, 2016, the RTAA had approximately $26.727 million in debt comprised of $20.690 million of senior lien revenue bonds (Series 2015 Airport Refunding Bond), $5.270 million of subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note - Fixed Rate portion), and $767,000 of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note- Variable Rate portion).

Senior Lien Debt

Senior lien debt represents borrowing that has a priority claim for payment from RTAA revenues after funding of operating expenses.

At the beginning of the fiscal year, the only senior lien bonds outstanding of the Reno-Tahoe Airport Authority (RTAA) were the Series 2005, Airport Revenue Refunding Bonds (2005 Bonds) in the amount of $22,360,000. With an average net interest rate of 4.49%, these bonds of $29,775,000 refunded the Series 1996A Airport Revenue Bonds (1996A Bonds) in August 2005.

The 1996A Bonds were issued to finance the construction of a three story, 2,400 space parking garage in the main parking lot, a new terminal access roadway system to accommodate the parking garage, and a passenger skyway to connect the parking garage to the terminal.

On September 30, 2015, the RTAA refunded the 2005 Bonds on a current basis with "Reno-Tahoe Airport Authority, Nevada, Airport Revenue Refunding Bond, Series 2015" (the "2015 Bond"). The proceeds from the bond sale, along with RTAA principal and interest installment deposits for the first three months of Fiscal Year 2015-16 of $629,875, were used to redeem the 2005 Bonds principal outstanding of $20,940,000, accrued interest of $258,224 and the cost of issuance necessary to execute this transaction.

The Series 2015 Bond is a direct loan of $20,690,000 secured through a Request for Proposals process issued on July 9, 2015 to numerous banks and financial lending instituions. Upon review of the submitted proposals, Compass Mortgage Corporation, a subsidiary of BBVA Compass Bank, provided the most favorable business terms and conditions.

The interest rate on the Series 2015 Bond is 2.75% with an eleven (11) year term consistent with the refunded Series 2005 Bonds. The RTAA will benefit from $2.917 million of gross savings or $2.519 million on a present value basis in lower debt service payments. This represents a net present value savings as a percentage of refunding bonds of 12.03%.

The terms and conditions governing the 2015 Bond are established under a new Bond Resolution No. 526, which is substantially similar to terms and condition established for the 2005 Bonds.

Subordinate Lien Debt

The Subordinate Lien Revenue Notes are special limited obligations of the RTAA 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.

On June 1, 2011, the RTAA 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 RTAA 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 are made annually on July 1 commencing on July 1, 2012, with the final payment on July 1, 2017. Principal payments are structured such that the total annual payments of principal and interest on the 2011A Note are approximately level from FY 2012 through FY 2018.

- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The RTAA structured $15.000 million of the loan as a variable rate note, which also has a final maturity of July 1, 2017. The 2011B Note served as a flexible borrowing instrument such that the RTAA could borrow under the Note for the 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 RTAA can make repayment at any time.

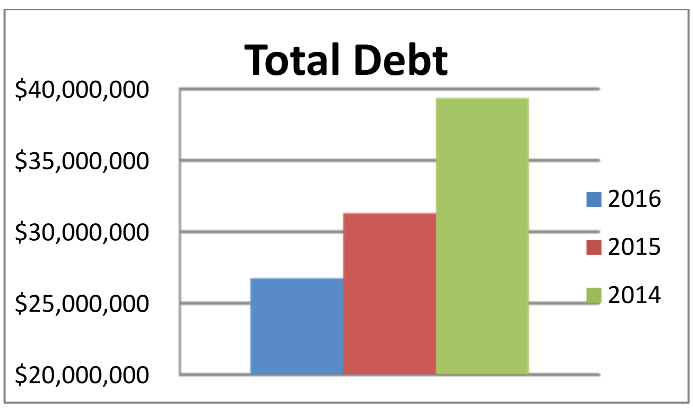
  Two draws were made on the 2011B Note in fiscal year 2012-2013. The first draw was March 1, 2013, for $4.000 million, and the second was May 1, 2013, for $1.350 million. The rate for the 2011B Note is established at 1.581% over the six month London Interbank Offering Rate (LIBOR) rate multiplied by 65%. The interest rate on the 2011 B Notes is capped at 12%.

  The annual borrowing rate on the 2011 B Variable Rate Notes during FY 2015-16 was 1.873% for the period of July 1, 2015 to December 31, 2015 and 2.072% for the period of January 1, 2016 to June 30, 2016. Effective July 1, 2016, the current borrowing rate is 2.194%.

Debt Summary

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

	2016	2015	2014
2005	$ 0	$ 22,360,000	$ 23,715,000
2011 A	5,270,000	7,800,000	10,265,000
2011 B	767,000	1,137,000	5,350,000
2015	20,690,000	0	0
Total Debt	$ 26,727,000	$ 31,297,000	$ 39,330,000



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, 2016, the RTAA collected PFCs, including interest earnings thereon, totaling $6.740 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 the airlines successfully negotiated an airline use and lease agreement effective July 1, 2015 for a term of five years. In 2015-2016, airline signatories to the agreement include five passenger and two cargo airlines.

The 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 terminal rental rate.

Net airfield costs and associated landing fees are established on a cost center residual methodology in which the signatory airlines bear 100% of the financial risk for the airfield. The expenditures, which are primarily comprised of operating expenses, debt service and recovery of capital projects/ equipment with unit costs of less than $300,000, in the Airfield cost center are divided by estimated aircraft landed weight resulting in a landing fee rate.

In contrast, the terminal building rental rates reflect a commercial compensatory rate setting formula that places the financial risk of funding terminal building costs with the RTAA. The expenditures, which are primarily comprised of operating expenses, debt service and recovery of capital project/equipment expenditures with unit costs of less than $300,000, in the Terminal Building cost center are divided by a "rentable" space divisor (total terminal space available that is revenue producing and available for lease).

The result of this approach is that the signatory airlines are only responsible for terminal building costs allocated to airline leased premises and any costs allocated to vacant, concession, or other rentable space is the financial responsibility of the RTAA.

In addition, the current hybrid agreement provides that the RTAA's net available revenues after debt service are split equally (50%-50%) between the signatory airlines and the RTAA through a revenue sharing formula. Revenue sharing is derived by taking the sum of the RTAA's total revenues less total expenses posted to all costs centers less debt service and other identified requirements. A credit estimate offsets airline terminal building rents collected during the year with a final airline rates and charges reconciliation and settlement prepared based on audited year-end results.

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

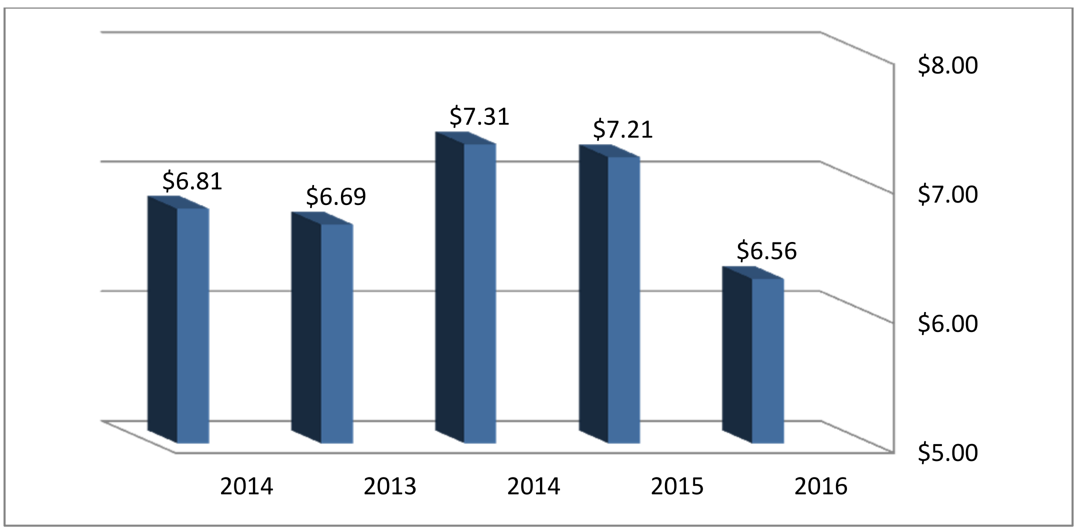
	2016	2015	% Change	2014	% Change
Landing Fee Rate (Per 1,000 pound units)	$ 2.78	$ 2.97	-6%	$2.80	6%
Terminal Rental Rate (Average) (Per square foot annually)	$46.72	$49.43	-5%	$53.24	-7%

Comparing the operating results of airports is difficult. The landing fee and terminal rental rates of airports are often not comparable because of the different airline operating agreements used to calculate those fees. As a result, an airport's impact to signatory airline tenants is benchmarked on a ratio of total fees paid by the airlines to the RTAA divided by the number of passengers boarding aircraft. The RTAA 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 2015-16 fiscal year was calculated to be $6.56 as compared to $7.21 in the prior year, which compares favorably to the 2014 median ratio for U.S. airports of $8.72 per Fitch Ratings "Peer Review of U.S. Airports - Attribute Assessments, Metrics and Ratings" published in December 2015.

The chart below presents the history of the airline derived revenue 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, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$ 10,745,342	$ 11,463,641
Investments	35,420,759	26,287,533
Accounts receivable, net	2,890,439	3,292,307
Grants receivable	1,199,503	1,040,212
Interest receivable	60,743	40,212
Inventory	811,470	794,819
Other current assets	218,710	292,594
Total Unrestricted Assets	51,346,966	43,211,318
Restricted Assets:		
Cash and cash equivalents	6,552,647	8,299,533
Investments	14,157,535	14,806,354
Interest receivable	26,268	21,752
Total Restricted Assets	20,736,450	23,127,639
Total Current Assets	72,083,416	66,338,957
NON-CURRENT ASSETS		
Capital Assets:		
Non-depreciable	195,358,434	183,807,411
Depreciable	697,760,245	693,037,539
Less accumulated depreciation and amortization	496,873,923	462,424,834
Total Capital Assets	396,244,756	414,420,116
Other Assets:		
Road credits	1,383,599	1,383,599
Surety bond, net	-	-
Total Other Assets	1,383,599	1,383,599
Total Non-Current Assets	397,628,355	415,803,715
Total Assets	469,711,771	482,142,672
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding bonds	-	1,257,744
Pension contributions after measurement date	4,742,955	4,392,385
Pension difference between actual and proportionate share of contribution	762,454	264,346
Total Deferred Outflows of Resources	5,505,409	5,914,475
Total Assets and Deferred Outflows of Resources	$ 475,217,180	$ 488,057,147

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (continued)
AS OF JUNE 30, 2016 AND 2015

	2016	2015
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$ 3,956,384	$ 3,603,224
Construction contracts payable	1,553,557	1,281,342
Rents received in advance	1,163,280	1,063,773
Accrued payroll	1,955,152	1,691,691
Total payable from unrestricted assets	8,628,373	7,640,030
Payable from Restricted Assets:		
Current portion of long-term debt	4,235,000	4,320,000
Accrued interest	364,895	668,150
Construction contracts payable	215,186	48,177
Total payable from restricted assets	4,815,081	5,036,327
Total Current Liabilities	13,443,454	12,676,357
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	22,492,000	27,797,280
Net other postemployment benefits obligation	347,203	365,511
Accrued payroll, net of current portion	1,075,525	1,129,702
Deposits	373,227	355,682
Reclamation liability	1,234,030	1,404,608
Net pension liability	32,609,501	29,388,235
Total Non-Current Liabilities	58,131,486	60,441,018
Total Liabilities	71,574,940	73,117,375
DEFERRED INFLOWS OF RESOURCES		
Pension - Difference-projected and actual earnings on plan investments	1,766,347	6,172,732
Pension - Difference between expected and actual pension experience	2,452,799	1,406,389
Total Deferred Inflows of Resources	4,219,146	7,579,121
NET POSITION		
Net investment in capital assets	367,749,013	382,231,061
Restricted for:		
Revenue bond operations and maintenance	6,614,174	6,440,637
Renewal and replacement	798,814	780,402
Passenger facility charge projects	8,623,418	6,526,871
Debt service	4,303,412	4,320,047
Flood grant	-	1,992,135
Other reserve purposes	31,737	2,399,397
Total Restricted	20,371,555	22,459,489
Unrestricted	11,302,526	2,670,101
Total Net Position	399,423,094	407,360,651
Total Liabilities and Net Position	$ 475,217,180	$ 488,057,147

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, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Landing fees	$ 8,071,097	$ 7,916,995
Concession revenue	10,861,366	10,344,733
Parking and ground transportation	10,519,785	9,515,946
Rentals	13,599,106	13,456,901
Reimbursements for services	2,419,689	2,647,105
Other revenue	42,873	106,844
Total operating revenues	45,513,916	43,988,524
OPERATING EXPENSES		
Employee wages and benefits	25,007,616	24,638,525
Utilities and communications	2,540,504	2,757,835
Purchase of services	4,803,679	4,763,544
Materials and supplies	1,821,369	1,582,278
Administrative expenses	2,443,771	2,113,887
Total operating expenses	36,616,939	35,856,069
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	8,896,977	8,132,455
Depreciation and amortization:		
Depreciation	34,613,731	34,937,228
Amortization of deferred charges	-	21,248
Total depreciation and amortization	34,613,731	34,958,476
OPERATING INCOME (LOSS)	(25,716,754)	(26,826,021)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	694,721	286,481
Passenger facility charge revenue	6,740,165	6,332,093
Customer facility charge revenue	1,385,061	1,252,480
Jet fuel tax revenue	268,287	246,059
Gain (loss) on sale of capital assets	105,471	29,533
Non-operating expenses	(140,952)	-
Interest expense	(1,284,053)	(1,376,012)
Total non-operating revenues (expenses)	7,768,700	6,770,634
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(17,948,054)	(20,055,387)
CAPITAL CONTRIBUTIONS	10,010,497	4,867,414
CHANGE IN NET POSITION	(7,937,557)	(15,187,973)
NET POSITION, BEGINNING OF YEAR	407,360,651	422,548,624
NET POSITION, END OF YEAR	$ 399,423,094	$ 407,360,651

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 46,032,836	$ 43,010,218
Cash paid to employees	(25,804,027)	(25,045,775)
Cash paid to suppliers	(11,369,508)	(10,271,542)
Net cash provided by operating activities	8,859,301	7,692,901
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	268,287	246,059
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	9,851,206	6,747,263
Passenger facility charge revenue	6,740,165	6,332,093
Customer facility charge revenue	1,385,061	1,252,480
Acquisition and construction of capital assets	(16,000,642)	(14,125,576)
Proceeds from sale of capital assets	106,967	30,557
Principal paid on bonds	(25,260,000)	(8,033,000)
Proceeds from sale of note	20,690,000	0
Cash paid for note issue costs	(117,594)	0
Interest paid on bonds	(1,149,844)	(1,438,287)
Loss on nonrefundable deposit	(23,358)	0
Net cash provided by (used in) capital and related financing activities	(3,778,039)	(9,234,470)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	391,513	257,018
Sale (purchase) of investments	(8,149,592)	(3,391,901)
Net cash provided by (used in) investing activities	(7,758,079)	(3,134,883)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,408,530)	(4,430,393)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,763,171	24,193,564
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,354,641	$ 19,763,171

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

	2016	2015
Operating income (loss)	$ (25,716,754)	$ (26,826,021)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	34,613,731	34,937,228
Amortization of deferred charges	-	21,248
(Increase) Decrease in Assets:		
Accounts receivable, net	401,868	(1,156,722)
Inventory	(16,651)	3,854
Other current assets	73,884	353,652
Increase (Decrease) in Liabilities:		
Accounts payable	353,160	762,991
Rents received in advance	99,507	261,183
Accrued payroll	209,284	148,285
Deposits and unearned revenues	17,545	(82,767)
Net OPEB obligation	(18,308)	(34,888)
Net pension liability and related deferred outflows and inflows of resources	(987,387)	(520,647)
Reclamation liability	(170,578)	(174,495)
Net cash provided by operating activities	$ 8,859,301	$ 7,692,901

Noncash activities:

The unrealized gain (loss) on investments was $255,166 at June 30, 2016 and ($22,997) at June 30, 2015.

	2016	2015
Capital assets included in construction contracts payable	$ 1,768,743	$ 1,329,519
Capital Contributions		
Total Capital Contributions	$ 10,010,497	$ 4,867,414
Grants Receivable (June 30, 2016 and 2015)	$ (1,199,503)	$ (1,040,212)
Grants Receivable (June 30, 2015 and 2014)	$ 1,040,212	$ 2,920,061
	$ 9,851,206	$ 6,747,263

See accompanying notes to financial statements.

1. Organization and Reporting Entity

A. Organization

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 (RNO) and the Reno-Stead Airport (RTS).

B. Reporting Entity

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

i. Composition of the Board.

The nine member Governing Board of Trustees is appointed by governing boards of the following jurisdictions: four members by the City of Reno, two members by the City of Sparks, two members by the Washoe County, and one member by the Reno-Sparks Convention & Visitors Authority (RSCVA). The Board directs the President/CEO, who is responsible for staffing of the RTAA departments. RTAA is responsible for the day-to-day operations at the two airports.

ii. Accounting for fiscal matters.

RTAA 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 RTAA's Bond Resolutions and underlying Lease and Use Agreements.

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

2. Summary of Significant Accounting Policies

A. Basis of Accounting

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. RTAA 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 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.

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.

B. 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.

C. Budgets

RTAA adheres to the Local Government Budget and Finance Act established by Nevada state statute. The filing deadlines and procedures during fiscal years 2016 and 2015 were as follows:

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

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

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

iii. 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.

iv. The budget was not amended from that originally filed for the years ended June 30, 2016 and June 30, 2015.

D. Cash, Cash Equivalents and Investments

RTAA considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Investments are measured at fair value.

E. 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.

2. Summary of Significant Accounting Policies (Continued)

F. Capitalization of Interest

RTAA 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. See Note 6 for additional detail on Debt. For the years ended June 30, 2016 and 2015, total interest cost incurred was $1,284,053 and $1,376,012, respectively.

Total interest costs in the fiscal year ending June 30, 2016 included the full amortization of both premium and loss for a net expense of $437,464 on the refunding of the Series 2005 Bonds on September 30, 2015.

For the years ended June 30, 2016 and 2015, no interest was capitalized.

G. Net Pension Liability, Deferred Outflows/Inflows of Resources

RTAA has recorded a net pension liability for its proportionate share of the difference between the total pension liabilities and the fiduciary net positions of Public Employees Retirement System (PERS) of the State of Nevada (System). For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS, additions to /deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition to assets, the statements of net position will sometimes report a separate section for the deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net assets, which applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

RTAA has three items that qualify for reporting in this category in 2015. The first is the deferred loss on refunding of the Series 2005 Bonds 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. With the refunding of the Series 2005 Bonds, this item was not reported in 2016. See Note 6 for additional detail.

The next two deferred outflow items are associated with implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The first item represents pension contributions made by the RTAA to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2015.

The second deferred outflow item represents changes in the RTAA's proportion allocation share and differences between RTAA contributions and its proportionate share of contributions to PERS. For cost-sharing, multiple employer plans, a "proportionate share" for each employer must be developed to distribute the aggregate pension plan liability and expense among the

2. Summary of Significant Accounting Policies (Continued)

participating employers' financial statements. An individual employer's proportionate share will almost certainly change from measurement date to measurement date, and the financial impact of this change must be quantified. In addition to the extent that an employer makes actual contributions during the year that are different from its allocated proportionate share of contributions, this difference must also be tracked and disclosed.

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 the acquisition of net assets, which will apply to a future period and will not be recognized as an inflow of resources (revenue) until then.

The RTAA has two deferred inflows associated with implementation of GASB 68, *Accounting and Financial Reporting for Pension.* The first deferred inflow discloses changes in the RTAA's net pension liability resulting from net difference between projected and actual earnings on pension investments as of June 30, 2015. In the determination of the net pension liability, a single blended rate is used to discount projected future benefit payments, based on the long-term expected rate of return on plan investments (net of investment expenses) that are expected to be used to finance the payment of pension benefits. This deferred inflow represents higher actual returns as compared to projected earning rate that may be received in future years.

The second deferred inflow of resources is the reduction in the RTAA's net pension liability resulting from differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences in factors such as mortality, payroll increases, retirements, and employee turnover.

The deferred outflows and inflows related to PERS will be further explained under Note 10, Pension Plan.

H. Compensated Absences

RTAA 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, 2016 and 2015, liabilities related to compensated absences were $1,959,732 and $2,007,548, respectively.

I. 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.

2. Summary of Significant Accounting Policies (Continued)

For the years ended June 30, 2016 and 2015, the payables outstanding associated with the airline year-end settlement were $1,980,745 and $1,705,308, respectively.

J. Net Position

RTAA's net position is classified into the following categories:

i. 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.

ii. 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.

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

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

K. Passenger Facility Charge (PFC) Revenue

Currently, the RTAA 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 RTAA. These revenues are recognized upon receipt and are included in RTAA's non-operating revenues.

L. Customer Facility Charge (CFC) Revenue

Effective August 2012, the RTAA 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 RTAA 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 RTAA 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 RTAA. These revenues are recognized upon receipt and are included in non-operating revenues.

M. 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 RTAA or through the PFC program. 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.

2. Summary of Significant Accounting Policies (Continued)

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.

N. 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 RTAA owns credits for the fees and can use them as needed or sell them to others until the credits expire June 26, 2023. An extension was requested to extend the credits' expiration date to June 26, 2033.

O. Recent Accounting Pronouncements Adopted/Implemented:

As of June 30, 2016, the Governmental Accounting Standards Board (GASB) has issued the following statement which was adopted and implemented by the RTAA.

- GASB Statement No. 72, *Fair Value Measurement and Application,* which addresses accounting and financial reporting issues related to fair value measurements. These statements created additional reporting requirements within the notes to the financial statements.

The RTAA has evaluated and determined the following accounting standards have no financial impact on its financial statements during the reporting periods:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB has also issued three additional statements that are effective in the first reporting period on or after June 15, 2016. The RTAA is evaluating and determining if these statements will have a financial impact and require implementation in future reporting periods.

3. Cash, Cash Equivalents and Investments

The RTAA accounts for its investments at fair value.

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

3. Cash, Cash Equivalents and Investments (Continued)

	2016	2015
Cash	$8,638,727	$ 10,158,322
Cash Equivalents:		
Short-Term Investments in Money Market Mutual Funds	8,659,262	9,604,852
Total Cash and Cash Equivalents	17,297,989	19,763,174
	2016	2017
Investments:		
State of Nevada Local Government Investment Pool	6,305,976	2,542,276
Washoe County Investment Pool	16,212,200	11,315,823
Certificates of Deposit	6,025,518	5,226,823
Commercial Paper	4,742,730	1,994,920
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	16,291,870	20,014,046
Total Investments	49,578,294	41,093,887
Total Cash, Cash Equivalents and Investments	$66,876,283	$60,857,061
Less: Unrestricted Cash, Cash Equivalents and Investments	(46,166,101)	(37,751,174)
Total Restricted Cash, Cash Equivalents and Investments	$20,710,182	$ 23,105,887

The bank balance of cash and cash equivalents as of June 30, 2016 and 2015 was $17,175,269 and $19,628,452, respectively. The difference relates to outstanding checks and deposits activity.

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.

Under GASB Statement No. 72, *Fair Value Measurement and Application*, fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Statement No. 72 expands those disclosures to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows: (a) Level 1 inputs are quoted prices in active markets for identical assets; (b) Level 2 inputs are significant other observable inputs (matrix pricing technique); and (c) Level 3 inputs are significant unobservable inputs.

Below is the categorization of the RTAA's total cash, cash equivalents and investments as of June 30, 2016 by fair market value using the categories of relative reliability:

3. **Cash, Cash Equivalents and Investments** (Continued)

Fair Value Measurements Using

	Total Cash, Cash Equivalents, and Investments 6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
US Agencies	$ 16,291,870		$ 16,291,870	$ -
Commercial Paper	4,742,730	-	4,742,730	-
Negotiable Certificates of Deposit	6,025,518	-	6,025,518	-
Total Debt Securities	$ 27,060,118	-	$ 27,060,118	$ -
Investments at Net Asset Value (NAV)				
Washoe County Investment Pool	16,212,200			
Local Government Investment Pool	6,305,976			
Total investments at the NAV	22,518,176			
Investments at Cost /Amortized Costs				
Money Market Funds	8,659,262			
Cash				
Collateralized Bank Deposits	8,638,727			
Total Cash, Cash Equivalents and Investments	$ 66,876,283			

	Total Cash, Cash Equivalents, and Investments 6/30/2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
US Agencies	$ 20,014,046		$ 16,291,870	$ -
$ 16,212,200	1,994,920	-	4,742,730	-
1,994,920	5,226,823	-	6,025,518	-
5,226,823	$ 27,235,789	-	$ 23,433,943	$ -
Investments at Net Asset Value (NAV)				
Washoe County Investment Pool	11,315,823			
Local Government Investment Pool	2,542,276			
Total investments at the NAV	13,858,099			
Investments at Cost /Amortized Costs				
Money Market Funds	9,604,851			
Cash				
Collateralized Bank Deposits	10,158,322			
Total Cash, Cash Equivalents and Investments	$ 60,857,061			

Investment Policies

In accordance with NRS 355 Public Investments, the RTAA's bond resolution and the RTAA's investment policy, the RTAA manages its exposure to interest rate risk by regular evaluation of the RTAA'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

3. Cash, Cash Equivalents and Investments (Continued)

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 RTAA uses specific identification for calculating unrealized gains or losses for investment valuation.

Included in the RTAA's investment portfolio as of June 30, 2016 and 2015 are the following statutorily approved investments:

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

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

Commercial Paper. Commercial Paper is a money-market security issued by large banks and corporations to obtain funding to meet short term debt obligations, and is 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 U.S. Treasury or federal agency securities.

Money Market Mutual Funds. These funds invest in short-term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, commercial paper, and repurchase agreements. 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.

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.

3. Cash, Cash Equivalents and Investments (Continued)

The LGIP investment policy allows for investments in banker's acceptances, commercial paper, corporate notes, money market funds, negotiable certificates of deposit, repurchase agreements, tax-exempt municipal bonds, time certificates of deposit, U.S. Treasury securities, U.S. agency securities, and asset-backed securities, with the objective of preserving the principal investment and providing a competitive return. The fair value of the investment in this type has been determined using the NAV. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund. RTAA is able to withdraw funds from the pool on a daily basis and has no outstanding unfunded commitments as of June 30, 2016.

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 RTAA. 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.

The WCIP investment policy allows for investments as indicated, with the objective of achieving long term financial sustainability. The fair value of the investment in this type has been determined using the NAV. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund. RTAA is able to withdraw funds from the pool on a daily basis and has no outstanding unfunded commitments as of June 30, 2016.

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:

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

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

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

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

3. Cash, Cash Equivalents and Investments (Continued)

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

Custodial Credit Risk
Custodial credit risk is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Any deposits in excess of FDIC Insurance, if applicable, are held in the financial institutions name. RTAA had no investment securities exposed to custodial credit risk, in the event of the failure of the counter party to a transaction.

Interest Rate Risk
As of June 30, 2016, the RTAA's cash, cash equivalents and investments have the following maturity distributions:

	Maturity				
	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	$ 8,638,727	$ -	$ -	$ -	$ -
Money Market Mutual Funds	8,659,262	-	-	-	-
State of Nevada Local Government Investment Pool	-	6,305,976	-	-	-
Certificates of Deposit	-	1,251,343	4,270,455	503,720	-
Commercial Paper	-	4,742,730	-	-	-
US Government Agency Securities	-	5,025,260	6,256,110	4,005,360	1,005,140
Washoe County Investment Pool	-	-	-	16,212,200	-
Grand Total	$ 17,297,989	$ 17,325,309	$ 10,526,565	$ 20,721,280	$ 1,005,140

As of June 30, 2015, cash, cash equivalents and investments have the following maturity distributions:

	Maturity				
	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	$ 10,158,322	$ -	$ -	$ -	$ -
Money Market Mutual Funds	9,604,851	-	-	-	-
State of Nevada Local Government Investment Pool	-	2,542,276	-	-	-
Certificates of Deposit	1,743,253	2,735,791	249,715	498,064	-
Commercial Paper	-	1,994,920	-	-	-
US Government Agency Securities	-	4,266,331	6,998,205	7,253,895	1,495,615
Washoe County Investment Pool	-	-	-	11,315,823	-
Grand Total	$ 21,506,426	$ 11,539,318	$ 7,247,920	$ 19,067,782	$ 1,495,615

3. Cash, Cash Equivalents and Investments (Continued)

Credit Risk

State statutes, the RTAA's revenue bond resolutions and the RTAA's investment policy authorize investments in direct obligations of, or obligations guaranteed by the United States of America. The RTAA 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 RTAA'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 subject to NRS 355.171 Public Investment statutory requirements on authorized and prohibited investments.

At June 30, 2016 and 2015, 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, 2016 and 2015, Moody's Investor Services had rated the Commercial Paper as P1.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the RTAA's investment in a single issue. The RTAA places no limit on the amount the RTAA may invest in any one issuer. At June 30, 2016 and 2015, the following investments equaled or exceeded 5% of the RTAA's total investments:

RTAA Credit Risk Concentration by Issuer		
	2016	**2015**
Washoe County Investment Pool	24%	19%
Fidelity Governmental Fund 57 (money market)	10%	16%
Local Government Investment Pool	9%	4%
Wells Fargo Collateralized Deposit	3%	16%
Federal Home Loan Bank	6%	7%
Federal Home Loan Mortgage Corporation	12%	4%
Other less than 5% individually	36%	34%

4. Accounts and Grants Receivable

The following amounts represent receivables due to the RTAA at June 30, 2016 and 2015:

	2016	**2015**
Current, unrestricted:		
Accounts Receivable	$3,066,811	$3,444,609
Less Allowance for Uncollectible	(176,372)	(152,302)
Net Accounts Receivable	2,890,439	3,292,307
Grants Receivable	1,852,645	1,040,212
Total Current Accounts and Grants Receivable	$4,743,084	$4,332,519

The grants receivable in the accompanying Statements of Net Position represent reimbursements due for project costs under Federal Aviation Administration (FAA) and Transportation Security

4. **Accounts and Grants Receivable** (Continued)

Administration (TSA) grants. When received, these amounts are deposited to the RTAA'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 RTAA's independent auditor. However, the RTAA 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 RTAA'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, 2016 are as follows:

	Balance July 1, 2015	Additions and Transfers	Deletions and Transfers	Balance June 30, 2016
Capital Assets, not being depreciated/amortized				
Land	$172,549,179		$(72,242)	$172,476,937
Construction in progress	8,334,194	15,888,589	(4,265,324)	19,957,459
Development rights	2,924,038			2,924,038
Total Capital Assets, not being depreciated/amortized	183,807,411	15,888,589	(4,337,566)	195,358,434
Capital Assets, being depreciated/amortized				
Improvements	354,137,938	1,094,359		355,232,297
Buildings	275,157,509	1,742,759	(99,275)	276,800,993
Equipment	63,742,092	2,151,000	(166,138)	65,726,954
Total Capital Assets, being depreciated/amortized	693,037,539	4,988,118	(265,413)	697,760,244
Less accumulated depreciation/amortization for:				
Improvements	239,388,465	15,452,734		254,841,199
Buildings	180,802,679	14,342,428		195,145,107
Equipment	42,233,690	4,818,569	(164,643)	46,887,616
Total Accumulated Depreciation/Amortization	462,424,834	34,613,731	(164,643)	496,873,922
Total Capital Assets, being depreciated/amortized, net	230,612,705	(29,625,613)	(100,770)	200,886,322
Net Capital Assets	$414,420,116	(13,737,024)	(4,438,336)	396,244,756

6. Capital Assets (Continued)

Capital asset balances and changes for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions and Transfers	Deletions and Transfers	Balance June 30, 2015
Capital Assets, not being depreciated/amortized				
Land	$165,122,099	$7,472,065	$(44,985)	$172,549,179
Construction in progress	15,792,420	11,855,980	(19,314,206)	8,334,194
Development rights	2,924,038	--	--	2,924,038
Total Capital Assets, not being depreciated/amortized	183,838,557	19,328,045	(19,359,191)	183,807,411
Capital Assets, being depreciated/amortized				
Improvements	343,919,175	10,218,763	--	354,137,938
Buildings	274,954,328	737,182	(534,001)	275,157,509
Equipment	62,846,689	1,132,031	(236,628)	63,742,092
Total Capital Assets, being depreciated/amortized	681,720,192	12,087,976	(770,629)	693,037,539
Less accumulated depreciation/amortization for:				
Improvements	224,596,839	14,791,626	--	239,388,465
Buildings	166,400,702	14,935,978	(534,001)	180,802,679
Equipment	37,259,671	5,210,647	(236,628)	42,233,690
Total Accumulated Depreciation/Amortization	428,257,212	34,938,251	(770,629)	462,424,834
Total Capital Assets, being depreciated/amortized, net	253,462,980	(22,850,275)		230,612,705
Net Capital Assets	$437,301,537	$(3,522,230)	$(19,359,191)	$414,420,116

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 (RNO), are recorded at cost. Development rights, which prevent the construction of residential homes on property adjacent to RNO, are a condition of land ownership that goes on into perpetuity.

6. Long-Term Debt

As of June 30, 2016, the RTAA had $26.727 million in debt comprised of $20.690 million of senior lien revenue bonds (Series 2015 Airport Refunding bonds), $5.270 million of subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note – Fixed Rate Portion), and $767,000 of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note - Variable Rate).

Long–term debt activity for the year ended June 30, 2016 is summarized as follows:

	Balance July 1, 2015	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2016
Revenue Bonds:					
Series 2005	$ 22,360,000	$ -	$22,360,000	$ -	$ -
Unamortized Premium	820,280	-	-	820,280	-
Series 2015	-	20,690,000	-	-	20,690,000
Total Revenue Bond Debt	23,180,280	20,690,000	22,360,000	820,280	20,690,000
Less Current Portion	(1,420,000)	-	-	-	(1,255,000)
Noncurrent Revenue Bonds	21,760,280	-	-	-	19,435,000
Subordinate Notes:					
Series 2011 A-Fixed Rate	7,800,000	-	2,530,000	-	5,270,000
Series 2011 B-Variable Rate	1,137,000	-	370,000	-	767,000
Total Subordinate Notes	8,937,000	-	2,900,000	-	6,037,000
Less Current Portion	(2,900,000)	-	-	-	(2,980,000)
Noncurrent Subordinate Notes	6,037,000	-	-	-	3,057,000
Noncurrent Portion Debt Outstanding	$ 27,797,280	-	-	-	$ 22,492,000

	Balance July 1, 2014	New Debt	Principal Repayment	Premium Amortization	Balance June 30, 2015
Series 2005	$23,715,000	$ -	$1,355,000	$ -	$22,360,000
Unamortized Premium	894,851	-	-	(74,571)	820,280
Total Revenue Bond Debt	24,609,851	-	1,355,000	(74,571)	23,180,280
Less Current Portion	(1,355,000)	-	-	-	(1,420,000)
Noncurrent Revenue Bonds	23,254,851	-	-	-	21,760,280
Subordinate Notes:					
Series 2011 A-Fixed Rate	10,265,000	-	2,465,000	-	7,800,000
Series 2011 B-Variable Rate	5,350,000	-	4,213,000	-	1,137,000
Total Subordinate Notes	15,615,000	-	-	-	8,937,000
Less Current Portion	(3,770,000)	-	-	-	(2,900,000)
Noncurrent Subordinate Notes	11,845,000	-	-	-	6,037,000
Noncurrent Portion Debt Outstanding	$35,099,851	-	-	-	$27,797,280

6. Long-Term Debt (Continued)

Bond Resolutions

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 RTAA from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by the RTAA 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:

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

B. 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 RTAA, 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 RTAA's currently budgeted operation and maintenance expenses.

C. 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 RTAA is accumulated as an emergency capital account.

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

E. 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 RTAA. The Bond Fund and all accounts therein are held by the Trustee.

While the current senior and subordinate debt issues do not require a Bond Service Reserve Fund under the existing bond resolutions, the RTAA may include separate debt service reserve fund accounts, created for individual series of parity securities issued, if required by the supplemental instrument authorizing the issuance of such series of parity securities.

The revenue bond resolutions require the RTAA 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

6. Long-Term Debt

and the rate maintenance covenant continues to be met for the years ended June 30, 2016 and 2015.

Series 2005 Bonds
As of July 1, 2015, the only senior lien bonds outstanding of the Reno-Tahoe Airport Authority (RTAA) were the Series 2005, Airport Revenue Refunding Bonds (2005 Bonds) in the amount of $22,360,000. Senior lien debt represents borrowing that has a priority claim for payment from RTAA revenues after funding of operating expenses.

With an average net interest rate of 4.49%, these bonds of $29.775,000 refunded the Series 1996A Airport Revenue Bonds (1996A Bonds) in August 2005. The 1996A Bonds, with an average net interest rate of 5.91%, were issued to finance the construction of a three story, 2,400 space parking garage in the main parking lot, a new terminal access roadway system to accommodate the parking garage, and a passenger skyway to connect the parking garage to the terminal.

The 2005 bonds were refunded on a current basis on September 30, 2015 by the Series 2015 Bond.

Series 2015 Bond
On September 30, 2015, the RTAA issued the "Reno-Tahoe Airport Authority, Nevada, Airport Revenue Refunding Bond, Series 2015" (the "2015 Bond"). The proceeds from the bond sale were used to redeem the current Airport Revenue Refunding Bonds, Series 2005 (the “Series 2005 Bonds”), which were outstanding as of July 1, 2015 in the amount of $20,940,000, and the cost of issuance necessary to execute this transaction.

The Series 2015 Bond is a direct loan of $20,690,000 secured through a Request for Proposals process issued on July 9, 2015 to numerous banks and financial lending organizations. Upon review of the submitted proposals, Compass Mortgage Corporation, an Alabama Corporation and a subsidiary of BBVA Compass, provided the most favorable business terms and conditions.

The interest rate on the Series 2015 Bond is 2.75% with an eleven (11) year term consistent with the refunded Series 2005 Bonds. The RTAA will benefit from $2.917 million of gross savings or $2.519 million on a present value basis in lower debt service payments. This represents a net present value savings as a percentage of refunding bonds of 12.03%.

The terms and conditions governing the 2015 Bond are established under a new Bond Resolution No. 526, which is substantially similar to terms and condition established for the Series 2005 Bonds.

Going forward in 2016 through the maturity of the 2015 Bond, the following table compares the principal and interest payments under the refunded Series 2005 Bonds and new Series 2015 Bond:

6. Long-Term Debt (Continued)

	Series 2005 Bonds		Series 2015 Bond		
Bond Year ending July 1	Principal	Interest	Principal	Interest	Savings
2016 **	$ 1,106,250	$ 783,375	$ 1,255,000	$ 428,312	$ 206,313
2017	1,550,000	970,750	1,715,000	534,462	271,288
2018	1,625,000	895,750	1,760,000	487,300	273,450
2019	1,705,000	814,500	1,810,000	438,900	270,600
2020-2026	14,585,000	3,059,750	14,150,000	1,599,125	1,895,625
	$20,571,250	$ 6,524,125	$20,690,000	$3,488,099	$2,917,276

** In 2016, the debt service reflects a comparison of nine months of debt service under the refunded Series 2005 and the new 2015 Bond issued on October 1, 2015.

<u>Series 2011 A and B Subordinate Notes (Medium Term)</u>
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 RTAA 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 were 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 RTAA has divided the borrowing into two parts as follows:

- Series “2011A” Subordinate Lien Revenue Note–Fixed Rate portion. The RTAA 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.

6. Long-Term Debt (Continued)

- Principal payments are structured so that the total annual payments of principal and interest on the 2011A Note will be approximately level from FY 2012 through FY 2017.

- Series "2011B" Subordinate Lien Revenue Note-Variable Rate portion. The RTAA 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 was designed to serve as a flexible borrowing instrument such that the RTAA could 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 RTAA 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. No additional draws were made on the 2011B Note.

  On July 1, 2014, the RTAA, as permitted under the Subordinate Lien Notes, made 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, was in addition to the $1.300 million scheduled principal payment.

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, 2016, was at 2.072%. The interest rate on the 2011B Note is capped at 12%.

The Consolidated Security Checkpoint, funded from the proceeds of the Notes, is eligible for the associated debt service to be repaid from future Passenger Facility Charge ("PFC") revenue. The RTAA 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 RTAA has also covenanted in the 2011 Subordinate Note Resolution that the RTAA 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, 2016 and 2015, the RTAA has applied $8.357 million and $6.543 million respectively of PFC revenues toward debt service on the Subordinate Lien Notes associated with PFC approved projects beginning with the August 29, 2011 approval date.

The RTAA collected $6.740 million and $6.332 million of PFC revenue during the years ended June 30, 2016 and 2015, 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 RTAA 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.

Maturities of subordinate notes, reflecting the early repayment, will require the following principal and interest payments (based on amounts outstanding at June 30, 2016):

6. Long-Term Debt (Continued)

Subordinate Note-Series 2011A
Fixed Rate

Note year ended July 1,	Principal	Interest	Total
2016	$ 2,600,000	$ 144,925	$ 2,744,925
2017	2,670,000	73,425	2,743,425
	$ 5,270,000	$ 218,350	$ 5,488,350

Subordinate Note-Series 2011B
Variable Rate (a)

Note year ended July 1,	Principal	Interest	Total
2016	$ 380,000	$ 15,130	$ 395,130
2017	387,000	8,490	395,490
	$ 767,000	$ 23,620	$ 790,620

(a) Interest requirements for the Subordinate Note-Series 2011B Variable Rate Notes for 2017 are calculated using the interest rate in effective on July 1, 2016. The interest rate is reset semiannually and is based upon the LIBOR rate as previously noted. Effective July 1, 2016, the rate was established at 2.194%, which is used to calculate interest in 2017.

7. Non-Current Liabilities

Other long–term liability activity for the year ended June 30, 2016 and 2015 is summarized below:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Net other postemployment benefits obligation	$ 365,511	$171,393	$ 189,701	$ 347,203	$ -
Compensated absences	2,007,548	422,554	470,370	1,959,732	884,207
Deposits	355,682	203,068	185,523	373,227	-
Reclamation liability	1,404,608	38,599	209,177	1,234,030	-
Total	$ 4,133,349	$835,614	$ 1,054,771	$ 3,914,192	$ 884,207

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Net other postemployment benefits obligation	$ 400,399	$189,736	$224,624	$ 365,511	$ -
Compensated absences	1,886,613	347,595	226,660	2,007,548	877,847
Deposits	438,449	181,898	264,665	355,682	-
Reclamation liability	1,579,103	29,731	204,226	1,404,608	-
Total	$ 4,304,564	$748,960	$ 920,175	$ 4,133,349	$ 877,847

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:

	2016	2015
Airport Systems Revenues:		
Airline Fees and Rentals:		
Landing fees	$ 7,166,407	$ 7,066,593
Terminal building space rental	6,511,115	6,710,995
Total Airline Fees and Rentals	13,677,522	13,777,588
Non-Airline Revenues:		
Other aircraft fees	904,690	850,402
Concession fees	10,861,366	10,344,733
Parking and ground transportation	10,519,785	9,515,946
Other rentals	7,087,994	6,745,906
Reimbursement for services	2,419,689	2,647,105
Other operating revenues	42,873	106,844
Non-operating revenues	2,147,967	1,777,571
	33,984,364	31,988,507
Gross pledged revenues	$ 47,661,886	$ 45,766,095
	2016	**2015**
Airport system operation and maintenance expenses	(36,616,939)	(35,856,069)
(Gain)/Loss on Sale of Capital Assets	(105,471)	(29,533)
Airline revenue sharing	2,347,074	1,494,648
35% of gaming revenue	(374,991)	(443,208)
Net Pledged Revenues	$ 12,911,559	$ 10,931,933
Debt Service Coverage Required	$ 2,887,856	$ 3,151,625
Debt Service Coverage Minimum Requirement is equal to 125% of Senior Lien Debt Service as calculated below:		
125% of Senior Lien Revenue Bond Debt Service	$ 2,887,856	$ 3,151,625
100% of Senior Lien Debt Service	$ 2,310,285	$ 2,521,300

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.

8. Rate Maintenance Covenant (Continued)

	2016	2015
Net Pledged Revenues	$ 12,911,559	$ 10,931,933
100% Senior Lien Debt Service	(2,310,285)	(2,521,300)
Pledged Passenger Facility Charge Revenue	1,813,919	1,808,804
Subordinate Net Revenues	$ 12,415,193	$ 10,219,437
Subordinate Lien Debt Service Coverage Required	$ 3,454,061	$ 3,448,437
Minimum Debt Service Coverage Requirement for Subordinate Lien debt is calculated below:		
110% of Subordinate Lien Debt Service	$ 3,454,061	$ 3,448,437
100% of Subordinate Lien Debt Service	$ 3,140,055	$ 3,134,943

9. Leases

Substantially all of the property owned by the RTAA is subject to non-cancelable leases and concession agreements. The rental and concession revenue shown in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2016 of $10,861,366 and June 30, 2015 of $10,344,733 result from concessions calculated as a percentage of the gross receipts or are attributable to specified minimum payments.

Future minimum payments due to the RTAA under such non-cancelable agreements are as follows for the years ended June 30:

2017	$ 22,928,817
2018	23,638,524
2019	13,588,435
2020	13,068,809
2021	4,602,446
2022-2027	22,754,820
Total	$ 100,581,851

10. Pension Plan

A. Purpose and History

The RTAA contributes to the Public Employees Retirement System (PERS) of the State of Nevada (System), 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 plan provisions may only be amended through legislation.

10. Pension Plan (continued)

The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Pension plan fiduciary net position: Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports. 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.

B. Benefits

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 RTAA are under the employer pay contribution plan where the RTAA is required to contribute all amounts due under the plan. The contribution requirements of the RTAA are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism and benefits may only be amended through legislation.

The RTAA’s contribution rates based on employee members covered payroll and amounts contributed (equal to the required contributions) for the upcoming fiscal year and the last three years as follows:

	Contribution Rates		
Fiscal Year	Regular	Police/Fire	Total Contribution
2016-2017	28.00%	40.50%	$ -
2015-2016	28.00%	40.50%	$4,742,955
2014-2015	25.75%	40.50%	$4,392,385
2013-2014	25.75%	40.50%	$4,249,041

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member’s highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier.

10. Pension Plan (continued)

The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575–.579.

C. Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after
January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service.
Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985 is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

D. Member Contributions

The authority for establishing and amending the obligation, to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan, prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only.

Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

E. Termination

Upon termination or partial termination of the System, all accrued benefits that are funded become 100% vested and non-forfeitable.

10. Pension Plan (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The RTAA's net pension liability, total deferred outflow of resources, deferred inflows of resources, and total employer pension expense for June 30, 2016 and June 30, 2015 are based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes for the Public Employee Retirement System of Nevada (PERS) with an actuarial valuation date as of June 30, 2015 and June 30, 2014(PERS Actuarial Reports), respectively. Due to the timing difference between the valuation date of the PERS Actuarial Reports and RTAA's reporting date, pension contributions, which were made subsequent to the measurement date of the net pension liability, are recognized as a deferred outflow of resources.

As of June 30, 2016, RTAA is reporting a liability of $32,609,501 for its proportionate share of the net pension liability. This represents an increase of $3,221,266 as compared to $29,388,235 reported as of June 30, 2015. The RTAA's proportion of the net pension liability is based on a RTAA's contributions to the pension plan relative to the contributions of all participating entities.

The RTAA's proportion share of the net pension liability, based on the RTAA's contributions to the pension plan relative to the contribution of all participating entities, is 0.28456 percent of the total. This compares to the prior year's RTAA's proportion share of 0.28198 percent of the total. This represents no significant change in the percentage allocation used in the PERS Actuarial Reports between the two years.

For the year ended June 30, 2016 and 2015, the RTAA recognized pension expense of $4,742,955 and $4,392,385, respectively.

<u>Changes in assumptions and benefit terms</u>
There were no changes in assumptions or benefit terms since the prior measurement date.

<u>Changes since measurement date</u>
There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

<u>Deferred Outflows and Inflows of Resources</u>
At June 30, 2016, the RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ --	$ 2,452,799
Net difference between projected and actual earnings on pension plan investments	--	1,766,347
Change in proportion and differences between RTAA contributions and proportionate share of contributions	762,454	--
RTAA contributions subsequent to the measurement date	4,742,955	--
Total	$ 5,505,409	$ 4,219,146

10. Pension Plan (continued)

The deferred outflows of resources of $4,742,955 relates to RTAA pension contributions made subsequent to the total pension measurement date of June 30, 2015 that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year, which was 6.55 years. Investment gains and losses are amortized over a fixed five year period.

The deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense, excluding the RTAA pension contributions made in the following year, as follows:

Year ended June 30:	
2017	$ (1,074,176)
2018	(1,074,176)
2019	(1,074,176)
2020	201,804
2021	(332,154)
2022	(103,831)
Total	$ (3,456,692)

At June 30, 2015, the RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ --	$ 1,406,389
Net difference between projected and actual earnings on pension plan investments	--	6,172,732
Change in proportion and differences between RTAA contributions and proportionate share of contributions	264,346	--
RTAA contributions subsequent to the measurement date	4,392,385	--
Total	$ 4,656,731	$ 7,579,121

The deferred outflows of resources of $4,392,385 related to pensions resulting from RTAA contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year which was 6.70 years. Investment gains and losses are amortized over a fixed five year period.

10. Pension Plan (continued)

The deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense, excluding the RTAA pension contributions made in the following year, as follows:

Year ended June 30:	
2016	$ 1,727,489
2017	1,727,489
2018	1,727,489
2019	1,727,489
2020	238,129
Thereafter	166,690
Total	$ 7,314,775

<u>Assumptions</u>
The net pension liability reported as of June 30, 2016 and 2015 were determined using the following assumptions in the PERS Actuarial Reports, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00% including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75% depending on service Police/Fire: 5.25% to 14.5% depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2015 and 2014 funding actuarial valuation.

Mortality rates were based on the following actuarial assumptions:

Healthy:	Regular:	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).
.	Police/Fire:	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year.
Disabled:	Regular and Police/Fire	RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

The actuarial assumptions used in the PERS Actuarial Report as of the June 30, 2015 were based on the results of the experience review completed in 2013. The assumptions in the PERS Actuarial Report as of June 30, 2014 were based on an experience study for the period from July 1, 2006 through June 30, 2012.

There were no changes in actuarial assumptions or cost methods since the preceding valuation.

<u>Assume Asset Allocation</u>
PERS's policies, which determine the investment portfolio target asset allocation, are established by their Board. The PERS Board evaluates and establishes expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The asset

10. Pension Plan (continued)

allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was PERS adopted policy target asset allocation as of both June 30, 2016 and 2015.

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

*The PERS' long-term inflation assumption was 3.5% in both years.

G. Discount rate

The discount rate used in the PERS Actuarial Reports to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Future Payroll Growth

In projecting plan contributions as described above, Fund experience was projected to be consistent with the valuation assumptions, except that payroll was projected to grow at 5% per year for both 2016 and 2015 fiscal years.

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the RTAA's net pension liability using the discount rate of 8.00%, as well as what the RTAA net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

		1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
RTAA's proportionate share of the net pension liability	2016	$49,690,349	$32,609,501	$18,405,583
RTAA's proportionate share of the net pension liability	2015	$45,701,919	$29,388,235	$15,827,409

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 RTAA either through internal funds or passenger facility charges. 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, 2016 represents payments received from the Nevada State Petroleum fund as reimbursement for remediation activities performed by the RTAA.

The RTAA has received capital contributions as follows:

	Inception to Date	Year Ended 2016	Year Ended 2015
Federal	$438,442,236	$9,834,319	$4,813,873
State	273,303	9,571	13,145
Other Sources	26,590,668	--	40,396
Total	$465,306,207	$9,843,890	$4,867,414

12. Commitments and Contingencies

The RTAA has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2016:

Airfield	$ 928,432
Terminal	99,868
Reno-Stead Airport	-
Other	333,310
Total Outstanding Commitments	$ 1,361,610

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

In 2000, the RTAA 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 at the Reno-Stead Airport that is owned by the RTAA, 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

12. Commitments and Contingencies (Continued)

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 RTAA 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 bank balance of this fund is $1.226 million dollars for year ended 2016 and $1.41 million dollars for year ended 2015. Included in this balance are $322,953 for 2016 and $361,651 for 2015 which reflects the added funds as noted below.

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 and $475,000 was added to the fund for the RTAA share.

The reclamation liability at June 30, 2016 and 2015 is $1,234,030, and $1,404,608, respectively.

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

13. Risk Management

The RTAA 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 RTAA 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.

14. Other Postemployment Benefits

The RTAA recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability for other postemployment benefits, and obtains information useful in assessing potential demands on the RTAA's future cash flows. At June 30, 2016 and 2015, respectively, the net other postemployment benefit liability for the two plans outlined below was $347,203 and $365,511. Currently, the RTAA finances the liability on the pay-as-you go basis.

The RTAA 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 RTAA retirees and beneficiaries.

14. Other Postemployment Benefits (Continued)

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:

i. 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;

ii. At the date of retirement, the employee has completed a minimum of five (5) consecutive years of employment with the RTAA;

iii. Retiree has retired prior to June 30, 2012;

iv. The employee retires directly into the Nevada Public Employees Retirement System (PERS) with no gap between RTAA separation and PERS retirement date; and

v. The employee is not eligible for Medicare.

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

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, 2016, there was one retiree participating in the plan and as of June 30, 2015, there were two retirees participating in the plan.

Annual OPEB Cost and Net OPEB Obligation: The RTAA had an actuarial valuation performed for the plan as of January 1, 2016 to determine the funded status of the plan, as well as the RTAA's annual required contribution (ARC), for the fiscal year ended June 30, 2016.

The ARC represents the sum of two parts: (1) the normal cost, which is the cost for OPEB benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the Unfunded Actuarial Accrued Liability (UAAL) over the next 5 years. Under GASB 45, it is not required that entities actually pay the ARC each year, but it does need to be calculated and disclosed in the public employer's annual financial statements.

As of June 30, 2016 and 2015, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

14. Other Postemployment Benefits (Continued)

For fiscal year 2016, the RTAA's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was estimated to be $6,790. The RTAA 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 2015. For fiscal year 2015, the RTAA's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits, was $8,547.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ (32,573)	$ 13,098	-40.21%	$ 147,998
2015	$ (34,308)	$ 8,547	-24.91%	$ 105,143
2016	$ (21,268)	$ 6,790	-31.93%	$ 77,085

The net OPEB obligation as of June 30, 2016 and 2015 was calculated as follows:

	2016	2015
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	12,175	12,852
Interest to June 30	239	251
Annual Required Contribution (ARC)	$ 12,414	$ 13,103
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 12,414	$ 13,103
Interest on Net OPEB Obligation	4,206	5,920
Adjustment to ARC	(37,888)	(53,331)
Annual OPEB Cost	(21,268)	(34,308)
Estimated RTAA Contribution - Retiree Benefits	(6,790)	(8,547)
Increase (Decrease) in Net OPEB Obligation	(28,058)	(42,855)
Net OPEB Obligation, Beginning of Year	105,143	147,998
Net OPEB Obligation, End of Year	$ 77,085	$ 105,143
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 35,138	$ 37,092
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 35,138	$ 37,092
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

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 multi-year 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, 2016 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 7.5% for fiscal year 2016 and declining to an ultimate trend of 5.0% for the 2021 and later fiscal years. These rates include a 2.75% inflation assumption.

The actuarial value of plan assets was not determined since the RTAA 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 (3 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 RTAA on or after September 1, 2008 are eligible to participate in this plan as a retiree at the RTAA's expense.

14. Other Postemployment Benefits (Continued)

Funding Policy: The RTAA is required to provide a subsidy to the plan of each retiree that has joined 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 RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of $15 to a maximum of $772 per month for the year ended June 30, 2016; subsidies ranged from a minimum of $15 to a maximum $541 per month for the year ended June 30, 2015. Subsidies for retiree premiums are paid directly to the State PEBP when due.

The RTAA's obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was $123,621 for 38 retirees, which equaled the required contribution. The prior year's contribution to PEBP was $142,808 for 40 retirees, which equaled the required contribution.

Annual OPEB Cost and Net OPEB Obligations: The RTAA had an actuarial valuation performed for the plan as of January 1, 2016. For the plan year 2015, the RTAA had a roll forward of the actuarial valuation performed for the plan as of January 1, 2013. The valuations were done to determine the funded status of the plan as well as the RTAA's annual required contribution (ARC) for the fiscal years ended June 30, 2016 and 2015.

As of June 30, 2016 and 2015, 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
2014	$ 150,687	$ 151,567	106.58%	$ 252,401
2015	$ 150,775	$ 142,808	94.72%	$ 260,368
2016	$ 133,372	$ 123,621	92.69%	$ 270,119

The net OPEB obligation as of June 30, 2016 and 2015 was calculated as follows:

	2016	2015
Determination of Annual Required Contribution:		
Normal Cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	141,578	157,540
Interest to June 30	2,781	3,077
Annual Required Contribution (ARC)	$ 144,359	$ 160,617
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 144,359	$ 160,617

	2016	2015
Interest on Net OPEB Obligation	10,415	10,096
Adjustment to ARC	(21,402)	(19,938)
Annual OPEB Cost	133,372	150,775
Retiree Benefit Payments Paid by the RTAA	(123,621)	(142,808)
Increase (Decrease) in Net OPEB Obligation	9,751	7,967
Net OPEB Obligation, Beginning of Year	260,368	252,401
Net OPEB Obligation, End of Year	$ 270,119	$ 260,368
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	$ 1,791,288	$ 2,074,122
Actuarial Accrued Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 1,791,288	$ 2,074,122
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 multi-year 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, 2016 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 7.5% for fiscal year 2016 and declining to an ultimate trend of 5.0% for the 2021 and later fiscal years. These rates include a 2.75% inflation assumption.

The actuarial valuation of plan assets was not determined as the RTAA has not advanced funded its obligation. The group of retirees covered by PEBP is a closed group and there are no active

14. Other Postemployment Benefits (Continued)

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 17 year period, with level dollar payments.

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, subject to Management Guidelines, Civil Service Plan or the collective bargaining agreement with the RTAA Police Officers Association, an individual account for post-employment health benefits. The funding of the employees subject to Management Guidelines and Civil Service Plan is as follows:

A. Each July 1st, the RTAA shall contribute the amount of accrued sick leave as of the last pay period in June into the employee's individual PEHP plan account at 100% of the employee's base rate of pay. All contributions will be made on a pre-tax basis as follows:

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

B. 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.

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

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

For the year ended June 30, 2016, $225,159 was contributed to the PEHP plan. For the year ended June 30, 2015, $210,622 was contributed to the PEHP plan.

The plan for employees covered by the collective bargaining agreement with the RTAA Police Officers Association is funded under the following provisions:

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

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

C. 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.

D. 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.

E. 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, 2016, $496 was contributed to the RTAA Police Officers Association plan. For the year ended June 30, 2015, $5,249 was contributed to the RTAA Police Officers Association plan.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2016

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, 2016	$	-	$	31,715	0%	$	31,715	$	N/A	N/A
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%

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, 2016	$	-	$	1,729,285	0%	$	1,729,285	$	N/A	N/A
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

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, 2016 valuation
The primary reasons for the decrease in the Actuarial Accrued Liability (AAL) of the Reno-Tahoe Airport Authority (RTAA) Group Health Plan and the State of Nevada's Public Employees' Benefits Program (PEBP) are: (1) updates in retirees currently on the plans and assumptions about future increases in required PEBP subsidies; (2) a decrease in the required RTAA subsidy for PEBP retirees and (3) updates in mortality assumptions and future medical premium trends.

Note 3 - PEBP and RTAA Group Health Plan

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

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF THE RTAA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2015 - 2016 [(a)]
(unaudited)

	2015 [(b)]	2016 [(b)]
RTAA's proportion of the net pension liability	0.282%	0.285%
RTAA's proportionate share of the net pension liability	29,388,235	32,609,501
RTAA's covered employee payroll	15,137,166	15,511,214
RTAA's proportion of the net pension liability as a percentage of its covered employee payroll	194.146%	210.232%
Plan fiduciary net position as a percentage of the total pension liability	76.312%	75.126%

(a) This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the Authority is presenting information for those years for which information is available.
(b) Actuarial Studies used to calculate total and RTAA net pension liability are completed as of June 30th in the previous fiscal year. Covered employee payroll also reflects the previous year to match the liability.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2015 - 2016
(unaudited)

	2015	2016
Statutorily required contribution	$ 4,392,386	$ 4,742,955
Contributions in relation to the statutorily required contribution	4,392,386	4,742,955
Annual contribution deficiency (excess)	$ 0	$ 0
Authority's covered-employee payroll	15,511,214	15,831,440
Contributions as a percentage of covered-employee payroll	28.317%	29.959%

This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the Authority is presenting information for those year for which information is available.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 8,255,502	$ 8,255,502	$ 8,071,097	$ (184,405)
Concession revenue	10,380,100	10,380,100	10,861,366	481,266
Parking and ground transportation	8,975,800	8,975,800	10,519,785	1,543,985
Rentals	14,687,200	14,687,200	13,599,106	(1,088,094)
Reimbursements for services	2,465,123	2,465,123	2,419,689	(45,434)
Other revenue	22,900	22,900	42,873	19,973
Total Operating Revenues	44,786,625	44,786,625	45,513,915	727,290
Operating expenses:				
Employee wages and benefits	26,286,995	26,286,995	25,007,616	1,279,379
Utilities and communications	2,919,063	2,919,063	2,540,504	378,559
Purchase of services	5,592,574	5,592,574	4,803,679	788,895
Materials and supplies	1,909,125	1,909,125	1,821,369	87,756
Administrative expenses	2,436,631	2,436,631	2,443,771	(7,141)
Total Operating Expenses before Depreciation and Amortization	39,144,387	39,144,387	36,616,939	2,527,448
Depreciation and amortization	38,000,000	38,000,000	34,613,731	3,386,269
Total Operating Expenses	77,144,387	77,144,387	71,230,670	5,913,717
Operating Income (Loss)	(32,357,762)	(32,357,762)	(25,716,754)	6,641,008
Non-operating revenues (expenses):				
Interest income	211,900	211,900	694,721	482,821
Passenger facility charge revenue	6,248,400	6,248,400	6,740,165	491,765
Customer facility charge revenue	1,189,200	1,189,200	1,385,061	195,861
Jet fuel tax revenue	272,600	272,600	268,287	(4,313)
Gain (loss) on sale of capital assets	-	-	105,471	105,471
Non-operating expenses	-	-	(140,952)	(140,952)
Interest expense	(831,638)	(831,638)	(1,284,053)	(452,415)
Total Non-Operating Revenues (Expenses)	7,090,462	7,090,462	7,768,700	678,238
Income (Loss) Before Capital Contributions	$ (25,267,300)	$ (25,267,300)	$ (17,948,054)	$ 7,319,246

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2016

Bond Year Ended July 1	Airport Revenue Subordinate Lien Revenue Notes Series 2011A		Airport Revenue Subordinate Lien Revenue Notes Series 2011B		Airport Revenue Refunding Bond Series 2015		
	Principal	Interest	Principal	Interest *	Principal	Interest	Total
2016	2,600,000	144,925	380,000	15,130	1,255,000	428,312	4,823,367
2017	2,670,000	73,425	387,000	8,490	1,715,000	534,462	5,388,377
2018	-	-	-	-	1,760,000	487,300	2,247,300
2019	-	-	-	-	1,810,000	438,900	2,248,900
2020	-	-	-	-	1,860,000	389,125	2,249,125
2021	-	-	-	-	1,910,000	337,975	2,247,975
2022	-	-	-	-	1,965,000	285,450	2,250,450
2023	-	-	-	-	2,020,000	231,412	2,251,412
2024	-	-	-	-	2,070,000	175,863	2,245,863
2025	-	-	-	-	2,130,000	118,937	2,248,937
2026	-	-	-	-	2,195,000	60,363	2,255,363
	$ 5,270,000	$ 218,350	$ 767,000	$ 23,620	$ 20,690,000	$ 3,488,099	$ 30,457,069

* Interest requirements for the Subordinate Note-Series 2011B Variable Rate Notes for 2017 are calculated using the interest rate in effect on July 1, 2016. The interest rate is reset semiannually and is based upon the LIBOR rate as previously noted. Effective July 1, 2016, the rate was established at 2.194%.

Statistical Section

Reno-Tahoe Airport Authority

STATISTICAL SECTION EXPLANATIONS

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2007	2008	2009	2010	2011
Operating revenues					
Landing fees	$7,142,939	$8,503,502	$8,020,650	$9,157,170	$6,134,543
Concession revenue	15,095,247	15,610,371	14,267,318	14,400,176	11,727,995
Parking and ground transportation	10,136,245	10,285,079	9,102,015	8,738,391	8,927,778
Rentals	12,225,827	12,100,223	12,172,296	10,378,966	12,235,790
Reimbursements for services	959,434	630,653	957,499	1,838,355	2,368,283
Other revenue	37,005	13,206	82,970	18,300	42,411
Total operating revenues	45,596,697	47,143,034	44,602,748	44,531,358	41,436,800
Nonoperating revenues					
Interest income	3,382,557	2,440,071	1,814,681	347,571	286,887
Passenger facility charge revenue	10,992,217	9,931,917	7,688,656	7,737,810	7,346,775
Customer facility charge revenue	-	-	-	-	-
Insurance proceeds	13,853	-	-	-	-
Jet fuel tax income	338,810	400,006	313,204	304,912	319,073
Gain on sale of capital assets	112,337	89,009	544,222	9,641	3,226
Gain on sale of easements	-	-	-	-	-
Total nonoperating revenues	14,839,774	12,861,003	10,360,763	8,399,934	7,955,961
Total revenues	60,436,471	60,004,037	54,963,511	52,931,292	49,392,761
Operating expense					
Employee wages and benefits	20,877,676	22,612,550	21,868,506	21,148,848	22,421,307
Utilities and communications	2,797,048	2,655,511	2,978,879	3,234,216	2,934,201
Purchase of services	3,131,901	3,039,115	3,037,358	3,218,502	4,176,135
Materials and supplies	1,546,951	1,651,664	1,424,020	1,611,574	1,855,013
Administrative expenses	2,100,296	1,976,701	1,911,933	1,922,140	2,028,418
	30,453,872	31,935,541	31,220,696	31,135,280	33,415,074
Depreciation and amortization	20,686,072	22,000,778	21,904,868	23,624,026	23,521,743
Total operating expenses	51,139,944	53,936,319	53,125,564	54,759,306	56,936,817
Nonoperating expenses					
Loss on debt defeasance	-	-	-	207,881	-
Reclamation expenses	-	-	-	-	-
Non-operating expense	-	-	-	-	-
Interest expense	3,229,056	2,834,064	2,417,329	2,146,371	1,542,358
Total nonoperating expenses	3,229,056	2,834,064	2,417,329	2,354,252	1,542,358
Total expenses	54,369,000	56,770,383	55,542,893	57,113,558	58,479,175
Capital contributions	18,910,166	31,014,332	14,759,282	24,330,343	35,581,288
Increase (Decrease) in Net Position	$24,977,637	$34,247,986	$14,179,900	$20,148,077	$26,494,874
Net Position at Year-End					
Net Investment in capital assets	$280,057,920	$310,515,372	$354,630,181	$381,032,297	$413,692,789
Restricted	53,606,914	50,911,600	29,015,626	21,539,564	24,195,980
Unrestricted	48,080,732	54,566,580	46,527,645	47,749,668	38,927,634
Total Net Position	$381,745,566	$415,993,552	$430,173,452	$450,321,529	$476,816,403

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2012	2013	2014	2015	2016
Operating revenues					
Landing fees	$7,793,050	$7,380,804	$7,440,496	$7,916,995	$8,071,097
Concession revenue	10,649,435	10,478,433	10,301,098	10,344,733	10,861,366
Parking and ground transportation	8,742,195	8,914,030	8,983,926	9,515,946	10,519,785
Rentals	12,499,901	11,967,776	13,282,322	13,456,901	13,599,106
Reimbursements for services	2,407,854	2,579,738	2,632,002	2,647,105	2,419,689
Other revenue	68,099	92,093	34,596	106,844	42,873
Total operating revenues	42,160,534	41,412,874	42,674,440	43,988,524	45,513,916
Nonoperating revenues					
Interest income	210,110	67,781	289,281	286,481	694,721
Passenger facility charge revenue	6,806,898	6,453,403	6,601,269	6,332,093	6,740,165
Customer facility charge revenue	-	1,088,981	1,263,517	1,252,480	1,385,061
Insurance proceeds	-	-	-	-	-
Jet fuel tax income	304,048	276,338	264,586	246,059	268,287
Gain on sale of capital assets	8,014	32,003	5,631	29,533	105,471
Gain on sale of easements	70,637	-	-	-	-
Total nonoperating revenues	7,399,707	7,918,506	8,424,284	8,146,646	9,193,705
Total revenues	49,560,241	49,331,380	51,098,724	52,135,170	54,707,621
Operating expense					
Employee wages and benefits	23,094,222	23,255,693	24,301,598	24,638,525	25,007,616
Utilities and communications	2,626,376	2,559,355	2,774,328	2,757,835	2,540,504
Purchase of services	4,019,245	4,588,047	4,770,478	4,763,544	4,803,679
Materials and supplies	1,871,019	1,850,565	1,749,084	1,582,278	1,821,369
Administrative expenses	2,234,156	2,273,581	2,563,199	2,113,887	2,443,771
	33,845,018	34,527,241	36,158,687	35,856,069	36,616,939
Depreciation and amortization	30,253,602	33,189,676	35,816,772	34,958,476	34,613,731
Total operating expenses	64,098,620	67,716,917	71,975,459	70,814,545	71,230,670
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	474,912	-	-	-	-
Non-operating expense	-	-	-	-	140,952
Interest expense	1,315,921	1,460,898	1,545,697	1,376,012	1,284,053
Total nonoperating expenses	1,790,833	1,460,898	1,545,697	1,376,012	1,425,005
Total expenses	65,889,453	69,177,815	73,521,156	72,190,557	72,655,675
Capital contributions	10,298,935	14,651,900	12,210,737	4,867,414	10,010,497
Increase (Decrease) in Net Position	($6,030,277)	($5,194,535)	($10,211,695)	($15,187,973)	($7,937,557)
Net Position at Year-End					
Net Investment in capital assets	$415,582,335	$412,444,732	$395,050,506	$382,231,061	$367,749,013
Restricted	19,148,691	14,720,733	22,897,188	22,459,489	20,371,555
Unrestricted	36,055,100	38,426,126	37,432,202	2,670,101	11,302,526
Total Net Position	$470,786,126	$465,591,591	$455,379,896	$407,360,651	$399,423,094

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2007	2008	2009	2010	2011
Operating Revenues	$45,596,697	$47,143,034	$44,602,748	$44,531,358	$41,436,800
Operating Expenses	(30,453,872)	(31,935,541)	(31,220,696)	(31,135,280)	(33,415,074)
Operating Income before Depreciation and Amortization	15,142,825	15,207,493	13,382,052	13,396,078	8,021,726
Depreciation and Amortization	(20,686,072)	(22,000,778)	(21,904,868)	(23,624,026)	(23,521,743)
Operating Income (Loss)	(5,543,247)	(6,793,285)	(8,522,816)	(10,227,948)	(15,500,017)
Nonoperating Revenues and (Expenses):					
Interest Income	3,382,557	2,440,071	1,814,681	347,571	286,887
PFC Revenue	10,992,217	9,931,917	7,688,656	7,737,810	7,346,775
CFC Revenue	-	-	-	-	-
Insurance Proceeds	13,853	-	-	-	-
Jet Fuel Tax Revenue (Expense)	338,810	400,006	313,204	304,912	319,073
Interest Expense	(3,229,056)	(2,834,064)	(2,417,329)	(2,146,371)	(1,542,358)
Gain (Loss) on Sale of Capital Assets	112,337	89,009	544,222	9,641	3,226
Non-operating expenses	-	-	-	-	-
Gain (Loss) on Sale of Easements	-	-	-	-	-
Reclamation Expenses	-	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	(207,881)	-
	11,610,718	10,026,939	7,943,434	6,045,682	6,413,603
Income (Loss) Before Capital Contributions	$6,067,471	$3,233,654	($579,382)	($4,182,266)	($9,086,414)

Note: Years prior to 2015 have not been adjusted for GASB 68 to 71

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2007- 2016
(unaudited)

	2012	2013	2014	2015	2016
Operating Revenues	$42,160,534	$41,412,874	$42,674,440	$43,988,524	$45,513,916
Operating Expenses	(33,845,018)	(34,527,241)	(36,158,687)	(35,856,069)	(36,616,939)
Operating Income before Depreciation and Amortization	8,315,516	6,885,633	6,515,753	8,132,455	8,896,977
Depreciation and Amortization	(30,253,602)	(33,189,676)	(35,816,772)	(34,958,476)	(34,613,731)
Operating Income (Loss)	(21,938,086)	(26,304,043)	(29,301,019)	(26,826,021)	(25,716,754)
Nonoperating Revenues and (Expenses):					
Interest Income	210,110	67,781	289,281	286,481	694,721
PFC Revenue	6,806,898	6,453,403	6,601,269	6,332,093	6,740,165
CFC Revenue	-	1,088,981	1,263,517	1,252,480	1,385,061
Insurance Proceeds	-	-	-	-	-
Jet Fuel Tax Revenue (Expense)	304,048	276,338	264,586	246,059	268,287
Interest Expense	(1,315,921)	(1,460,898)	(1,545,697)	(1,376,012)	(1,284,053)
Gain (Loss) on Sale of Capital Assets	8,014	32,003	5,631	29,533	105,471
Non-operating expenses	-	-	-	-	(140,952)
Gain (Loss) on Sale of Easements	70,637	-	-	-	-
Reclamation Expenses	(474,912)	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	5,608,874	6,457,608	6,878,587	6,770,634	7,768,700
Income (Loss) Before Capital Contributions	($16,329,212)	($19,846,435)	($22,422,432)	($20,055,387)	($17,948,054)

Note: Years prior to 2015 have not been adjusted for GASB 68 to 71

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2007-2016
(unaudited)

	2007	2008	2009	2010	2011
Airlines - Landing Fees Only					
Alaska/Horizon	$ 206,913	$ 486,348	$ 530,531	$ 464,362	$ 234,561
Allegiant	-	107,828	109,586	94,825	20,811
American Airlines	716,350	886,944	475,216	567,034	418,736
Delta	-	237,722	138,633	388,775	297,922
Fed Ex	375,597	482,404	472,658	588,786	420,983
Sky West	199,614	268,331	302,178	520,360	12,477
Southwest	2,696,100	3,479,612	3,574,278	4,614,487	2,637,384
United	443,457	564,843	624,754	710,570	599,606
UPS	268,967	324,172	330,133	417,670	243,003
US Airways	-	-	288,960	627,073	399,961
Total:	$ 4,906,998	$ 6,838,204	$ 6,846,927	$ 8,993,942	$ 5,285,444
Rental Cars - Concession Leases Only					
Advantage	$ 251,533	$ 331,069	$ 121,870	$ 175,662	$ 197,109
Avis/Budget	1,811,918	1,822,000	1,268,385	1,254,954	1,406,645
Alamo/ National	1,139,785	1,196,774	876,612	930,385	1,039,715
Dollar/Thrifty	1,250,000	1,300,000	820,997	822,933	845,807
Enterprise	1,020,726	1,330,346	619,832	786,176	996,820
Payless	-	-	-	-	-
Hertz	1,827,419	1,791,561	1,364,751	1,447,168	1,512,460
Total:	$ 7,301,381	$ 7,771,750	$ 5,072,447	$ 5,417,278	$ 5,998,556
Other Concession Leases					
IGT	$ 3,699,474	$ 3,491,388	$ 1,407,513	$ 2,234,661	$ 2,256,664
Paradise Gift Shops	1,118,410	1,156,652	887,355	916,445	923,381
SSP America, Inc.	972,536	952,053	748,384	783,755	871,916
Younger Agency Advertising	998,691	1,019,036	945,315	828,219	845,357
Clear Channel	-	-	-	-	-
Forever Heather	-	-	-	-	26,851
Total:	$ 6,789,111	$ 6,619,129	$ 3,988,567	$ 4,763,080	$ 4,924,169
Parking and Ground Transportation	$ 10,136,245	$ 10,285,079	$ 9,102,015	$ 8,738,391	$ 8,927,778
Total:	$ 29,133,735	$ 31,514,162	$ 25,009,956	$ 27,912,691	$ 25,135,947

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL REVENUE PAYERS
FOR THE YEARS ENDED JUNE 30, 2007-2016
(unaudited)

	2012	2013	2014	2015	2016
Airlines - Landing Fees Only					
Alaska/Horizon	$ 19,049	$ 290,576	$ 341,556	$ 580,120	$ 623,357
Allegiant	12,220	20,209	67,867	70,661	64,542
American Airlines	499,548	533,388	592,839	715,170	1,308,569
Delta	522,361	416,790	406,794	455,739	426,813
Fed Ex	578,381	585,585	782,244	888,324	968,838
Sky West	-	-	-	-	-
Southwest	3,442,903	3,068,489	2,751,016	2,642,052	2,576,418
United	667,687	613,229	657,735	720,757	724,254
UPS	354,818	440,067	451,188	518,289	660,717
US Airways	472,953	475,990	542,374	608,778	-
Total:	$ 6,569,920	$ 6,444,323	$ 6,593,613	$ 7,199,890	$ 7,353,508
Rental Cars - Concession Leases Only					
Advantage	$ 205,928	$ 252,957	$ 229,167	$ -	$ -
Avis/Budget	1,462,576	1,518,405	1,493,707	1,482,869	1,620,958
Alamo/ National	986,217	923,862	1,026,907	1,269,575	1,411,955
Dollar/Thrifty	830,192	881,351	840,070	805,775	757,453
Enterprise	950,649	929,817	879,344	806,729	978,067
Payless	-	-	20,833	320,499	314,189
Hertz	1,393,391	1,455,966	1,421,777	1,375,025	1,506,355
Total:	$ 5,828,953	$ 5,962,358	$ 5,911,805	$ 6,060,472	$ 6,588,977
Other Concession Leases					
IGT	$ 1,790,472	$ 1,697,814	$ 1,322,752	$ 1,266,307	$ 1,071,402
Paradise Gift Shops	714,600	705,250	901,000	901,000	944,071
SSP America, Inc.	823,646	835,653	929,240	887,963	992,984
Younger Agency Advertising	825,559	757,754	670,850	-	-
Clear Channel	-	-	-	640,403	564,210
Forever Heather	44,686	41,865	65,531	43,819	34,855
Total:	$ 4,198,963	$ 4,038,336	$ 3,889,373	$ 3,739,492	$ 3,607,522
Parking and Ground Transportation	$ 8,742,195	$ 8,914,030	$ 8,983,926	$ 9,515,946	$ 10,519,785
Total:	$ 25,340,031	$ 25,359,047	$ 25,378,717	$ 26,515,800	$ 28,069,792

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL OPERATING REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2007-2016
(unaudited)

	2007	2008	2009	2010	2011
Landing fees	$ 7,142,393	$ 8,503,502	$ 8,020,650	$ 9,157,170	$ 6,134,543
Concession revenue	15,095,247	15,610,371	14,267,318	14,400,176	11,727,995
Parking and ground transportation	10,136,245	10,285,079	9,102,015	8,738,391	8,927,778
Rentals	12,225,827	12,100,223	12,172,296	10,378,966	12,235,790
Reimbrusement for Services	959,434	630,653	957,499	1,838,355	2,368,283
Interest Income	3,382,557	2,440,071	1,814,681	347,571	286,887
Total	$ 48,941,703	$ 49,569,899	$ 46,334,459	$ 44,860,629	$ 41,681,276

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL OPERATING REVENUE SOURCES
FOR THE YEARS ENDED JUNE 30, 2007-2016
(unaudited)

	2012	2013	2014	2015	2016
Landing fees	$ 7,793,050	$ 7,380,804	$ 7,440,496	$ 7,916,995	$ 8,071,097
Concession revenue	10,649,435	10,478,433	10,301,098	10,344,733	10,861,366
Parking and ground transportation	8,742,195	8,914,030	8,983,926	9,515,946	10,519,785
Rentals	12,499,901	11,967,776	13,282,322	13,456,901	13,599,106
Reimbrusement for Services	2,407,854	2,579,738	2,632,003	2,647,105	2,419,689
Interest Income	210,110	67,781	289,281	286,481	694,721
Total	$ 42,302,545	$ 41,388,562	$ 42,929,126	$ 44,168,161	$ 46,165,764

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 2007-2016
(unaudited)

	Landing Fee (a)		RON (Ramp Over Night) (a)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2016	$ 2.78	$ 2.94	$ 70.00	$ 70.00	$ 46.72	$ 6.56
2015	2.97	3.06	60.00	60.00	49.43	7.21
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

(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, 2007-2016

(unaudited)

YEAR	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Gross Pledged Revenues [1]	$ 47,661,886	$ 45,766,095	$ 44,371,827	$ 43,026,765	$ 42,768,868	$ 42,021,602	$ 45,086,530	$ 46,053,401	$ 48,937,846	$ 48,071,900
Transfers- LOI Bond	-	-	-	-	-	-	650,117	644,911	641,856	639,373
G/L on Sale of Assets	(105,471)	(29,533)	(5,631)	-	-	-	-	-	-	-
Airline Revenue Sharing	2,347,074	1,494,648	1,213,722	1,587,800	1,926,162	3,594,787	1,516,737	1,892,768	1,867,149	2,111,696
35% Gaming Revenue	(374,991)	(443,208)	(462,963)	(550,386)	(626,665)	(789,832)	(780,474)	(946,661)	(1,221,986)	(1,294,816)
Direct Operating Expense [2]	(37,603,816)	(35,856,069)	(36,158,687)	(34,527,241)	(33,845,018)	(33,415,074)	(31,135,280)	(31,220,696)	(31,935,541)	(30,453,872)
Net Pledged Revenue (Available for Debt and Obligation Payments)	$ 11,924,682	$ 10,931,933	$ 8,958,268	$ 9,536,938	$ 10,223,347	$ 11,411,483	$ 15,337,630	$ 16,423,723	$ 18,289,324	$ 19,074,281
Debt Service (Senior Lien Debt Service)	2,310,285	2,521,300	2,516,500	2,523,900	2,521,150	6,893,650	11,268,725	10,768,625	10,770,476	10,765,468
Debt Service Coverage Ratio - Senior Lien Debt Service	5.16	4.34	3.56	3.78	4.06	1.66	1.36	1.53	1.70	1.77
Net Pledged Revenue (Available for Subordinate Notes)	$ 9,614,397	$ 8,410,633	$ 6,441,768	$ 7,013,038	$ 7,702,197	-	-	-	-	-
Pledged PFC Revenue	1,813,919	1,808,804	2,079,176	1,491,202	1,383,833	-	-	-	-	-
Pledged Revenue (Available for Subordinate Notes)	11,428,316	10,219,437	8,520,944	8,504,240	9,086,030	-	-	-	-	-
Debt Service (Subordinate Lien Debt Service)	3,140,055	3,134,943	4,150,028	2,777,586	2,781,875	-	-	-	-	-
Debt Service - Coverage Ratio - Subordinate Lien Debt Service	3.64	3.26	2.05	3.06	3.27	-	-	-	-	-

1) Gross Revenue includes operating revenue, investment income, CFC revenues, jet fuel tax, insurance reimbursements and gain (loss) on sale of capital assets

2) Direct operating expense excludes depreciation and reclamation expense.

Notes: Years Prior to 2015 have not been adjusted for GASB 68 to 71

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2007	2008	2009	2010	2011
Operating Revenues	$45,596,697	$47,143,034	$44,602,748	$44,531,358	$41,436,800
Trust Fund Investment Interest Income	2,475,203	1,794,812	1,450,653	555,172	584,802
Gross Pledged Revenues	48,071,900	48,937,846	46,053,401	45,086,530	42,021,602
Transfers - General Purpose Fund for LOI Bond Debt Service	639,373	641,856	644,911	650,117	-
Operating Expenses	(30,453,872)	(31,935,541)	(31,220,696)	(31,135,280)	(33,415,074)
G/L on Sale of Capital Assets	-	-	-	-	-
Airline Revenue Share Prior Year	2,111,696	1,867,149	1,892,768	1,516,737	3,594,787
35% of Gaming Revenues	(1,294,816)	(1,221,986)	(946,661)	(780,474)	(789,832)
Net Pledged Revenues - Senior Lien Bonds	$19,074,281	$18,289,324	$16,423,723	$15,337,630	$11,411,483
125% of Senior Lien Revenue Bond Debt Service	$13,456,835	$13,463,095	$13,460,781	$14,085,906	$8,617,063
Senior Lien Debt Service	$10,765,468	$10,770,476	$10,768,625	$11,268,725	$6,893,650
Net Pledged Revenues - Subordinate Lien Notes	$8,308,813	$7,518,848	$5,655,098	$4,068,905	$4,517,833
Pledged Passenger Facility Charges	-	-	-	-	-
Pledged Revenues - Subordinate Lien Notes	$8,308,813	$7,518,848	$5,655,098	$4,068,905	$4,517,833
110% of Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$ -
Subordinate Lien Debt Service	$ -	$ -	$ -	$ -	$ -
Rate Maintenance Minimum Revenues	$13,456,835	$13,463,095	$13,460,781	$14,085,906	$8,617,063

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2007- 2016
(unaudited)

	2012	2013	2014	2015	2016
Operating Revenues	$42,160,534	$42,863,935	$44,208,178	$45,512,494	$47,294,719
Trust Fund Investment Interest Income	608,334	162,830	163,649	253,601	367,167
Gross Pledged Revenues	42,768,868	43,026,765	44,371,827	45,766,095	47,661,886
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	-	-
Operating Expenses	(33,845,018)	(34,527,241)	(36,158,687)	(35,856,069)	(37,603,816)
G/L on Sale of Capital Assets	-	-	(5,631)	(29,533)	(105,471)
Airline Revenue Share Prior Year	1,926,162	1,587,800	1,213,722	1,494,648	2,347,074
35% of Gaming Revenues	(626,665)	(550,386)	(462,963)	(443,208)	(374,991)
Net Pledged Revenues - Senior Lien Bonds	$10,223,347	$9,536,938	$8,958,268	$10,931,933	$11,924,682
125% of Senior Lien Revenue Bond Debt Service	$3,151,438	$3,154,875	$3,145,625	$3,151,625	$2,887,856
Senior Lien Debt Service	$2,521,150	$2,523,900	$2,516,500	$2,521,300	$2,310,285
Net Pledged Revenues - Subordinate Lien Notes	$7,702,197	$7,016,041	$6,441,768	$8,410,633	$9,614,397
Pledged Passenger Facility Charges	1,383,833	1,491,202	2,079,176	1,808,804	1,813,919
Pledged Revenues - Subordinate Lien Notes	$9,086,030	$8,507,243	$8,520,944	$10,219,437	$11,428,316
110% of Subordinate Lien Debt Service	$3,060,063	$3,055,345	$4,559,531	$3,448,437	$3,454,061
Subordinate Lien Debt Service	$2,781,875	$2,777,586	$4,145,028	$3,134,943	$3,140,055
Rate Maintenance Minimum Revenues	$6,211,501	$6,210,220	$7,705,156	$6,600,062	$6,341,917

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2007	2008	2009	2010	2011
Outstanding Debt					
Revenue bonds	$68,175,000	$60,810,000	$53,045,000	$40,700,000	$31,620,000
Unamortized premium	2,751,672	2,278,837	1,806,117	1,327,738	1,118,564
Notes payable	-	-	-	-	15,000,000
Total outstanding debt	$70,926,672	$63,088,837	$52,533,163	$42,027,738	$47,738,564
Enplaned Passengers	2,482,168	2,427,364	1,945,848	1,886,677	1,901,850
Outstanding debt per enplaned passenger	$29	$26	$27	$22	$25
Debt Service					
Principal	$6,145,000	$7,365,000	$7,765,000	$8,180,000	$9,080,000
Interest	3,486,770	3,400,468	3,005,476	2,588,625	2,188,725
Total debt service	$9,631,770	$10,765,468	$10,770,476	$10,768,625	$11,268,725
Total Expenses	54,369,000	56,770,383	55,542,893	56,905,677	58,479,175
Ratio of debt service to total expenses	17.72%	18.96%	19.39%	18.92%	19.27%

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.

Years prior to 2015 have not been adjusted for GASB 68-71 implementation.

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2012	2013	2014	2015	2016
Outstanding Debt					
Revenue bonds	$26,270,000	$25,025,000	$23,715,000	$22,360,000	$0
Unamortized premium	1,043,993	969,422	894,851	820,280	-
Notes payable	15,000,000	18,015,000	15,615,000	8,937,000	26,727,000
Total outstanding debt	$42,313,993	$42,522,998	$40,224,851	$32,117,280	$26,727,000
Enplaned Passengers	1,780,812	1,756,471	1,658,187	1,656,293	1,778,611
Outstanding debt per enplaned passenger	$24	$24	$24	$19	$15
Debt Service					
Principal	$5,350,000	$3,710,000	$5,125,000	$4,320,000	$4,235,000
Interest	1,543,650	1,591,486	1,541,528	1,336,243	588,367
Total debt service	$6,893,650	$5,301,486	$6,666,528	$5,656,243	$4,823,367
Total Expenses	65,889,453	69,177,815	73,521,156	72,190,557	72,514,723
Ratio of debt service to total expenses	10.46%	7.66%	9.07%	7.84%	6.65%

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.

Years prior to 2015 have not been adjusted for GASB 68-71 implementation.

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2006-2015
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Nevada										
County										
Churchill	25,036	24,891	24,896	24,897	24,877	24,637	24,375	24,063	23,989	24,200
Douglas	45,909	45,406	45,180	45,464	46,997	46,886	46,996	47,118	47,536	47,710
Humboldt	17,446	17,523	17,763	18,260	16,528	16,735	17,048	17,363	17,279	17,019
Lyon	51,231	52,479	53,022	52,641	51,980	51,871	51,327	51,557	51,789	52,585
Pershing	6,414	6,376	6,291	6,286	6,753	6,734	6,749	6,877	6,698	6,634
Storey	4,132	4,193	4,341	4,441	4,010	3,896	3,935	3,942	3,912	3,987
Washoe	396,428	406,079	410,443	414,820	421,407	425,710	429,908	433,731	440,078	446,903
Carson City	55,289	54,939	54,867	55,176	55,274	55,439	54,838	54,080	54,522	54,521
Subtotal	601,885	611,886	616,803	621,985	627,826	631,908	635,176	638,731	645,803	653,559
California										
County										
Alpine	1,180	1,145	1,061	1,041	1,175	1,102	1,129	1,159	1,116	1,110
El Dorado	178,066	175,689	176,075	178,447	181,058	180,938	180,561	181,737	183,087	184,452
Lassen	34,715	35,031	34,574	34,473	34,895	34,200	33,658	32,163	31,749	31,345
Mono	12,754	12,801	12,774	12,927	14,202	14,309	14,348	14,074	13,997	13,909
Nevada	98,764	97,027	97,118	97,751	98,764	98,612	98,292	98,200	98,893	98,877
Placer	326,242	332,920	341,945	348,552	348,432	357,138	361,682	367,309	371,694	375,391
Plumas	21,263	20,615	20,275	20,122	20,007	19,765	19,399	18,859	18,606	18,409
Sierra	3,455	3,328	3,263	3,174	3,240	3,113	3,086	3,047	3,003	2,967
Subtotal	676,439	678,556	687,085	696,487	701,773	709,177	712,155	716,548	722,145	726,460
Total	1,278,324	1,290,442	1,303,888	1,318,472	1,329,599	1,341,085	1,347,331	1,355,279	1,367,948	1,380,019
Percentage increase	1.60%	0.95%	1.04%	1.12%	0.84%	0.86%	0.47%	0.59%	0.93%	0.88%
Unemployment rate Washoe County	4.0%	4.4%	11.8%	13.6%	13.0%	11.9%	11.9%	7.3%	6.4%	5.9%

Source: US Census Bureau - Quickfacts
Nevada Department of Employment, Training, and Rehabilitation

http://www.census.gov/quickfacts/table/PST045215/
http://nevadaworkforce.com/CES

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
FOR THE CALENDAR YEARS ENDED 2016 AND 2007
(unaudited)

	Calendar year 2016		Calendar year 2007	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	8,500-8,999	1	7,000-7,499
University of Nevada-Reno	2	4,500-4,999	2	4,000-4,499
Renown Regional Medical Center	3	2,500-2,999	5	2,500-2,999
Washoe County	4	2,500-2,999	3	3,000-3,499
Peppermill Hotel Casino-Reno	5	2,000-2,499	7	2,000-2,499
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	-	-
Eldorado Hotel & Casino	11	1,000-1,499	10	1,500-1,999
City of Reno	12	1,000-1,499	8	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.

https://www.nvenergy.com/business/economicdevelopment/county/washoe/busoverview.cfm

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2007-2016
(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
2016	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
2015	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
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

* 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, 2007 - 2016
(unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2016	1,778,611	7.4%	2,599,963	8.8%	39,579	9.6%
2015	1,656,293	-0.1%	2,390,031	0.1%	36,122	4.1%
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%

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2007 - 2016

	2007			2008			2009			2010		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	218,752	9%	8%	218,090	9%	0%	177,743	9%	-19%	141,403	7%	-20%
Allegiant Air	1,194	0%	-96%	12,748	1%	968%	36,148	2%	184%	13,948	1%	-61%
Aloha Airlines	26,639	1%	-15%	22,091	1%	-17%	-	0%	-100%	-	0%	n.a
American	202,654	8%	-16%	191,839	8%	-5%	173,989	9%	-9%	163,971	9%	-6%
Atlantic Southeast	15,481	1%	-41%	-	0%	-100%	-	0%	n.a	-	0%	n.a
Continental	71,216	3%	20%	70,108	3%	-2%	15,046	1%	-79%	-	0%	-100%
Delta	105,718	4%	56%	100,467	4%	-5%	50,249	3%	-50%	93,341	5%	86%
Frontier	33,280	1%	-15%	7,759	0%	-77%	-	0%	-100%	253	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	41,512	2%	9%	43,503	2%	5%	-	0%	-100%	7,197	0%	n.a
Northwest	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	117,820	5%	-22%	111,688	5%	-5%	120,743	6%	8%	139,577	7%	16%
Southwest	1,222,526	49%	-2%	1,177,434	49%	-4%	1,052,348	54%	-11%	1,022,318	54%	-3%
United	238,640	10%	28%	220,543	9%	-8%	208,228	11%	-6%	161,396	9%	-22%
US Airways (America West)	183,965	7%	-9%	155,643	7%	-15%	95,466	5%	-39%	140,501	7%	47%
Volaris	-	0%	n.a	-	0%	n.a	-			-	0%	n.a
Other	2,771	0%	-79%	59,601	2%	2051%	15,888	1%	-73%	2,772	0%	-83%
	2,482,168	100%	-4%	2,391,514	100%	-4%	1,945,848	100%	-19%	1,886,677	100%	-3%

Rounding errors may occur.

Continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2007 - 2016

	2011			2012			2013		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	118,207	6%	-16%	78,491	4%	-34%	113,819	6%	45%
Allegiant Air	5,230	0%	-63%	1,988	0%	-62%	7,590	0%	282%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	201,748	11%	23%	185,797	10%	-8%	201,472	11%	8%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	15,584	1%	n.a	17,727	1%	14%	-	0%	-100%
Delta	137,094	7%	47%	165,462	9%	21%	133,014	8%	-20%
Frontier	381	0%	51%	-	0%	-100%	271	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	272	0%	n.a
Mesa	38	0%	-99%	-	0%	-100%	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	-100%	-	0%	n.a	-	0%	n.a
Southwest	1,032,811	54%	1%	967,792	54%	-6%	945,143	54%	-2%
United	248,322	13%	54%	220,653	12%	-11%	210,530	12%	-5%
US Airways (America West)	141,980	7%	1%	141,880	8%	0%	143,559	8%	1%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Other	455	0%	-84%	1,022	0%	125%	1,073	0%	5%
	1,901,850	100%	1%	1,780,812	100%	-6%	1,756,743	100%	-1%

Continued

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2007 - 2016

	2014			2015			2016		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	124,581	8%	9%	178,579	11%	43%	204,286	11%	14%
Allegiant Air	21,578	1%	184%	20,061	1%	-7%	19,047	1%	-5%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	208,919	13%	4%	221,434	13%	6%	385,363	22%	74%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	126,904	8%	-5%	119,649	7%	-6%	128,189	7%	7%
Frontier	-	0%	-100%	-	0%	n.a	165	0%	n.a
JetBlue Airways	-	0%	-100%	3,346	0%	n.a	41,143	2%	1130%
Mesa	-	0%	n.a	-	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	815,160	49%	-14%	734,786	44%	-10%	763,006	43%	4%
United	214,531	13%	2%	214,864	13%	0%	216,996	12%	1%
US Airways (America West)	144,760	9%	1%	154,331	9%	7%	-	0%	-100%
Volaris	-	0%	n.a	6,959	0%	n.a	17,070	1%	145%
Other	1,754	0%	63%	2,284	0%	30%	3,346	0%	46%
	1,658,187	100%	-6%	1,656,293	100%	0%	1,778,611	100%	7%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

Scheduled Airline	2007			2008			2009		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	252,897	7%	8%	240,766	6%	-5%	184,624	6%	-23%
Allegiant Air	44,782	1%	8%	60,634	2%	35%	48,064	2%	-21%
Aloha Airlines	47,028	1%	-2%	35,271	1%	-25%	-	0%	-100%
American	234,199	6%	-13%	224,056	6%	-4%	208,428	7%	-7%
Atlantic Southeast	19,329	1%	-41%	-	0%	-100%	-	0%	n.a
Continental	79,075	2%	25%	77,562	2%	-2%	17,374	1%	-78%
Delta	125,790	3%	54%	117,684	3%	-6%	60,804	2%	-48%
Frontier	47,964	1%	-12%	8,978	0%	-81%	-	0%	-100%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	48,490	1%	11%	46,188	1%	-5%	50,673	2%	10%
Northwest	-	0%	-100%	-	0%	n.a	-	0%	n.a
Skywest	131,325	3%	-21%	132,837	4%	1%	132,534	4%	0%
Southwest	1,773,750	46%	3%	1,722,580	46%	-3%	1,567,666	51%	-9%
United	291,748	8%	32%	279,625	7%	-4%	274,015	9%	-2%
US Airways (America West)	237,084	6%	-8%	215,025	6%	-9%	126,737	4%	-41%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	60,472	2%	133%	71,094	2%	18%	35,632	1%	-50%
Federal Express	247,103	6%	3%	238,814	6%	-3%	207,306	7%	-13%
United Parcel Service	176,952	5%	35%	160,481	4%	-9%	144,795	5%	-10%
Other	23,543	1%	-45%	104,578	3%	344%	39,277	1%	-62%
	3,841,531	100%	3%	3,736,173	100%	-3%	3,097,929	100%	-17%

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, 2007 - 2016
(unaudited)

	2010			2011			2012		
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	142,752	5%	-23%	125,780	4%	-12%	75,706	3%	-40%
Allegiant Air	30,692	1%	-36%	10,618	0%	-65%	-	0%	-100%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	173,591	6%	-17%	225,413	8%	30%	195,901	7%	-13%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	-100%	19,674	1%	n.a	24,587	1%	25%
Delta	103,373	4%	70%	161,192	6%	56%	204,847	8%	27%
Frontier	537	0%	n.a	807	0%	50%	-	0%	-100%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	7,497	0%	-85%	221	0%	-97%	-	0%	-100%
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	158,717	6%	20%	6,207	0%	-96%	-	0%	-100%
Southwest	1,408,964	51%	-10%	1,424,216	49%	1%	1,350,158	51%	-5%
United	218,469	8%	-20%	322,040	11%	47%	261,838	10%	-19%
US Airways (America West)	191,455	7%	51%	216,418	7%	13%	185,472	7%	-14%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	-	0%	-100%	-	0%	n.a	-	0%	n.a
Federal Express	180,343	7%	-13%	228,274	8%	27%	226,816	8%	-1%
United Parcel Service	127,978	5%	-12%	131,984	5%	3%	139,144	5%	5%
Other	18,302	1%	-53%	23,755	1%	30%	8,445	0%	-64%
	2,762,670	100%	-11%	2,896,599	100%	5%	2,672,914	100%	-8%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2007 - 2016
(unaudited)

	2013			2014			2015			2016		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	112,694	4%	49%	122,862	5%	9%	189,675	8%	54%	212,173	8%	12%
Allegiant Air	7,650	0%	n.a	24,413	1%	219%	23,003	1%	-6%	21,866	1%	-5%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	206,613	8%	5%	213,251	9%	3%	233,599	10%	10%	441,718	17%	89%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
Delta	161,684	6%	-21%	146,329	6%	-9%	148,955	6%	2%	144,923	6%	-3%
Frontier	-	0%	n.a	-	0%	n.a	-	0%	n.a	145	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	3,555	0%	n.a	46,072	2%	1196%
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	1,190,140	47%	-12%	989,574	41%	-17%	864,660	36%	-13%	873,884	34%	1%
United	237,421	9%	-9%	236,595	10%	0%	235,831	10%	0%	245,891	9%	4%
US Airways (America West)	184,243	7%	-1%	195,099	8%	6%	199,824	8%	2%	-	0%	-100%
Volaris	-	0%	n.a	-	0%	n.a	8,141	0%	n.a	19,612	1%	141%
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	226,398	9%	0%	281,383	12%	24%	290,218	12%	3%	329,884	13%	14%
United Parcel Service	170,193	7%	22%	162,298	7%	-5%	168,878	7%	4%	225,495	9%	34%
Other	25,768	1%	205%	16,584	1%	-36%	23,692	1%	43%	38,300	1%	62%
	2,522,804	100%	-6%	2,388,387	100%	-5%	2,390,031	100%	0%	2,599,963	100%	9%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2016
(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	7,600 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, 2007 - 2016
(unaudited)

	2016	2015	2014	2013	2012	2011	2010 (a)	2009	2008	2007
Terminal Space - square feet										
Airlines	175,221	175,221	175,221	175,221	160,622	160,622	160,622	154,875	154,875	154,875
Ground Transportation	2,883	2,883	2,883	2,883	3,103	3,103	3,103	3,103	3,103	3,103
Concession Space	37,167	37,167	37,167	37,167	34,952	34,952	34,952	18,825	18,825	18,825
Public Areas	197,723	197,723	197,723	197,723	194,406	194,406	194,406	157,081	157,081	157,081
RTAA	45,309	45,309	45,309	45,309	45,795	45,795	45,795	36,271	36,271	36,271
Unfinished Areas	-	-	-	-	-	-	-	5,426	5,426	5,426
	458,303	458,303	458,303	458,303	438,878	438,878	438,878	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 (b)	300	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	1,532	1,532	1,565	1,565
	3,482	3,632	3,632	3,632	3,632	3,632	3,632	3,632	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.

(b) In 2016, the decrease in short-term parking spaces reflect the expansion of the rental car return area in the parking garage to accommodate increasing rental car activity.

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Compliance Section

Reno-Tahoe
Airport Authority

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, 2016, 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 30, 2016.

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 30, 2016

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND 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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 30, 2016

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED July 1, 2015 to June 30,2016	REIMBURSEMENTS RECEIVED Cumulative Thru June 30, 2016	REIMBURSEABLE EXPENSES July 1, 2015 to June 30,2016	REIMBURSEABLE EXPENSES Cumulative Thru June 30, 2016
United States Department of Transportation								
Federal Aviation Administration								
Airport Improvement Program								
Construction								
Rehabilitate TWY "C" (Phase 1, Design)	93.75%	20.106	3-32-0017-100	756,122	50,630	542,386	50,473	547,418
TW C Connectors	93.75%	20.106	3-32-0017-101	8,553,636	7,005,871	7,005,871	8,177,315	8,177,315
Rehabilitation taxiway, design (Taxiway C, Phase 1)	93.75%	20.106	3-32-0018-032	337,500	34,650	308,394	28,938	316,363
Rehabilitation taxiway, construction (Taxiway C, Phase 2)	93.75%	20.106	3-32-0018-033	1,650,000	1,287,560	1,621,592	661,023	1,621,592
Rehabilitation taxiway, construction (Taxiway C, Phase 2)	93.75%	20.106	3-32-0018-034	1,499,517	1,429,263	1,429,263	1,442,422	1,442,422
Equipment								
ARFF Vehicle	93.75%	20.106	3-32-0017-099	1,153,125	32,244	33,166	33,506	35,065
				13,949,900	9,840,218	10,940,672	10,393,677	12,140,175
United States Department of Homeland Security								
Transportation Security Administration								
Aviation and Transportation Security Act								
Security								
National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-15-H-NCP471	757,500	299,415	299,415	153,985	303,000
Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-13-H-SLR127	653,815	370,600	653,815	176,340	653,815
Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-16-H-SLR658	683,400	-	-	73,140	73,140
				1,337,215	370,600	653,815	249,480	726,955
				2,094,715	670,015	953,230	403,465	1,029,955
Department of Justice								
Criminal Division								
Department of Justice Asset Forfeiture Program								
Equitable Sharing								
Direct Payments for Specified Use	Fixed	16.922	15-5042-0-2-752	9,302	3,402	9,302	2,241	2,241
United States Department of Transportation								
Pipeline and Hazardous Materials Safety Administration								
Hazardous Materials Transportation Uniform Safety Grant								
Hazardous Materials Emergency Preparedness Grant								
Training	Fixed	20.703	69-5282-0-2-407	4,146	3,171	4,146	3,171	4,146
				$ 16,058,063	$ 10,516,806	$ 11,907,350	$ 10,802,554	$ 13,176,517

See accompanying notes to Supplementary 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 cash basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance .The Authority has elected not to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State and Local Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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.

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 2CFR200.516(a)?	______ 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: $ 750,000

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*

None reported.

SECTION 3 – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS.

None reported.

SECTION 4 – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no outstanding findings of questioned costs remaining from prior years.

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, 2016.

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, 2016.

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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 30, 2016 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 30, 2016

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2016

Balance July 1, 2015	$	6,520,379
Collection of Passenger Facility Charges, July 1, 2015 through June 30, 2016		6,689,197
Interest earnings		45,757
Proceeds expended for Passenger Facility Charge Projects July 1, 2015 through June 30, 2016		(4,646,307)
Balance June 30, 2016	$	8,609,026

Summary of Auditor's Results

We have issued an unmodified opinion, dated November 30, 2016 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2016.

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 30, 2016 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.

SCHEDULE OF PRIOR AUDIT PASSENGER FACILITY CHARGES FINDINGS AND THEIR RESOLUTION

The prior year's audit disclosed no findings required to be reported in accordance with the provisions of the Passenger Facility Charge Audit Guide for Public Agencies.

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Reno-Tahoe Airport Authority

P.O. Box 12490

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