Reno-Tahoe Airport Authority

Reno, Nevada

Comprehensive Annual Financial Report

For the year ended June 30, 2011

Reno-Tahoe Airport Authority

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Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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November 30, 2011

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

This report is the Comprehensive Annual Financial Report (CAFR) of the Reno-Tahoe Airport Authority (RTAA) for the fiscal year July 1, 2010 through June 30, 2011. 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 reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal accounting controls employed by the RTAA are designed to provide reasonable assurance that assets will be safeguarded against loss and that financial records will be reliable for use in preparing financial statements that are free of any material misstatements.

This CAFR contains financial statements and statistical data that fully disclose all the material financial operations of the RTAA. A narrative overview and analysis of the financial activities of the RTAA that occurred during the year ended June 30, 2011 is presented in the Management's Discussion and Analysis (MD&A) found at the beginning of the Financial Section.

This Comprehensive Annual Financial Report has been prepared and organized based on guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards a Certificate of Achievement to those entities whose annual financial reports are judged to conform to the high standards of public financial reporting, including generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB). It is our belief that the accompanying 2011 CAFR meets program standards, and it will be submitted to the GFOA for review.

REPORTING ENTITY

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

The RTAA owns, and operates the Reno-Tahoe International Airport (RTIA) and Reno-Stead Airport. According to the latest available Federal Aviation Administration (FAA) statistics, RTIA is the 64th busiest airport in the nation. The Reno-Stead Airport is a general aviation facility of

5,000 acres that is home to approximately 200 based aircraft. Together, these airports have a $3.24 billion annual economic impact on the local economy.

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

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

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

RTIA is a medium hub airport as defined by the FAA that served 3.79 million passengers last fiscal year. During Fiscal Year 2011, RTIA was the home to the following air carriers: American, American Eagle, Delta, Alaska/Horizon, SkyWest, Southwest, United, and US Airways.

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

ECONOMIC CONDITION AND OUTLOOK

RTIA passenger activity has not been immune from the economic slowdown. However during FY 2010-11, the RTIA's passenger traffic stabilized as the economy modestly recovers and a "new normal" operating environment has been established. For the fiscal year-to-date, through June 2011, the Authority's total passenger traffic is up .48% as compared to fiscal year ended June 30, 2010.

Cargo traffic has also increased as RTIA handled over 117 million pounds of cargo for the fiscal year-to-date, an increase of 12.1million pounds or 11.5% compared to last fiscal year.

The airport's stable operating environment was confirmed by Fitch Ratings, a nationally recognized credit rating agency, as it affirmed the Authority's "A" rating and moved the outlook from "negative" to "stable". This is a very positive achievement in this difficult economic environment and RTAA is one of the first airports to have its negative outlook removed following the economic recession that began in 2008.

The factors listed by Fitch in support of this decision included the following:

- The decline in passenger traffic was less than originally forecasted and a rebound in enplanements was achieved in the last calendar year

- Proactive cost containment and the defeasance of $4.4 million of RTAA debt principal and interest in FY 2010-11

- Significantly lower debt starting in FY 2012 reflecting a drop of outstanding debt service from $11.3 million in 2010 to $6.9 million in 2011 to $2.5 million from 2012 through maturity in 2026

- A new Airline Use and Lease Agreement that provides greater financial stability

- Strong statement of net assets with excellent liquidity

- Modest airline cost per enplaned passenger (CPE) that is expected to remain under $9.00 over the next five years based on conservative passenger growth estimates

The RTAA's day-to-day operating and maintenance expenses are funded almost exclusively from revenues generated through cost recovery from the airlines, rents and concession fees paid by airport tenants, and the RTAA operation of public parking facilities. Federal grants and passenger facility charges are designated to fund capital improvement projects and no local tax dollars are available to meet the RTAA's obligations. With the RTAA being "on its own" to ensure financial stability, a top priority over the volatile past decade has been to maintain RTAA's solid credit rating and position the RTAA with the flexibility to strategically react to challenges and opportunities.

The July 2011 Flight Schedule at the Reno-Tahoe International Airport (RNO) provides 71 nonstop departures per day to 17 destinations with 259,160 monthly available seats. This compares with 72 daily departures to 15 destinations and 254,355 seats in July 2010. The July 2011 flight schedule is a 1.4% decrease in flights and a 1.9% increase in seat capacity over July 2010.

The increase in destinations reflects Continental Airlines reintroduction of non-stop service from RTIA to George Bush Intercontinental Airport in Houston, Texas on February 17, 2011. Non-stop service to this hub airport offers travelers the ease of connections not only to the east, but to South America and beyond.

In addition, Delta Air Lines has announced new non-stop service to Minneapolis/St. Paul, Minnesota starting on July 1, 2011. The flight will provide outstanding connections to the Midwest and eastern United States as well as international destinations such as Amsterdam, London and eight cities in Canada. Non-stop service to Minneapolis was previously offered on Northwest Airlines but left Reno-Tahoe in early 2006. For five years, the staff at Reno-Tahoe has worked diligently to bring this popular service back to the region.

According to the Air Transport Research Society (ATRS), the Reno-Tahoe International Airport (RTIA) has been named the second most efficient airport in the United States and Canada. For the third time in six years, RTIA has received the distinction of being in the top five list of most efficient airports. The 2010 ranking is for airports with less than 15 million passengers per year. This study is prepared by Canadian based researchers who gathered and analyzed information from sources such as airport financial statements and the FAA. They also measure revenue streams from airport restaurants and landing fees.

According to the Air Transportation Association (ATA), the Reno-Tahoe International Airport (RTIA) was the No. 1 airport in the nation in additional flights based on a comparison of the third quarter of 2010 to the third quarter of 2009. This ranking is based on an increase of 14.7 % between the two periods. The second largest increase in the nation is Detroit Metro with a 13.4 percent increase with Milwaukee Mitchell Field in third place with an increase of 12.3 percent.

AIR SERVICE DEVELOPMENT

While the number of flights and passengers at RNO is rebounding, the airline industry is still affected by the deep economic recession that began in 2008 and has yet to fully recover. Business and leisure passenger demand continue to show limited growth and airlines continue to limit capacity expansion in 2011, impacting airports across the nation. The price of oil, while down from the 2008 peak, remains somewhat volatile, adding further pricing difficulty to the airlines.

Southwest Airlines, one of the nation's financially healthy airlines, continues to serve RTIA as its largest air carrier, with approximately 54% of the total market share. RTIA offers better air service than any other airport for a city of comparable size anywhere in the United States. Seven major/national airlines serve RTIA offering non-stop service to 17 cities, and make one-stop connections to virtually any major metropolitan city in the world. These 17 cities represent an increase of two nonstop markets over the same period last year due to the addition of Houston-Intercontinental and Minneapolis/St. Paul service with Continental and Delta Air Lines, respectively. Reno-Tahoe International Airport offers major air service connections for a community the size of the Reno-Sparks area. Thanks to daily, non-stop service to 12 large hub airports, travelers can fly almost anywhere in the world in just one stop from Reno-Tahoe International.

Fortunately for RTIA, airlines have returned a portion of the lost capacity at a much faster pace than other large or medium hubs across the nation. In addition, out of the top 100 airports in the U.S., RTIA ranked 80th in average roundtrip fare, lower than many west coast and medium hub airports, including Sacramento, the closest competitor.

The RTAA staff continues to actively pursue new air service. The President/CEO, the Executive Vice President/COO, the Manager of Air Service Business Development (ASBD), and ASBD staff continue to visit corporate executives of airlines currently serving RTIA, as well as airlines that do not. A business case is specifically tailored to the airline that includes an airline route analysis identifying the number of passengers flying between RTIA and target cities. It also forecasts profitability and how such a route would fit in an airline's current route and rate structures.

The process of gaining or maintaining air service takes great time and effort. Air service development is competitive, with over 400 airports in the U.S. calling on airlines to solicit new air service. In order to better understand RTIA's current and potential markets, as well as to lower costs, the ASBD staff has taken on the responsibility of researching, compiling, analyzing and developing the vast majority of airlines route analyses and presentations, resulting in a cost savings of over $150,000 per year.

To make the addition of new air service more attractive for a current or new airline, and to compete with other airports seeking new air service, RTAA has adopted an airline incentive program for any airline establishing service to a market not currently served. This program allows up to 12 months of free terminal building rent and landing fees, or other negotiated items, depending on the size of the new market. RTAA also participates in the cost of cooperative advertising for new air service with the community's Regional Marketing Committee (RMC).

RTAA is committed to seeing that an airline is successful in new air service at RTIA. The airline's success is an RTAA success.

GOOD FOR BUSINESS

The Reno, Sparks, and Lake Tahoe area developments have a significant impact on air service demand in this market and each of these communities is taking proactive steps and a long-term view toward the future.

Employment within the Reno – Sparks Metropolitan Statistical Area (MSA) economy largely mirrors the nation overall. The service sector accounts for the largest share of local employment, at 42.8 percent, slightly above the national average of 41.5 percent.

The hotel and food services industries are significant components of the service sector within the local economy, which includes well-known casino resorts led by the Peppermill, Atlantis, Grand Sierra, Silver Legacy, Harrah's, Circus Circus, and the El Dorado. Furthermore, Reno serves as a gateway to the Lake Tahoe region and resorts including Squaw Valley USA, Northstar at Tahoe, and Heavenly Lake Tahoe, which is part of the Vail Resort Management Company.

Wholesale and retail trade is the second largest source of employment in the Reno – Sparks MSA at 14.5 percent, followed by government at 12.2 percent.

The last major source of employment is the transportation and utilities sector that represents 5.7 percent of the MSA's total employment compared to the national average of 3.5 percent.

Reno – Sparks strategic location and the available infrastructure, which includes a major transcontinental rail line (Union Pacific's "Overland Route"), two major highways (Interstate 80 and U.S. Route 395), and Reno-Tahoe International Airport, have led to the growth of the region as a major warehousing and distribution center.

Additionally, the region enjoys the Tahoe Reno Industrial Center (TRIC), a massive 107,000 acre industrial park that encompasses a developable 30,000 acre industrial complex, with pre-approved industrial and manufacturing uses. Located nine (9) miles east of Reno on Interstate 80, sites now available for development include:

- Rail serviced sites
- Municipal water and sewer utility companies
- High pressure gas to all sites
- Five (5) generating power plants on site with more than 900 megawatts of electrical power available to all park users

This trend is anticipated to grow with announced groundbreaking on a new 462,000-square-foot Urban Outfitters Inc. warehouse-distribution center at Reno-Stead and a 300,000 square foot distribution center for Toys“R”Us expected at the Tahoe-Reno Industrial Center.

SPECIAL COMMUNITY EVENTS

The Reno-Tahoe region is described as “America’s Adventure Place”. The Greater Reno-Tahoe area attracts outdoor recreation enthusiasts from around the world. Beautiful Lake Tahoe and the surrounding Sierra Nevada mountains are home to 18 major resorts that boast some of the most diverse and scenic skiing and snowboarding terrain in the world. On top of being a world-class winter sports destination, visitors and locals agree that Reno-Tahoe beckons recreation enthusiasts during the Spring, Summer and Autumn months. The temperate climate keeps the area’s 50 golf courses busy and its varied terrain draws people outdoors for exceptional camping, hiking, biking, fishing and boating. In addition to the area’s breath-taking beauty, Reno and Lake Tahoe offer an amazing mix of history, art, and culture.

Tourism and conventions continue to be big business in the Reno-Sparks area. The Reno-Sparks Convention & Visitors Authority (RSCVA) owns and operates several facilities designed to draw out of town visitors. For example, the National Bowling Stadium, the only facility of its kind in the world, is dedicated to the classic sport of bowling. The National Bowling Stadium boasts one of the longest video screens in the world which is capable of projecting video images, as well as, state-of-the-art scoring graphics across its 440 foot length.

The United States Bowling Congress (USBC) and Reno’s National Bowling Stadium announced that Reno will host both the USBC Open Championship and the Women’s Championship at the same time in 2013 and 2014. The dual events are expected to bring an estimated 150,000 visitors to town over a five month period with an estimated economic impact of nearly $360 million. Before debuting together in 2013, the Open Championship was successfully completed in Reno in 2011 and the Women’s Championship will be held here in 2012.

The Reno-Sparks-Tahoe area draws hundreds of thousands of visitors to northern Nevada for community-wide special events throughout the year. This year’s special event season started with the Reno Rodeo, a ten-day event in its 92nd year, and a PRCA (Professional Rodeo Cowboys Association) sanctioned sporting event. The Reno Rodeo is the 4th largest PRCA tour rodeo. The event impacts the Reno-Sparks area economy by approximately $42 million. The Reno Rodeo was nationally televised on OLN, ESPN, ESPN2 and CBS. This event is held at the Reno-Sparks Livestock Events Center, a 35,000 square foot exhibit space with an indoor arena seating 6,200 and a lighted outdoor arena seating 9,000.

Recognized as a favorite stop on the PGA tour by its members, the Reno-Tahoe Open strives to create a first class tournament for spectators, local and national corporate business partners, PGA Tour players and volunteers. The Reno-Tahoe Open had over 50,000 fans at the 2011 event. It marked the 13th year of the event that has a significant economic impact for the region and highlighted the region as a world class golf destination through national and international media coverage.

Artown, noted by the National Endowment for the Arts as one of the most comprehensive festivals in the country, brings the arts to Reno each July with a packed calendar of events. Artown captures the imagination and brings with it a celebration of distinguished artists from around the world and throughout the region. Artown features more than 400 events, from over 100 presenters designed to inspire and impress the 350,000 people that experience the festival annually.

Hot August Nights has become the nostalgic event to attend in Reno where each year over 800,000 attendees literally watch the hands of time turn back to all of the excitement of the ever popular era of the 50's and 60's. The 25th edition of the this classic car show attracted 6,000 of the nation's finest classic cars and trucks. Visitors attending this event took in all the sites and sounds of Hot August Nights including the daily show-n-shines, nightly cruises, the swap meet, the classic car auction, poker run and outstanding free concerts.

Once a year in August, tens of thousands of participants gather in Nevada's Black Rock Desert to create Black Rock City, dedicated to community, art, self-expression, and self-reliance. They depart one week later, having left no trace whatsoever. The festival, called "Burning Man", brings approximately 50,000 participants to the area, of which 15,000 arrive through RTIA.

There are many great events in the area in September, and starting things off is the Best of the West Rib Cook Off held in the City of Sparks and sponsored by John Ascuaga's Nugget. The nation's finest rib cookers vie for the coveted first place trophy, cash prizes and the People's Choice award, as a half-million hungry BBQ lovers consume 100 tons of ribs over six days.

Following the Rib Cook Off, are the Reno Balloon Races. During three days in early September, you can look up into the Reno skies and see a rainbow of hot air balloons soaring about. From its humble beginnings in 1982 with just 20 balloons, The Great Reno Balloon Race has taken flight with more than 100 balloons each year and an average of 150,000 spectators from all over the world.

The September skies of Reno are also the home of the National Championship Air Races (NCAR). The NCAR and Air Show have run at the Reno-Stead Airport since 1964. The National Championship Air Races bring together hundreds of aviation and sports enthusiasts from around the world, including many residents of Reno and the surrounding areas.

Street Vibrations is the place to be for those in search of a celebration of music, metal and motorcycles. An official Northern California Harley-Davidson Dealers Association event, Street Vibrations offers tours, entertainment, parades, ride-in shows, Chrome Alley retail vendors, Camel Roadhouse, the Harley-Davidson Factory Store, concerts and more. The event attracts an estimated 40,000 people to the Reno/Tahoe/Carson City area and has a local economic impact of $72 million. It is ranked as the 6th largest motorcycle event in the nation,

MAJOR INITIATIVES AND DEVELOPMENT

Airport Renewal Program / Subordinate Note Issuance

With security screening requirements mandated by the Transportation Security Administration (TSA) ever increasing and the aging condition of the terminal building, several interim capital projects in the terminal are needed to enhance customer service and the passenger experience. Two projects that are collectively referred to as the "Airport Gateway Projects" include the following:

1. Reno-Tahoe International Airport - Terminal Refurbishment Project

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

With the completion of the Integrated Explosive Detections System (ABC Project), the ticketing area was remodeled with new finishes that provided a "Lake Tahoe" sense of place. The remaining portions of the Terminal Building are beginning to show signs of aging and this project, along with the Centralized Security Checkpoint of the Future discussed below, will complete the updated image of the terminal facilities that welcome visitors to our community.

2. Reno-Tahoe International Airport - Centralized Security Checkpoint of the Future

This project consists of the relocation of the two existing security checkpoints, currently located at the entrances of the "B" and "C" Concourses, to a centralized area. With the need to install Advanced Imaging Technology ("AIT") and other new technology, the existing checkpoints do not have the space to fully accommodate this new screening equipment and Transportation Security Administration ("TSA") requirements. As a result of this relocation, the existing first floor food court space will be expanded to provide space and passenger queuing for eight security lanes designed to meet TSA security standards. The existing food court will be relocated along with several retail stores located pre-security. Replacement concession areas will be built post-security on the second floor above the expanded checkpoint. The project includes both design and construction.

In addition, the following projects have also been identified as top priorities: (a) a snow removal equipment building to extend equipment asset life at Reno-Tahoe International; (b) improved emergency operations/ administration facilities at Reno-Stead Airport; and (c) extension of Taxiway "C" to promote corporate and general aviation development

3. Reno-Tahoe International Airport - Snow Removal Equipment (SRE) Building

This project consists of the construction of a 32,300 square foot Snow Removal Equipment ("SRE") building, extension of an existing storage canopy, related site work, and utilities. This facility will provide covered storage space for the specialized fleet used for snow removal operations.

The SRE building is being designed as a 323' x 100' metal framed structure with masonry end walls and 26' wide overhead sectional bay doors. The structure will be configured to accommodate approximately 24 SRE vehicles. The building systems include floor heating to maintain temperature levels above freezing, ventilation, lighting, electrical, drainage and plumbing. The related site work consists of utilities (water, electrical, gas, communication, and sewer), paved vehicle circulation and staging areas, lighting, drainage, fence, gates, and driveways connecting to the airfield. Additionally, the existing Airfield Maintenance Facility vehicle storage canopy will be expanded to accommodate other SRE support equipment.

The facility will be on airport property, on the north side of Tower Way, west of the old Air Traffic Control Tower and east of the new Airfield Lighting Vault. The site is approximately

3.0 acres and provides direct access to the airfield and adjacency to the existing Airfield Maintenance Facility.

4. Reno-Stead Airport - Emergency Operations Command Center/ Terminal Building
This project consists of the construction of a new building at Reno-Stead Airport, which is divided into three categories of function: Core Space, Primary Emergency Operations Center (EOC) Space, and Revenue Space (optional). The Core Space of 8,300 square feet is dedicated to the minimum functions required to replace and upgrade the existing airport manager's office and pilot lounge facilities. Notable improvements include a public waiting lounge, conference room, public restroom, and flex/expansion office space which will serve as support rooms for emergency situations.

The Primary EOC Space includes 3,400 square feet of flexible space that would directly support emergency operations. During non-emergency periods, this space could also be used to support aviation-related activities and community functions.

The Revenue Space includes approximately 8,400 square feet of open (shell) lease space which may be subdivided into small units for office, retail and restaurant use. Other potential uses include a community police substation, support facilities for a fixed based operator, and an aviation museum. Since this is flex space, it has the opportunity to provide direct access to landside and airside facilities.

While initial design and layout of the building provides for ultimate build out, only demand driven areas will initially be constructed.

5. Reno-Tahoe International Airport – Taxiway "C" Extension North

The extension of Taxiway "C", will provide access to the designated General Aviation (GA) site on the east side of the airfield. The Taxiway "C" extension is at the northeast corner of the airfield, east of Runway 16L-34R. The new extension will continue beyond Taxiway "North A" and provide airfield access to a proposed Fixed Base Operator (FBO) and GA Maintenance and Storage Hangar site north of the existing Dassault Aviation facility. The overall extension is approximately 590 feet long and 75 feet wide of concrete pavement, with 35 foot asphalt shoulders. The related site work consists of taxiway edge lighting, grading, utilities, storm drain, marking, and signage.

The Reno-Tahoe Airport Authority obtained financing for the Airport Gateway Projects and other capital projects using Subordinate Lien Airport Revenue Notes ("Notes") on June 1, 2011, with a maximum principal outstanding of $30,000,000 at any time for a term of 6 years. This relatively short repayment period is strategically proposed to quickly retire the note borrowing in anticipation of future capital improvement projects that may include replacement of the terminal concourses.

The proceeds for the 2011 Subordinate Notes, along with Passenger Facility Charges ("PFC"), FAA Grants, and Authority internal funds, will be used to finance the Airport Renewal Program. Preliminary cost estimates for the projects indentified is as follows:

Project	Airport	Estimated Costs
Terminal Refurbishment	Reno-Tahoe International	$ 6,806,500
Centralized Security Checkpoint	Reno-Tahoe International	19,812,500
Snow Removal Equipment Building	Reno-Tahoe International	8,182,700
Taxiway "C" Extension	Reno-Tahoe International	3,672,200
Emergency Operations Center/ Terminal Building	Reno-Stead Airport	6,053,000
RTAA Miscellaneous Equipment/ Capital Projects		2,000,000
Cost of Issuance		138,800
Total Costs		$ 46,665,700

The Notes, after application of approved PFC revenues to eligible projects, will be paid solely from and secured by a pledge of Net Revenues derived from the operations of the Airport System and certain funds and accounts. Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses, on a basis subordinate and junior to the liens of any existing or future annual debt service due to senior airport revenue bonds.

Corporate and General Aviation Development

Million Air, a world renowned aviation service provider, will build a new $20 million facility at RTIA. The international Fixed Based Operator (FBO) chain will build the new facility to join the 29-facility network it operates at airports in the US, Canada and the Caribbean. An FBO is an aviation business that provides services, including fuel, to aircraft customers.

Million Air started offering services at existing facilities on the airfield in October, 2010 pending completion of a two-phase, $20 million investment at RNO. Phase I will include the construction of a new $10 million FBO facility by 2013. Phase II would add another $10 million in investment to the FBO complex by 2017. The estimated five-year economic impact of the project is $57 million for the region. The Million Air proposal was approved by the Board of Trustees following a Request for Proposal process that began in April, 2010. Texas based Million Air has more than 1,500 employees worldwide.

Additionally, one of the most successful general aviation / corporate aircraft repair centers in the western United States expanded its operations and located a new facility at Reno-Tahoe International Airport. Western Jet Aviation of Van Nuys, California, a heavy maintenance center for Gulfstream corporate jets, began new operations in Reno in 2011.

These new corporate and general aviation operators join the existing West Coast service center for international aviation manufacturer Dassault Falcon. The French-owned business jet manufacturer in 2009 unveiled its nearly 40,000 square foot factory-owned service center. The facility in Reno is significant for not only the increased support for Falcon aircraft owners in the western part of the country, but also the overall coverage this adds for the entire United States, Canada, Central America and Asia.

Dassault Falcon is responsible for selling and supporting Falcon business jets throughout the world. It is part of Dassault Aviation, a leading aerospace company with a presence in over 70 countries across 5 continents. Dassault Aviation produces the renowned Mirage and Rafale fighter jets as well as a complete line of Falcon business jets. It employs a total workforce of over 12,000. Since the rollout of the first Falcon 20 in 1963, over 1,950 Falcon jets have been delivered to more than 65 countries worldwide.

Runway Safety Areas

Under congressional mandate, the Federal Aviation Administration (FAA) was directed to ensure all Runway Safety Areas (RSA) at airports are in compliance with current standards by 2010. The RSA is established to provide areas clear of obstacles adjacent to runways and is intended to enhance safety. Both Reno-Tahoe International Airport and Reno-Stead Airport have completed and are in full compliance with the standards set for the RSA. Improvements at RTIA include fence realignment, grading, relocation of various runway lighting and signage fixtures, drainage pipe and culvert modifications, and realignment of sections of the airport perimeter road.

Improvements completed at Reno-Stead Airport include the clearing of over 50 acres of brush and grass, the removing and re-grading of 188,000 cubic yards of soil, and the placing of over 500,000 square yards of gravel around the perimeter and safety areas. Miscellaneous items such as fog-sealing the entire runway, improving drainage, lighting, and signage, and new striping were also included in the project.

NOISE REDUCTION AND ENVIRONMENTAL INITIATIVES

To mitigate the impact of aircraft noise on the local community, RTAA, through use of FAA grants, implemented a sound insulation program for eligible residences near RNO. The goal of the residential sound insulation program is to improve the quality of life for residential RNO neighbors by reducing the amount of noise entering each eligible residence from the outside. At a minimum, an interior noise level of not more than 45 DNL and an improvement of at least a 5 decibel average is achieved by the sound insulation improvements. A reduction of at least 5 decibels is equivalent to a 50% perceived audible reduction relative to preexisting conditions.

The primary improvements to participating residences include:

- Existing windows replaced with triple pane vinyl windows acoustically rated at STC (sound transmission class) 40 or higher.
- Existing exterior doors that lead into a habitable space (e.g. front door) replaced with tighter sealing metal-clad doors with an acoustical rating of at least STC 38.

Some of the secondary improvements include:

- Existing sliding glass doors replaced with vinyl sliding glass doors acoustically rated at STC 35 or higher.
- Additional thermal attic insulation blown-in to reach an R-30 level (approximately 9 inches) if not already existing.
- Chimney cap dampers installed in non-gas fireplaces.
- Gable vent baffles added to vents that open to the outside.
- Oven range hoods that vent to the outside replaced with re-circulating range hoods.

During Fiscal Year 2010-2011, the FAA committed a $2,399,169 grant to the RTAA for the inception of Phase 21, Part 1 of the RTAA's sound insulation program. In Fiscal Year 2011-2012, the FAA committed an additional $4,600,831 for Phase 21, Part 2. The RTAA's 6.25 percent financial share combined totals $466,667.

Construction on eligible homes in neighborhoods located north and south of RNO, in Sparks, Reno, and Washoe County, occurs typically between late April and early November of each calendar year. The colder months of late November through early April are not conducive to construction and are typically reserved for design, bid and materials manufacturing. To date, 4,103 residences have completed construction. An additional 502 are in various stages of design with construction planned for summer / fall 2012.

RTAA staff is also actively involved with other immediate environmental concerns facing the aviation industry including Storm Water Pollution Prevention, and the Environmental Protection Agency's Effluent Limitation Guidelines (ELGs), Spill Prevention Control and Countermeasures (SPCC) issues, and air quality issues.

In Fiscal Year 2010-2011, staff maintained each of the seven initiatives developed for the Environmental Management System (EMS). The EMS continues to serve as a proactive management system that is based on an environmental policy commitment to everyday processes and activities. The EMS effectively establishes a formal process which supports RTAA Board Goal objectives for developing, communicating and acting on environmental initiatives. The seven initiatives included recycling, office supply reduction and green purchasing, storm water pollution prevention, glycol recovery, energy conservation, asphalt/concrete deconstruction and reuse, and alternative fuel usage.

The initiative targets achieved included:

- Recycling – Diverted 83 tons of recyclable materials, accounting for 9.8 percent of the total waste stream and a $5,000 savings in disposal costs.
- Office Supply Reduction and Green Purchasing – Using 30% recycled content paper and evaluating a transition to 50% recycled content paper. Continued to evaluate and implement measures to decrease overall paper usage and continued to purchase environmentally friendly cleaning products.
- Storm Water Pollution Prevention – No violations or off-airport discharges and increased awareness programs and training.
- Glycol Recovery – Recovered 7,600 gallons of deicing fluid and enhanced measuring & tracking methods for deicing fluid recovery and / or disposal.
- Renewable Energy – Installed 135-kilowatt (kW) solar photovoltaic system at the Reno-Tahoe International Airport Rescue and Fire Fighting Facility, resulting in the reduction of the annual purchased electricity usage by approximately 260,000 kW hours and the annual electrical utility cost by approximately $30,000.
- Asphalt / Concrete Deconstruction and Reuse – Recycled 100 percent of demolished pavement material.
- Alternative Fuel Usage – Switched RTAA diesel powered fleet vehicles from ultra low sulfur diesel fuel to a more advanced locally produced GDiesel® fuel, resulting in lower emissions and more efficient combustion.

Other recent environmental initiatives include the replacement of approximately 1,100 taxiway lights, including 920 edge lights, with energy efficient light-emitting (LED) fixtures as part of the Airfield Lighting Systems Upgrade project (a savings of approximately 77,000 kW hours and $10,000 annually) and the continuation of the multi-year public parking garage lighting fixture retrofit project.

FINANCIAL INFORMATION

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

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

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

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

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

The Budget for fiscal year 2011-2012 reflects five (5) significant factors impacting the operating environment in the upcoming year. In addition to the Airport Gateway and Corporate and General Aviation Development projects previously discussed, the following items will significantly impact the financial results in the FY 2011-12:

Lower Debt Service

As of December 31, 2010, the Authority had $31 million of bonded debt outstanding. This equates to $16.62 per enplaned passenger, well below the Moody Investor Services' median for U.S. Airports of $72.47 for fiscal year 2009. Annual debt service declined by approximately $4.4 million from fiscal year 2009-10 to fiscal year 2010-11, reflecting the Authority's defeasance of $4,165,000 of outstanding debt on July 1, 2010. Total debt service, including interest, for fiscal year 2010-11 $6,893,650. Without this defeasance, the total annual debt service for fiscal year 2010-11 would have been $11,266,900.

As the Authority makes its final payments on its Series 2003 Bonds in fiscal year 2010-11, the Authority's outstanding debt service obligations decline to $2.5 million in fiscal year 2011-12 and, with no additional senior lien debt, will remain stable at that level through 2026.

Police Staffing Needs

With the support of the Board, RTAA management over the past three years has aggressively and proactively taken significant cost reduction steps in response to the recession and its impact on passenger levels and lower spending patterns. These steps included keeping vacant and not funding two police officers and one police sergeant position.

With the Transportation Security Administration (TSA) standard that a full time Police Officer be immediately available at the security checkpoints and an expanded role identified for surveillance and response to tenant needs, RTAA management increased police office overtime starting November 2010 to provide for three (3) Police Officers per shift, twenty-four hours per day/ 7 days per week. As a result of this overtime expense and concern regarding its long-term impact on staff performance, the Trustees approved, at the February 2011 Board meeting, a staff request to fill two vacant officer positions. The full year impact of these needed steps is estimated to be $420,000.

Airline Agreement

The Authority is operating under an airline agreement and business arrangement that went into effect July 1, 2010. Given the current financial circumstances, the airlines and the Authority worked together to address the current financial environment in a manner that does not create a financial burden to the airlines and meets the financial requirements of the Authority. The agreement is designed to reflect that both sides face significant financial challenges and change was needed.

The new business arrangement will, excluding inflation, establish relatively flat airline cost per enplaned passenger over the term. This continues the on-going historic trend of RTIA having reasonable costs in comparison to other medium hub and west coast airports.

From the Authority's perspective, the new agreement also achieves several critical financial goals:

- Provides greater upfront recovery of terminal costs
- Restores annual cash to historic levels realized prior to the economic slowdown and its impact on passenger traffic.
- Creates a stable perspective from the investment community regarding the Authority's financial position and credit rating.
- Provides internal cash to support needed Capital Improvements not eligible for funding under FAA Grant and PFC eligibility standards.
- Maintains a meaningful profit sharing relationship with the airlines

The new business arrangement has a new terminal rental rate formula as one of the primary initiatives. This change is intended to recover upfront more of the operating, maintenance, and development costs of the Terminal Cost Center with greater profit sharing provided to the airlines after the Authority meets its obligations.

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 recognized 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 my management.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTAA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the 24th consecutive year that the RTAA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Comprehensive Annual Financial Report must be easily readable, efficiently organized and conform to the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

Nevada Revised Statutes 354.624 and the RTAA revenue bond resolutions require that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. Because the RTAA receives Federal funds and Passenger Facility Charges to assist in funding capital improvement projects, land acquisition, and security related costs, the audit must also meet the federal audit standards referred to collectively as the "Single Audit Act". The reports of the RTAA's auditors, Kafoury, Armstrong & Co., are included herein.

Respectfully submitted,

Krys T. Bart

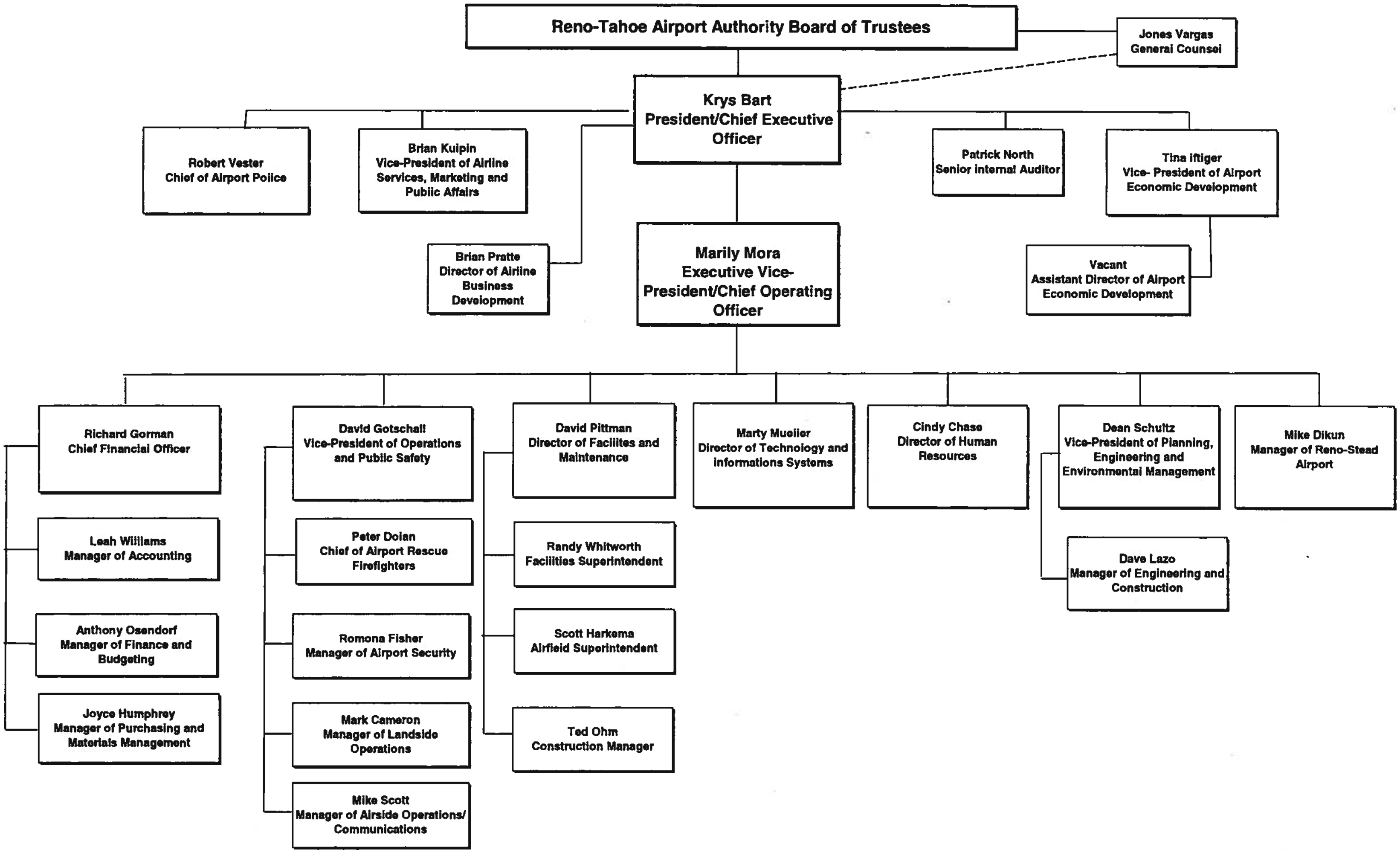
Krys T. Bart, A. A. E.
President/ CEO

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2011

Board of Trustees	Position	Term Expires	Represents
John S. Wagnon	Chairman	June 2013	Reno-Sparks Convention & Visitors Authority
Jerry Hall	Vice Chair	June 2013	City of Reno
Mark Crawford	Treasurer	June 2015	Washoe County
Randi Thompson	Secretary	June 2013	Washoe County
Dr. Kosta Arger	Trustee	June 2015	City of Reno
William "Bill" Eck	Trustee	June 2013	City of Sparks
Steve Katzmann	Trustee	June 2015	City of Reno
Adam Mayberry	Trustee	June 2015	City of Sparks
Rick Murdock	Trustee	June 2013	City of Reno

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

Reno-Tahoe Airport Authority Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Reno-Tahoe Airport Authority

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Financial Section

Reno-Tahoe Airport Authority

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

Independent Auditor's Report

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

We have audited the basic financial statements of the Reno-Tahoe Airport Authority (the "Authority"), as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net assets of the Reno-Tahoe Airport Authority at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated November 30, 2011 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-17 and the Schedule of Funding Progress-Other Postemployment Benefits on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding 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..

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Supplementary Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Supplementary Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. The Supplementary Information, the Supplementary Schedule of Expenditures of Federal Awards, and the Supplementary Schedule of Passenger Facility Charges Collected and Expended are the responsibility of management and were derived from and relate to the underlying accounting and other records used to prepare the basic financial statements. The Supplementary Information, Supplementary Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Passenger Facility Charges Collected and Expended have been subjected to the auditing procedures applied in the audits of the basic financial statements and 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion or provide any assurance on them.

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2011

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Reno-Tahoe Airport Authority (RTAA) provides an introduction and overview to the major activities affecting the operations of the Airport and the financial performance of the RTAA for the fiscal years ended June 30, 2011 and 2010. The information contained in this MD&A should be considered in conjunction with the information contained in the RTAA's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The RTAA's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The RTAA is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the RTAA's significant accounting policies.

Following this MD&A are the basic financial statements of the RTAA together with the notes, which are essential to a full understanding of the data contained in the financial statements. The RTAA's basic financial statements are designed to provide readers with a broad overview of the RTAA's finances.

Net Assets

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

	2011	2010	% Change	2009	% Change
Assets:					
Current Assets	$ 46,407,286	$ 54,884,353	-15%	$ 53,690,930	2%
Current Assets – Restricted	40,175,105	22,752,190	77%	30,483,034	-25%
Total Capital Assets, Net	447,707,623	429,425,568	4%	415,977,909	3%
Other Assets	2,054,984	1,959,807	5%	2,174,153	-10%
Total Assets	$ 536,344,998	$ 509,021,918	5%	$ 502,326,026	1%
Liabilities:					
Current Liabilities	$ 9,044,174	$ 12,840,855	-30%	$ 12,346,433	4%
Liabilities Payable from Restricted Assets	7,152,892	11,773,676	-39%	12,033,719	-2%
Non-Current Liabilities	43,331,529	34,085,858	27%	47,772,422	-29%
Total Liabilities	59,528,595	58,700,389	1%	72,152,574	-19%
Net Assets:					
Invested in Capital Assets, Net of Related Debt	413,692,789	381,032,297	9%	354,630,181	7%
Restricted Net Assets	24,195,980	21,539,564	12%	29,015,626	-26%
Unrestricted Net Assets	38,927,634	47,749,668	-18%	46,527,645	3%
Total Net Assets	476,816,403	450,321,529	6%	430,173,452	5%
Total Liabilities and Net Assets	$ 536,344,998	$ 509,021,918	5%	$ 502,326,026	1%

For the fiscal year ended 2011:

Net assets increased by 6% or $26.5 million. The increase is primarily attributed to capital contributions from federal grants and other agreements to fund various airport improvement projects and the reversion of title of certain hangars and a rental car support building to the Authority upon expiration of tenant leases.

Total assets increased 5% or $27.3 million over 2010. The majority of the increase is the result of increases in capital assets. Current assets (unrestricted) decreased as a result of decreases in both grants receivable and accounts receivable for a combined amount of $5.88 million. Current assets (restricted) increased $17.4 million due to the receipt of proceeds from the issuance of the 2011A Subordinate Lien Revenue Note – Fixed Rate and an increase in PFC cash and investment balances. See Note 6, Long-Term Debt, Notes to the Financial Statements.

Total liabilities increased just 1% for the year ended June 30, 2011. Current Liabilities and Liabilities Payable from Restricted Assets decreased $8.4 million, while non-current liabilities increased $9.2 million. This increase in non-current liabilities includes the additional $15 million from the 2011A Subordinate Lien Revenue Note–Fixed Rate less normal retirement of long-term debt as bond maturities came due.

The largest portion of the RTAA's net assets each year, $413.7 million, or 87% at June 30, 2011, represents its investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

An additional portion of the RTAA's net assets of $24.2 million, or 5% at June 30, 2011, represents resources that are subject to use restrictions. The restricted net assets are not available for spending because they have already been committed as follows:

Revenue Bond Operations and Maintenance	$	6,047,394
Renewal and Replacement		780,000
Passenger Facility Charge Projects		10,075,929
Project Construction- Subordinate Revenue Notes		5,315,764
Flood Grant		1,970,800
Other Reserve Purposes		6,093
	$	24,195,980

The remaining unrestricted net assets of $38.9 million, or 8% at June 30, 2011, may be used to meet any of the RTAA's ongoing obligations.

For the fiscal year ended 2010:

Net assets increased by 5% or $20.1 million. This net increase is comprised of an increase invested in capital assets, net of related debt of $26 million, a decrease in restricted net assets of $7 million and an increase of $1 million in unrestricted net assets. The $7 million decrease in restricted net assets is attributed to payments of passenger facility charge funds for the Airport Baggage Check-In Project.

Total assets increased 1% or $6.7 million over 2009. Capital assets increase by approximately $13 million. Current assets (unrestricted) increased by 2% or $1.2 million. Current assets (restricted) decreased mainly as the result of outlays for airport improvements programs ($7.7 million).

Total liabilities decreased 19% or $13.5 million for the year ended June 30, 2010. This decrease is due to normal retirement of long-term debt as bond maturities came due and a partial defeasance of $4.2 million of the Airport Revenue Refunding Bonds Series 2003.

The largest portion of the RTAA's net assets each year, $381.0 million, or 85% at June 30, 2010, represents its investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. The RTAA uses these capital assets to provide services to the airlines, passengers, visitors and service providers at the Airport; consequently, these assets are not available for future spending.

An additional portion of the RTAA's net assets of $21.5 million, or 5% at June 30, 2010, represents resources that are subject to use restrictions. The restricted net assets are not available for spending because they have already been committed as follows:

Revenue Bond Operations and Maintenance	$	5,523,675
Renewal and Replacement		780,000
Passenger Facility Charge Projects		4,101,203
Debt Service		9,080,441
Flood Grant		1,960,216
Other Reserve Purposes		94,029
	$	21,539,564

The remaining unrestricted net assets of $47.7 million, or 11% at June 30, 2010, may be used to meet any of the RTAA's ongoing obligations.

Revenues

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

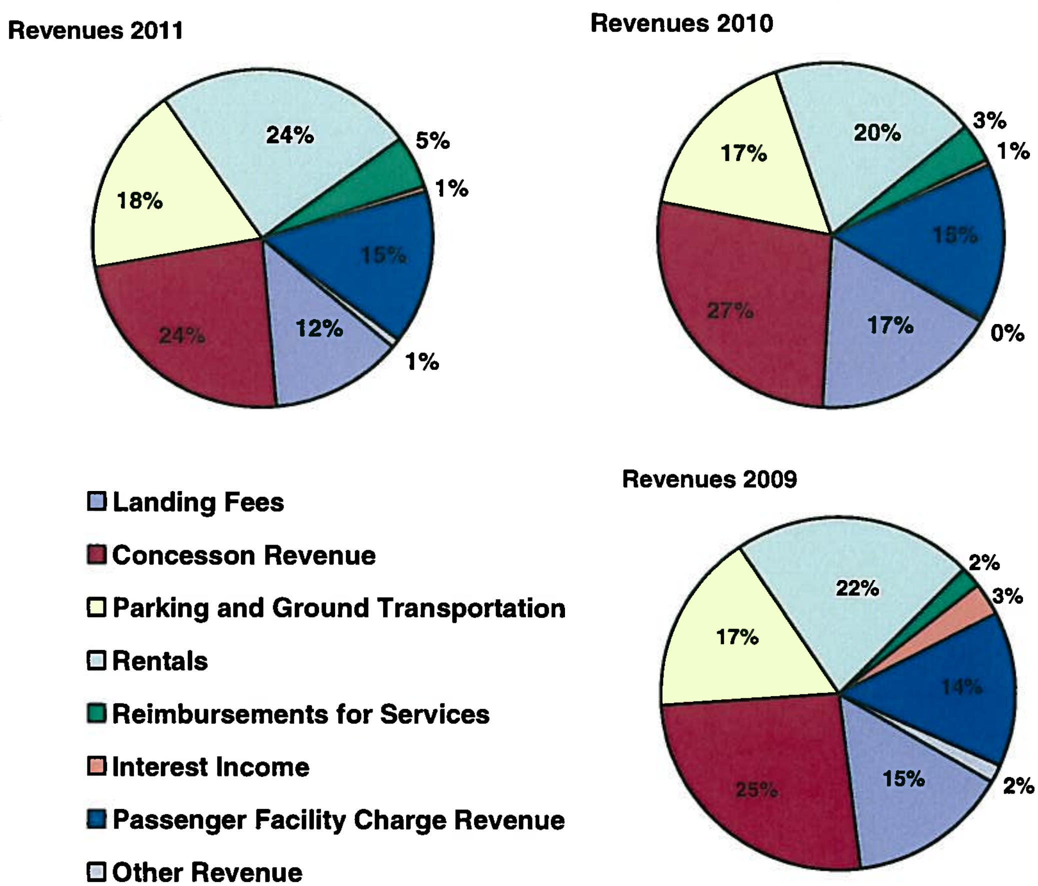
Below represents the summary of operating revenues by source for the years ended June 30:

	2011	2010	% Change	2009	% Change
Landing Fees	$ 6,134,543	$ 9,157,170	-33%	$ 8,020,650	14%
Concession Revenue	11,727,995	14,400,176	-19%	14,267,318	1%
Parking and Ground Transportation	8,927,778	8,738,391	2%	9,102,015	-4%
Rentals	12,235,790	10,378,966	18%	12,172,296	-15%
Reimbursements for Services	2,368,283	1,838,355	29%	957,499	92%
Other Revenue	42,411	18,300	132%	82,970	-78%
Total Operating Revenues	$ 41,436,800	$ 44,531,358	-7%	$ 44,602,748	0%

Non-operating revenue includes interest earnings on the funds the RTAA has on deposit and invested. Passenger Facility Charges (PFC) are the main source of non-rate base revenues, but also included are jet fuel tax revenue, the gain or loss on sale of capital assets, and the gain or loss on debt defeasance. The following represents the RTAA's summary of non-operating revenue and non-rate base revenues by source for the years ended June 30:

	2011	2010	% Change	2009	% Change
Interest Income	$ 286,887	$ 347,571	-17%	$ 1,814,681	-81%
Passenger Facility Charge Revenue	7,346,775	7,737,810	-5%	7,688,656	1%
Jet Fuel Tax Revenue	319,073	304,912	5%	313,204	-3%
Gain (Loss) on Sale of Capital Assets	3,226	9,641	-67%	544,222	-98%
Gain (Loss) on Debt Defeasance	-	(207,881)	100%	-	100%
Total Non-Operating Revenues	$ 7,955,961	$ 8,192,053	-3%	$10,360,763	-21%

The graphs below present the percentage and source of the Airport's revenues for fiscal years ended 2011, 2010 and 2009.



An analysis of significant changes in revenues for the year 2010-2011 is as follows:

Passenger traffic showed a slight increase of 1% as compared to last year, while total operating revenues of $41.4 million for 2010-2011 decreased 7%. This decrease is primarily due to a decrease in landing fees and concession revenues from rental car agreements.

Airline landing fees and terminal building rents comprise 29% of the RTAA's operating revenues. The landing fee and rental revenues are the result of calculations pursuant to cost recovery provisions of airline operating and terminal building lease agreements. The landing fee or rental revenues, therefore, are not accurate indicators of the level of activity at the Airport.

The decrease in landing fees of approximately $3.0 million as compared to the prior year is a result of changes in the rate methodology in the new airline agreement and RTAA's defeasance of $4.4 million in annual debt service allocated to the Airfield Cost Center. See Debt Administration within this MD&A discussion for further information.

As a partial offset to lower landing fee revenue, rentals, comprised of airline terminal rents, gate use charges, other non-airline terminal rents and other building and land rents, increased by $1.9 million. This increase is due to higher airline terminal rents derived under the new airline agreement effective on July 1, 2010. Changes in the airline rates and charges methodology and the addition of new building square footage, associated with the improved baggage handling and makeup, increased the airline's share of terminal building cost recovery from 26% in FY 2009-10 to 37% in FY 2010-11. This higher percentage recovery will continue throughout the five-year term of the new agreement.

As depicted in the above graph, concession revenue, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 24% of the RTAA's revenues for fiscal year 2011. Concession revenue decreased by $2.7 million or 19% this year.

This decrease is primarily due to the expiration on June 30, 2010 of the five-year Rental Car Concession Agreement. This agreement established Minimum Annual Guarantees (MAGs) at traffic levels forecasted by the rental car companies in 2005, prior to the economic slowdown that began in 2008. Starting on July 1, 2010, the MAGs for all companies were reestablished at levels less than ten (10) percent of current gross receipts based on current traffic levels.

Parking and ground transportation accounts for 22% of total operating revenue. Parking revenue in FY 2010-11 increased slightly by $0.2 million or 2% from the prior year. Currently, the parking rates are set at $1.00 for the first 30 minutes, $2.00 for the first hour, and an additional $1.00 per hour, with maximum amounts of $24.00 per day for short-term, $14.00 per day for the long-term garage and $10.00 per day for long-term surface lot parking.

Reimbursements for services and other revenue make up the last two operating revenue sources. Reimbursements for services increased 29% to approximately $2.4 million. The new 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. Fiscal Year 2010-11 is the first full year of operation of the new BHS system and reimbursements account for 5% of total revenue.

Non-operating revenues of $8.0 million decreased 3% over last year's amount. The decrease of $236,092 includes a reduction in interest income and passenger facility charge revenue. There was a $3 thousand gain on sale of capital assets, which included two surplus sales.

Passenger Facility Charges (PFC) of $7.3 million comprises 15% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. PFC revenues are down 5% from prior year. The current collection rate is $4.50.

An analysis of significant changes in revenues for the year 2009-2010 is as follows:

Although passenger traffic was down 5.1% as compared to the same period last year, total operating revenues of $45 million for 2009-2010 remained relatively unchanged from the prior year.

Airline landing fees and terminal building rents comprise 32% of the RTAA's operating revenues. The landing fee and rental revenues are the result of calculations pursuant to cost recovery provisions of airline operating and terminal building lease agreements. The landing fee or rental revenues, therefore, are not accurate indicators of the level of activity at the Airport.

Parking and ground transportation accounts for 20% of total operating revenue. Parking revenue in FY 2009-10 of $8.7 million decreased slightly by $0.4 million or 4% from the prior year. Currently, the parking rates are set at $1.00 for the first 30 minutes, $2.00 for the first hour, and an additional $1.00 per hour, with maximum amounts of $24.00 per day for short-term, $14.00 per day for the long-term garage and $10.00 per day for long-term surface lot parking.

As depicted in the above graph, concession revenue, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 32% of the RTAA's operating revenues for fiscal year 2010. Concession revenue increased 1% this year.

Non-operating revenues of $8.2 million decreased 21% over last year's $10.4 million. This decrease includes a significant reduction in interest income of $1.5 million and a slight decrease in jet fuel tax revenue of $8 thousand dollars. Interest income represents the earnings on investments and is 1% of total revenue. Interest income decreased significantly from prior year by 81%. There was a $9 thousand gain on sale of capital assets, which included two surplus sales.

In June 2010, the RTAA defeased $4.2 million of the Series 2003 Airport Revenue Refunding Bonds. As a result, there was a loss of $208 thousand due to this defeasance.

Passenger Facility Charges (PFC) comprises 15% of total revenue. These funds are collected by the airlines based on enplaned passengers and remitted to the RTAA monthly. PFC revenues are up 1% from prior year. The current collection rate is $4.50.

Reimbursements for services and other revenue make up the last two revenue sources. Reimbursements for services increased 92%. The new Baggage Handling System (BHS) Charge, put in service in December 2009, is the largest revenue source in this category and reflects a 100% cost recovery of the direct maintenance costs of operating the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment. Reimbursements accounted for 3% of total revenue.

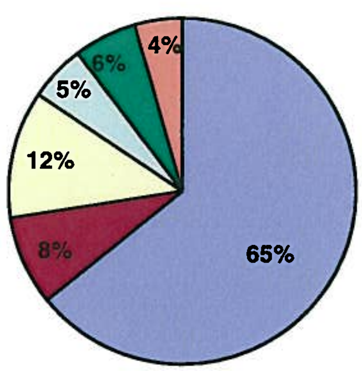
Expenses

Employee wages and benefits in FY 2010-11 increased by 6%, utilities and communications decreased by 9% and purchase of services, materials and supplies, and administrative expenses all increased. Total operating expenses, increased by $2,279,794 or 7% in FY 2010-11 and total expenses increased 5%. The following is a summary of expenses (excluding depreciation) by source for the years ended June 30:

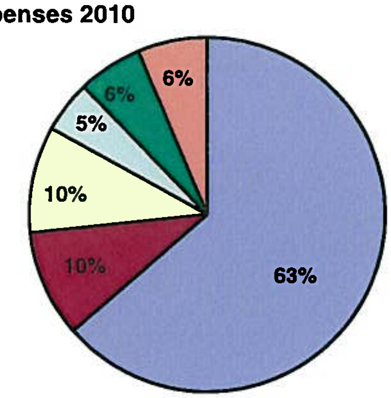
	2011	2010	% Change	2009	% Change
Employee Wages and Benefits	$ 22,421,307	$ 21,148,848	6%	$ 21,868,506	-3%
Utilities and Communications	2,934,201	3,234,216	-9%	2,978,879	9%
Purchase of Services	4,176,135	3,218,502	30%	3,037,358	6%
Materials and Supplies	1,855,013	1,611,574	15%	1,424,020	13%
Administrative Expenses	2,028,418	1,922,140	6%	1,911,933	1%
Total Operating Expenses	33,415,074	31,135,280	7%	31,220,696	0%
Interest Expense	1,542,358	2,146,371	-28%	2,417,329	-11%
Total Expenses	$ 34,957,432	$ 33,281,651	5%	$ 33,638,025	-1%

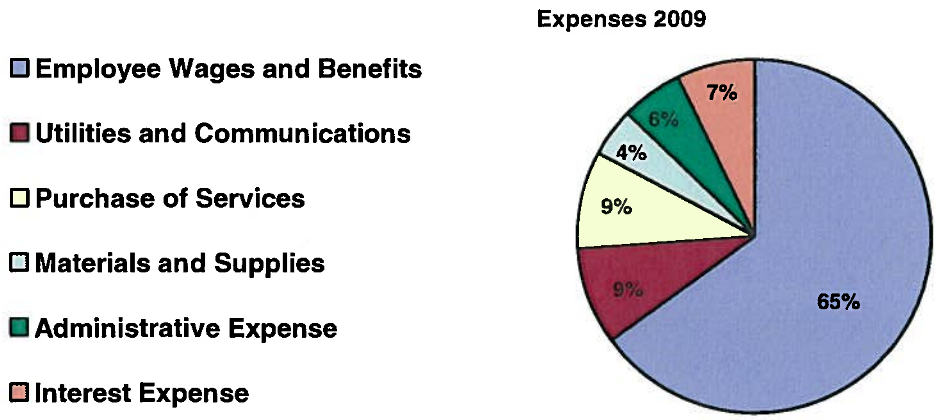
The graphs that follow present the percentage and source of the Airport's expenses for fiscal years ended 2011, 2010 and 2009.

Expenses 2011



Expenses 2010





An analysis of significant changes in expenses for the year 2010-2011 is as follows:

Employee wages and benefits of $22.4 million comprise 65% of total expenses. There was a 6% increase over last year's total of $21.1 million. This increase is due to modest salary increases after freezing salaries in the year ended June 30, 2010. There was a slight decrease of 0.2% in health and benefit costs.

Utilities and communications expense of $2.9 million displayed a decrease of 9% from the prior year. This decrease is due to the rate reduction by NV Energy as well as lighting upgrades and solar power installations that allow the Authority to be more energy efficient. Utilities and communications represent 8.4% of total expenses.

Purchase of services expense, which includes professional and other purchased services, increased 30% over the prior year. The increase is primarily due to the higher cost of services associated with the first full year of operation and maintenance of the Baggage Handling System (BHS). In addition, legal and property management costs associated with new development and reversion of general aviation hangars to RTAA ownership were higher than the prior year. Purchase of services expense of $4.2 million represents 12% of expenses.

Materials and supplies expense of $1.8 million increased 15% over the prior year. This increase demonstrates an increase in supplies needed to repair a bag belt and replacement of ticket dispensers at the entrance to the parking plaza. In addition, higher costs were incurred in the costs of small tools and minor equipment, ice control chemicals and auto fuel. Materials and supplies make up 5% of expenses.

Administrative expenses comprise 6% of total costs. Costs of $2.0 million reflect an increase of 6% from the prior fiscal year. The increase comprises additional costs for training, conference registration and costs for air service development. The increase over the prior year was $106,278.

Interest expense decreased from $2,146,371 in 2010 to $1,542,358 in 2011, a decrease of $604,013 or 28%. This decrease reflects the defeasance of 50% of the Series 2003 Airport Revenue Refunding Bonds. See the Debt Administration discussion within the MD&A.

An analysis of significant changes in expenses for the year 2009-2010 is as follows:

Employee wages and benefits of $21.1 million comprise 63.5% of total expenses. There was a 3% decrease over the prior year's total of $21.9 million. Salaries were frozen for all employees through June 2010 and the Authority restructured the health plan to reduce the size of the cost by asking employees to carry higher deductibles.

Utilities and communications expense of $3.2 million displayed an increase of 9% from the prior year. Utilities and communications represent 9.7% of total expenses.

Purchase of services expense, which includes professional and other purchased services, of $3,218,502, increased 6% over the prior year. Purchase of services expense represents 9.7% of expenses.

Materials and supplies expense of $1,611,574 increased 13% over the prior year. This increase demonstrates a general increase in areas including small tools and minor equipment, ice control chemicals and auto fuel. Materials and supplies make up 4.8% of expenses.

Administrative expenses comprise 5.8% of total costs. Costs of $1.9 million had a slight increase of 1% from the prior fiscal year. The increase over the prior year was $10,207.

Interest expense decreased from $2,417,329 in 2009 to $2,146,371 in 2010, a decrease of $270,958 or 11%.

Summary of Changes in Net Assets

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

	2011	2010	% Change	2009	% Change
Total Operating Revenues	$ 41,436,800	$ 44,531,358	-7%	$ 44,602,748	0%
Total Operating Expenses	33,415,075	31,135,280	7%	31,220,696	0%
Operating Income Before Depreciation and Amortization	8,021,726	13,396,078	-40%	13,382,052	0%
Depreciation and Amortization	(23,521,743)	(23,624,026)	0%	(21,904,868)	8%
Operating Income (Loss)	(15,500,017)	(10,227,948)	52%	(8,522,816)	20%
Non-Operating Revenues (Expenses)	6,413,603	6,045,682	6%	7,943,434	-24%
Capital Contributions	35,581,288	24,330,343	46%	14,759,282	65%
Increase in Net Assets	26,494,874	20,148,077	32%	14,179,900	42%
Net Assets, Beginning of Year	450,321,529	430,173,452	5%	415,993,552	3%
Net Assets, End of Year	$ 476,816,403	$ 450,321,529	6%	$ 430,173,452	5%

An analysis of significant changes in net assets for the year 2010-2011 is as follows:

Depreciation and amortization expense remained relatively unchanged from the prior year. The $23.5 million result reflects a one-time recapture of $1.4 million due to the amortization of development rights. Development rights, which preclude residential development near the Reno-Tahoe International Airport, are recorded at cost. For the year ending June 30, 2010 and prior, these rights were being amortized on the straight-line method over forty (40) years). In fiscal year 2011, in accordance with Governmental Accounting Standards Board, Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", development rights, which prevent the construction of residential homes on property adjacent to the Airport, are a condition of land ownership that goes on into perpetuity.

Non-operating revenue and expenses increased 6%. This increase is primarily due to decreases in interest expense for the year. Passenger facility charge revenue decreased slightly by 5% while jet fuel tax revenue increased by 5%. Gain on sale of capital assets was $3,226 and reflected the sale of fully depreciated assets no longer in use by the RTAA. Interest income also decreased 17%.

Capital contributions, which are comprised of federal grants from the Federal Aviation Administration and capital assets received from other sources, increased 46% this year compared to the amounts received in 2009-2010.

An analysis of significant changes in net assets for the year 2009-2010 is as follows:

Depreciation and amortization expense increased 8% from the prior year and represents depreciation on an increase of $6.1 million in capital assets. Non-operating revenue and expenses decreased 24%. This decrease is primarily due to decreases in interest income. Passenger facility charge revenue increased slightly by 1% and jet fuel tax revenue decreased by 3%. Gain on sale of capital assets was $9,641 and reflected the sale of fully depreciated assets no longer in use by the RTAA. Defeasance of debt contributed to a recorded loss of $207,881, which included funds used to pay for professional services and interest needed to defease the debt.

Capital contributions, which are comprised of federal grants from the Federal Aviation Administration and an agreement between the RTAA and the Transportation Security Administration, increased 65% this year compared to the amounts received in 2008-2009.

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2011 is $448 million, net of depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment and development rights. The total increase in the investment in capital assets for the year 2010-2011 was 4% or $18.3 million. The following presents the RTAA's capital assets for the years ended June 30:

	2011	2010	2009
Land	$ 141,388,809	$ 141,388,809	$ 140,569,044
Construction in Progress	52,861,302	92,518,180	66,538,046
Improvements, Buildings, and Equipment, net	250,533,474	194,013,916	207,293,055
Development rights, net	2,924,038	1,504,663	1,577,764
Total	$ 447,707,623	$ 429,425,568	$ 415,977,909

Major capital asset events during fiscal year 2010-11 included the following:

Projects at RTAA that were funded by federal grants amounted to $17 million in capital contributions. Construction in Progress includes ramp reconstruction, an access control system, and noise insulation projects.

In July 2010, the Authority received, pursuant to the expiration of lease agreements, a quick turnaround rental car facility and various corporate and T-hangars.

The Authority received two wildlife displays through donation this year. One display consists of Bighorn Sheep and the other is of a mountain lion and deer. These displays were funded by Nevada Bighorns Unlimited and Nevada Wildlife Record Book Foundations.

A purchase agreement with Dell Computer, Incorporated for replacement of desktop computer workstations was executed. This project will be completed in two phases. The computer hardware (equipment) was replaced this fiscal year and the software will be completed next fiscal year.

Procurement and installation of Light Emitting Diode (LED) lights was completed this year to replace over 6,000 florescent tubes and other miscellaneous fixtures in the parking structure, baggage claim lobby areas, ticket lobby areas, and selected areas on the concourses. LED technology presents many advantages over incandescent light sources including lower energy consumption, longer lifetime, improved robustness, and greater durability and reliability.

In an effort to reduce electrical utility costs and stabilize long-term energy expenses, RTAA installed a 135 kilowatt solar photovoltaic system at the Aircraft Rescue and Fire Fighting Facility (ARFF). The ARFF solar system will significantly reduce the annual purchased electricity. Through the NV Energy's Solar Generations rebate incentives, the Airport Authority received $670,890 for the installation of these solar panels.

Equipment and vehicle purchases for the Reno-Tahoe International Airport included the purchase of a Kawasaki Mule, three snow plows, a John Deere Loader, a 2011 Ford truck with snow plow and a pavement crack sealer.

Equipment and vehicle purchases for the Stead airport included the purchase of a Kawasaki Mule, a Toyota Highlander, a line striper, and a weed sprayer.

Major capital asset events during fiscal year 2009-10 included the following:

Projects at RTAA that were funded by federal grants amounted to $24 million in capital contributions. Completed projects include ramp reconstruction and a runway safety study.

In December 2009, the Integrated In-Line Explosive Detection System Project, also referred to as the Airport Baggage Check-In (ABC) project, was substantially completed. This project provides for the construction of an advanced Explosive Detection and Security Screening System for checked baggage. This project was funded by PFC revenue and federal grants from the Transportation Security Administration.

Completed this year was the Financial System Implementation project. The new system has a Windows style interface, provides immediate access to information, enables custom and ad-hoc report writing, permits the electronic upload of information which eliminates significant manual data entry, and provides the ability to download information for improved financial analysis.

To maintain the structural integrity of the building at the Airport Terminal Mini Warehouse, a roof replacement and wall reconstruction was completed. Other improvements included pavement repairs.

An opportunity to expand acreage at the Reno-Stead Airport resulted in the purchase of 125 acres of undeveloped property.

Procurement and installation of an Airport Rotating Beacon was completed this year in preparation for the opening of the new Air Traffic Control Tower.

A new high-tech Airport Noise and Operations Monitoring System (ANOMS) that tracks and records aircraft noise data was put in operation this year. The system involves 14 noise monitors installed in neighborhoods in the vicinity of the Airport that track the level of noise produced by aircraft flying overhead.

Equipment purchases included the purchase of a centrifugal circulation pump and two condenser water pumps.

DEBT ADMINISTRATION

As of June 30, 2011, the RTAA had approximately $47 million in debt (without regard to discounts or premiums and losses on refundings) comprised of $31.6 million of senior lien revenue bonds and $15.0 million of a subordinate lien revenue note.

The senior lien bonds are rated based on the rating of the bond insurance companies. Previously, all of the Authority's revenue bonds were rated AAA by Moody's and Standard & Poor's. The fallout from the sub-prime mortgage loan crisis in 2008, and continuing economic slowdown through this year, has impacted nearly all the insurers of municipal bonds. The Series 2003 and 2005 bonds outstanding in FY 2010-11 are both insured by Assured Guarantee (formerly Financial Security Assurance) with revised ratings of Aa3 by Moody's and AA+ by Standard & Poor's.

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

	2011	2010	2009
1996B	$ -	$ -	$ 275,000
2002	-	-	3,970,000
2003	4,165,000	12,100,000	19,375,000
2005	27,455,000	28,600,000	29,425,000
2011 A	15,000,000	-	-
Total Debt	$ 46,620,000	$ 40,700,000	$ 53,045,000

The Airport Revenue (Tax Exempt) bonds, Series 1996A and the Airport Revenue (Taxable) Bonds, Series 1996B were issued in May 1996 in the amount of $36 million to finance the cost of constructing a parking garage, the terminal access roadway system, and acquire land at the entrance to the Airport. The Series 1996A Revenue Bonds, retired by the 2005 bonds, are no longer shown as a liability of the Authority.

The Series 2002 Airport Revenue Refunding Bonds of $17 million were issued in May 2002 to provide funds, together with other available moneys of the RTAA, to refund $13,385,000 aggregate principal of the then outstanding Series 1992A bonds maturing on July 1, 2003 and $4,075,000 maturing on July 1, 2004. This financing was done to help stabilize airline rates and charges after the events of September 2001 and the negative impact on air passenger traffic.

The Series 2003 Airport Revenue Refunding bonds of $29,215,000 were issued in March 2003 to provide sufficient funds, together with other available moneys of the RTAA, to redeem $29,840,000 aggregate principal amount of the outstanding Series 1993B bonds and pay certain costs of issuance including the bond premium of $2,220,942. The difference between the net carrying amount of the old debt and the reacquisition price of $1,543,442 has been deferred and is amortized, as a component of interest expense, over the remaining life of the new debt per GASB 23.

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

The Series 2005 Airport Revenue Refunding bonds of $29,775,000 were issued in August 2005, with an average net interest rate of 4.49%, to provide sufficient funds, together with other available moneys of the Authority, to refund on July 1, 2006, $29,460,000 aggregate principal of the outstanding Series 1996A bonds with an average net interest rate of 5.91%, and pay certain costs of issuance, including the bond premium of $1,553,562.

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

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

- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The Authority has structured $15.0 million of the loan as a variable rate loan, which would also have a final maturity of July 1, 2017. The 2011B Note is designed to serve as a flexible borrowing instrument such that the Authority can borrow under the Note for a two year period through May 31, 2013 in increments of $1,000,000 or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the Authority can make repayment at any time. As of June 30, 2011, the Authority has no draws outstanding on the 2011B Note.

The RTAA, unlike most local governments, has no debt limit or maximum debt per capita. The RTAA does have a rate maintenance covenant in its revenue bond resolutions requiring that net pledged revenues equal or exceed 125 percent of the senior revenue bond debt service or 100 percent of all debt service, whichever is greater. The RTAA has met this requirement as is demonstrated in the Notes to Financial Statements and the Statistical Section of this report.

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

PASSENGER FACILITY CHARGE (PFC)

In October 1993, the RTAA received approval from the Federal Aviation Administration (the FAA) to impose a PFC of $3.00 per enplaned passenger. Collection began January 1, 1994. In May 2001, that amount increased to $4.50 per enplaned passenger with collection beginning August 1, 2001.

For the fiscal year ended June 30, 2011, the RTAA collected PFCs, including interest earnings thereon, totaling $7.3 million. PFCs are collected by airlines on their passengers' tickets and remitted monthly to the RTAA. These funds are spent on a list of projects reviewed by the airlines in a process prescribed by the Federal Aviation Administration. This money must be segregated from all other Airport revenues.

For further details, see the Summary Schedule of Passenger Facility Charges Collected and Expended in the Compliance Section of this report.

AIRLINE SIGNATORY RATES AND CHARGES

The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 2010 for a five-year term. The airline agreement sets forth the rate setting formula by which airlines pay for the facilities and services they use. Airlines that have signed this agreement are signatory airlines. The current airline agreement's rate setting formula is a derivation of what is known as a hybrid rate setting formula. In this formula, the Airport is divided into cost centers. The RTAA's five cost centers are Airfield, Terminal Building, Parking and Ground Transportation, Other and Reno-Stead Airport. The airline cost centers of the Airfield and Terminal Building are used in the calculation of the landing fee and rental rate.

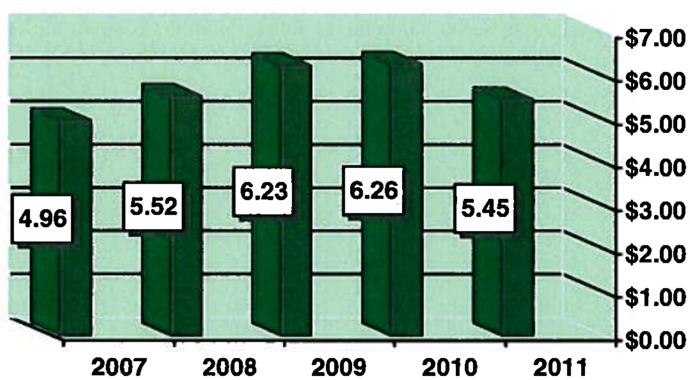
For 2010-2011, signatories to the Agreement include eight commercial and two cargo airlines.

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

	2011	2010	% Change	2009	% Change
Landing Fee Rate (per 1,000 pounds)					
Signatory Airlines	$ 1.83	$ 3.02	-39%	$ 2.28	32%
Non-Signatory Airlines	1.89	3.87	-51%	2.82	37%
RON (Ramp Over Night)					
Signatory Fee Rate	0.29	0.47	-38%	0.35	34%
Non-Signatory Fee Rate	0.47	0.97	-52%	0.71	37%
Terminal Rental Rate (Average) (annually per square foot)	46.57	46.38	0%	55.39	-16%

Comparing the operating results of airports is difficult. The landing fee and terminal rental rates of airports are not comparable because of the different airline operating agreements used to calculate those fees. As a result, an airport's economic impact per airline passenger is used to compare the financial performance of airports. This impact, the airline cost per enplanement, is the total fees paid by the airlines to the airport divided by the number of passengers boarding aircraft. The chart below presents the history of the cost per enplaned passenger.

Cost per enplaned passenger



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial activity and condition of the RTAA to all having such an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Reno-Tahoe Airport Authority, Accounting Division, P.O. Box 12490, Reno, NV 89510-2490.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$16,499,881	$12,430,148
Investments	24,773,485	31,410,532
Accounts receivable, net	1,981,801	2,157,216
Grants receivable	2,358,811	8,065,015
Interest receivable	50,745	83,728
Inventory	742,563	737,714
Total unrestricted assets	46,407,286	54,884,353
Restricted Assets:		
Cash and cash equivalents	14,482,206	17,165,777
Investments	25,661,526	5,573,083
Interest receivable	31,373	13,330
Total restricted assets	40,175,105	22,752,190
Total Current Assets	86,582,391	77,636,543
NON-CURRENT ASSETS		
Capital Assets:		
Land	141,388,809	141,388,809
Construction in progress	52,861,302	92,518,180
Improvements, buildings and equipment, net of depreciation	250,533,474	194,013,916
Development rights	2,924,038	1,504,663
Total Capital Assets	447,707,623	429,425,568
Other Assets:		
Road credits	1,392,360	1,392,360
Bond issue costs and other deferred charges, net	635,989	539,017
Surety bond, net	26,635	28,430
Total Other Assets	2,054,984	1,959,807
Total Non-Current Assets	449,762,607	431,385,375
TOTAL ASSETS	$536,344,998	$509,021,918

LIABILITIES AND NET ASSETS	2011	2010
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$3,803,936	$3,110,375
Construction contracts payable	2,096,549	6,689,208
Rents received in advance	810,119	988,264
Accrued payroll	2,333,570	2,053,008
Total payable from unrestricted assets	9,044,174	12,840,855
Payable from Restricted Assets:		
Current portion of long-term debt	5,350,000	9,080,000
Accrued interest	806,200	1,094,363
Construction contracts payable	996,692	1,599,313
Total payable from restricted assets	7,152,892	11,773,676
Total Current Liabilities	16,197,066	24,614,531
NON-CURRENT LIABILITIES		
Revenue bonds, net	40,673,459	31,024,750
Net other postemployment benefits obligation	367,820	278,274
Deposits and unearned revenues	2,219,191	2,664,571
Reclamation liability	71,059	118,263
Total Non-Current Liabilities	43,331,529	34,085,858
Total Liabilities	59,528,595	58,700,389
NET ASSETS		
Invested in Capital Assets, net of Related Debt	413,692,789	381,032,297
Restricted for:		
Revenue bond operations and maintenance	6,047,394	5,523,675
Renewal and replacement	780,000	780,000
Passenger facility charge projects	10,075,929	4,101,203
Debt service	5,315,764	9,080,441
Flood grant	1,970,800	1,960,216
Other reserve purposes	6,093	94,029
Total Restricted	24,195,980	21,539,564
Unrestricted	38,927,634	47,749,668
Total Net Assets	476,816,403	450,321,529
TOTAL LIABILITIES AND NET ASSETS	$536,344,998	$509,021,918

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Landing fees	$6,134,543	$9,157,170
Concession revenue	11,727,995	14,400,176
Parking and ground transportation	8,927,778	8,738,391
Rentals	12,235,790	10,378,966
Reimbursements for services	2,368,283	1,838,355
Other revenue	42,411	18,300
Total operating revenues	41,436,800	44,531,358
OPERATING EXPENSES		
Employee wages and benefits	22,421,307	21,148,848
Utilities and communications	2,934,201	3,234,216
Purchase of services	4,176,135	3,218,502
Materials and supplies	1,855,013	1,611,574
Administrative expenses	2,028,418	1,922,140
Total operating expenses	33,415,074	31,135,280
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	8,021,726	13,396,078
Depreciation and amortization:		
Depreciation	23,450,889	23,431,315
Amortization of development rights	-	73,101
Amortization of deferred charges	70,854	119,610
Total depreciation and amortization	23,521,743	23,624,026
OPERATING INCOME (LOSS)	(15,500,017)	(10,227,948)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	286,887	347,571
Passenger facility charge revenue	7,346,775	7,737,810
Jet fuel tax revenue	319,073	304,912
Gain (loss) on sale of capital assets	3,226	9,641
Gain (loss) on debt defeasance	-	(207,881)
Interest expense	(1,542,358)	(2,146,371)
Total non-operating revenues (expenses)	6,413,603	6,045,682
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(9,086,414)	(4,182,266)
CAPITAL CONTRIBUTIONS	35,581,288	24,330,343
Increase in net assets	26,494,874	20,148,077
TOTAL NET ASSETS, BEGINNING OF YEAR	450,321,529	430,173,452
TOTAL NET ASSETS, END OF YEAR	$476,816,403	$450,321,529

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 40,988,690	$ 44,169,564
Cash paid to employees	(22,051,199)	(20,825,942)
Cash paid to suppliers	(10,352,259)	(10,960,844)
Net cash provided by operating activities	8,585,232	12,382,778
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	319,073	304,912
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	23,541,716	19,661,319
Passenger facility charge revenue	7,346,775	7,737,810
Acquisition and construction of capital assets	(29,157,092)	(37,478,119)
Proceeds from sale of capital assets	12,245	9,641
Principal paid on bonds	(9,080,000)	(8,180,000)
Proceeds from sale of note	15,000,000	-
Cash paid for note issue costs	(166,031)	-
Payment to escrow agent for debt defeasance	-	(4,165,000)
Cash paid for debt defeasance	-	(213,660)
Interest paid on bonds	(1,866,187)	(2,388,675)
Net cash provided by (used in) capital and related financing activities	5,631,426	(25,016,684)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	301,827	521,451
Sale (purchase) of investments	(13,451,396)	8,789,601
Net cash provided by (used in) investing activities	(13,149,569)	9,311,052
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,386,162	(3,017,942)
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,595,925	32,613,867
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	$ 30,982,087	$ 29,595,925

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ (15,500,017)	$ (10,227,948)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	23,450,889	23,431,315
Amortization of development rights	-	73,101
Amortization of deferred charges	70,854	119,610
Assets received in lieu of revenue	-	59,454
(Increase) Decrease in Assets:		
Accounts receivable, net	175,415	(392,545)
Inventory	(4,849)	(382,433)
Increase (Decrease) in Liabilities:		
Accounts payable	693,561	(537,150)
Rents received in advance	(178,145)	425,823
Accrued payroll	280,562	171,702
Deposits and unearned revenues	(445,380)	(454,526)
Net OPEB obligation	89,546	151,204
Reclamation liability	(47,204)	(54,829)
Net cash provided by operating activities	$ 8,585,232	$ 12,382,778

Noncash investing activities:

The unrealized gain on investments was $22,489 at June 30, 2011 and $33,196 at June 30, 2010.

	2011	2010
Capital Contributions		
Total Capital Contributions	$ 35,581,288	$ 24,330,343
Grants Receivable (June 30, 2011 and 2010)	(2,358,811)	(8,065,015)
Grants Receivable (June 30, 2010 and 2009)	8,065,015	3,395,991
Buildings and equipment received by contribution	(17,745,776)	-
	$ 23,541,716	$ 19,661,319

See accompanying notes

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. Organization and Reporting Entity

Organization:

The Reno-Tahoe Airport Authority (the "Authority") (formerly the Airport Authority of Washoe County) was created on July 1, 1977 by an act of the Nevada Legislature for the purpose of operating Reno-Tahoe International Airport and the Reno-Stead Airport.

Reporting Entity:

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

1. Composition of the Board.

   The nine member Governing Board is appointed as follows: four members by the Reno City Council, two members by the Sparks City Council, two members by the Washoe County Commission, and one member by the Reno-Sparks Convention & Visitors Authority. The Board directs the President/CEO, who is responsible for staffing of the Authority departments. The Authority is responsible for the day-to-day operations at the two airports.

2. Accounting for fiscal matters.

   The Authority is responsible for reviewing, approving, and revising its budget. The Authority is solely responsible for financing the entity's deficits and has sole control of its surplus funds, restricted only by the Authority's Bond Resolutions and underlying Lease and Use Agreements.

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

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, using the economic resources focus, whereby revenues and expenses are recognized in the period earned or incurred, regardless of when the related cash flows take place. All transactions are accounted for in a single enterprise fund.

Revenues from landing fees, rents, parking revenue and other miscellaneous sources are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges are reported as non-operating revenues. Expenses from

2. Summary of Significant Accounting Policies (continued)

employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to Government Accounting Standards Board ("GASB") Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that use Proprietary Fund Accounting", the Authority follows GASB guidance as applicable to enterprise funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before, but not subsequent to, November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

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

Capitalization of Interest

The Authority capitalizes, as a part of the historical cost of constructing assets for its own use, a portion of the net interest cost incurred during the construction period. On June 1, 2011, the Reno-Tahoe Airport Authority obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). See Note 6 for additional detail. During the year ended June 30, 2011, $34,375 was recorded as a capitalized cost associated with this funding. For the year ended June 30, 2010, there was no interest cost incurred that was capitalized.

Regional Road Impact Fee Credits

The regional road impact fee is a one-time assessment to pay for new roads or improvements to existing roads needed to serve traffic from a new development. This fee is paid at the time a building permit is issued. The Authority owns credits for the fees and can use them as needed or sell them to others until they expire June 26, 2023.

Landing Fees, 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 Statement of Net Assets as accounts receivable or accounts payable. For the year ended June 30, 2011 and 2010, the payable outstanding associated with the airline year-end settlement was $1,524,596 and $1,414,626, respectively.

Capital Contributions

Certain expenses for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), with certain matching funds provided by the Authority. Capital improvements are also funded by an agreement between the RTAA and

2. Summary of Significant Accounting Policies (continued)

the Transportation Security Administration. Capital funding provided under government grants and agreements are considered earned as the related allowable expenses are incurred.

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

Budgets

The Authority adheres to the Local Government Budget and Finance Act established by Nevada state statute. The filing deadlines and procedures during fiscal year 2011 and 2010 were as follows:

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

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

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

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

The budget was not amended from that originally filed for the years ended June 30, 2011 and June 30, 2010.

Compensated Absences

Employees accrue vacation in varying amounts based on classification and length of service. Additionally, certain employees are allowed compensated time off in lieu of overtime compensation and/or working on holidays. Vacation pay and compensatory time vests as earned and sick pay vests after five years of service at the rate of 12.5%, after 10 years at the rate of 25% and after 15 or 20 years at the rate of 50% for certain represented employees. Sick pay also vests for certain represented employees after 880 hours have been accumulated. The liability for compensated absences is a current liability included in accrued payroll.

Inventory

Inventory is valued by the weighted average method. Weighted average measures the total cost of items in inventory divided by the total number of units available for issuance. Inventory items are recorded as assets when purchased and expensed as consumed.

Passenger Facility Charge (PFC) Revenue

Currently the Authority has approval from the FAA to impose and use a PFC of $4.50 per enplaned passenger. Several FAA approved projects are being funded by the PFC collections. The PFC revenues

2. Summary of Significant Accounting Policies (continued)

are collected by the airlines and remitted monthly to the Authority. They are recognized by the Authority as they are received, and are included in non-operating revenues.

3. Cash, Cash Equivalents and Investments

The Authority accounts for its investments in accordance with GASB 31, which requires investments to be stated at fair value.

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

	2011	2010
Cash	$ 13,301,424	$ 16,175,979
Cash Equivalents:		
Short-Term Investments and Money Market Mutual Funds	17,680,663	13,419,946
Total Cash and Cash Equivalents	30,982,087	29,595,925
Investments:		
State of Nevada Local Government Investment Pool	4,011,951	4,003,229
First Independent Bank – Certificate of Deposit Account Registry Service (CDARS)	500,000	1,205,481
Heritage Bank – Certificate of Deposit Account Registry Service (CDARS)	2,041,817	-
Commercial Paper	9,500,784	4,996,530
Mortgage Backed Securities maturing within five years	34,380,459	26,778,375
Total Investments	50,435,011	36,983,615
Total Cash, Cash Equivalents and Investments	81,417,098	66,579,540
Less Unrestricted Cash, Cash Equivalents and Investments	41,273,366	43,840,680
Total Restricted Cash, Cash Equivalents and Investments	$ 40,143,732	$ 22,738,860

In accordance with its investment policy, the Authority manages its exposure to interest rate risk by regular evaluation of the Authority's cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and its cash flow and liquidity needs. This is achieved by purchasing a combination of shorter term and longer term investments and timing their maturities so that cash flow and liquidity needs are met for operations. The Authority uses specific identification for calculating unrealized gains or losses for investment valuation.

Included in the Authority's investment portfolio as of June 30, 2011 and 2010 are the following:

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 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 Corportation, and Federal Farm Credit.

3. Cash, Cash Equivalents and Investments (continued)

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

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

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

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

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

As of June 30, 2011, the Authority had the following investments, including short-term investments and money market funds.

	Amount	Maturity Date
Money Market Mutual Funds	$ 16,971,777	July 1, 2011
Heritage Bank (CDARS)	500,000	July 14, 2011
Federal Home Loan Banks	4,249,745	September 12, 2011
First Independent Bank (CDARS)	208,886	September 12, 2011
Federal Home Loan Banks	2,518,825	September 16, 2011
State of Nevada Local Government Investment Pool	4,011,951	September 7, 2011 69 days (average weighted maturity)
Citibank Commercial Paper	5,011,741	September 20, 2011
Federal National Mortgage Association Discount Note	4,248,810	November 23,2011
Citibank Commercial Paper	1,498,673	November 25, 2011
First Independent Bank (CDARS)	500,000	December 11, 2011

3. Cash, Cash Equivalents and Investments (continued)

	Amount	Maturity Date
Heritage Bank (CDARS)	$ 2,041,817	December 29, 2011
General Electric Commercial Paper	2,990,370	January 31, 2012
Federal Home Loan Banks	2,497,875	February 17, 2012
Federal Home Loan Banks	5,024,600	February 24, 2012
Federal Home Loan Banks	2,014,220	May 18, 2012
Federal National Mortgage Association	3,004,350	March 28, 2013
Federal Home Loan Banks	3,006,750	September 30, 2013
Federal National Mortgage Association	2,504,900	August 26, 2014
Federal Home Loan Banks	429,086	December 30, 2014
Federal Home Loan Banks	1,989,620	October 29, 2015
Federal Home Loan Banks	1,989,680	December 15, 2015
Federal Home Loan Banks	901,998	December 16, 2015
Total	$ 68,115,674	

Credit Risk. State statutes, the Authority's revenue bond resolutions and the Authority's investment policy authorize investments in direct obligations of, or obligations guaranteed by the United States of America. The Authority may also invest in commercial paper (rated A-1 or better by Standard & Poor's or P-1 by Moody's) or interests in short-term investment trust funds restricted to the investment obligations described above. The Authority's investment policy was amended in May 2009 to also permit investment in the State of Nevada LGIP and 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, US Agency Securities, and bonds of governments within the State of Nevada. The LGIP is an unrated external investment pool. At June 30, 2011 and 2010, Standard & Poor's had rated the mortgage backed securities as AAA and the Fidelity Institution Money Market-Government (money market funds) is rated AAA.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issue. The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2011 and 2010, the following investments equaled or exceeded 5% of the Authority's total investments:

	2011	2010
Federal Home Loan Banks	36%	53%
Fidelity Institutional Money Market - Government	25%	23%
Federal National Mortgage Association	14%	7%
CitiBank Commercial Paper	10%	14%
State of Nevada Local Government Investment Pool	6%	8%
Federal Farm Credit Banks	0%	7%
Federal Home Loan Mortgage Corporation	0%	6%

Restricted cash, cash equivalents and investments represent funds deposited with the third party custodian, which is restricted as to use pursuant to the revenue bond resolutions as discussed in Note 6. The resolutions also impose limitations as to the disposition of related interest income.

4. Accounts and Grants Receivable

The following amounts represent receivables due to the Authority at June 30, 2011 and 2010:

	2011	2010
Current:		
Unrestricted:		
Accounts Receivable	$ 2,154,987	$ 2,330,402
Less allowance for uncollectible	173,186	173,186
Net Accounts Receivable	1,981,801	2,157,216
Grants Receivable	2,358,811	8,065,015
Total Current Accounts and Grants Receivable	$ 4,340,612	$ 10,222,231

The grants receivable in the accompanying Statements of Net Assets represent reimbursements due for project costs under Federal Aviation Administration (FAA) grants. When received, these amounts are deposited to the Authority's Revenue Account, pursuant to the bond resolution as discussed in Note 6. All amounts due under FAA grants are subject to final approval by the FAA and an annual compliance audit by an independent auditor. However, the Authority believes that the receivable amounts recorded result from qualified expenses and, accordingly, an allowance for doubtful accounts is not required.

5. Capital Assets

Capital assets are stated at historical cost and include property, equipment, and expenses that substantially increase the useful lives of existing assets. The Authority's policy is to capitalize assets with an initial cost of $5,000 or more and an estimated useful life of more than one year.

Capital asset balances and changes for the year ended June 30, 2011 are as follows:

	Balance June 30, 2010	Additions and Transfers	Deletions and Transfers	Balance June 30, 2011
Capital Assets, not being depreciated/amortized:				
Land	$ 141,388,809	$ -	$ -	$ 141,388,809
Construction in progress	92,518,180	23,245,216	(62,902,094)	52,861,302
Development rights	-	2,924,038	-	2,924,038
Total Capital Assets, not being depreciated/amortized	233,906,989	26,169,254	(62,902,094)	197,174,149
Capital Assets, being depreciated/amortized:				
Improvements	301,183,538	8,695	-	301,192,233
Buildings	162,608,119	59,033,362	-	221,641,481
Equipment	37,965,262	22,356,784	(36,077)	60,285,969

5. Capital Assets (continued)

	Balance June 30, 2010	Additions and Transfers	Deletions and Transfers	Balance June 30, 2011
Development rights	$ 2,924,038	$ -	$ (2,924,038)	$ -
Total Capital Assets, being depreciated/amortized	504,680,957	81,398,841	(2,960,115)	583,119,683
Less accumulated depreciation/amortization for:				
Improvements	168,039,045	12,374,871	-	180,413,916
Buildings	119,578,001	9,167,152	-	128,745,153
Equipment	20,125,957	3,328,241	(27,058)	23,427,140
Development rights	1,419,375	-	(1,419,375)	-
Total Accumulated Depreciation/Amortization	309,162,378	24,870,264	(1,446,433)	332,586,209
Total Capital Assets, being depreciated/amortized, net	195,518,579	56,528,577	(1,513,682)	250,533,474
Net Capital Assets	$ 429,425,568	$ 82,697,831	$ (64,415,776)	$ 447,707,623

Capital asset balances and changes for the year ended June 30, 2010 are as follows:

	Balance June 30, 2009	Additions and Transfers	Deletions and Transfers	Balance June 30, 2010
Capital Assets, not being depreciated/amortized:				
Land	$ 140,569,044	$ 819,765	$ -	$ 141,388,809
Construction in progress	66,538,046	36,930,854	(10,950,720)	92,518,180
Total Capital Assets, not being depreciated/amortized	207,107,090	37,750,619	(10,950,720)	233,906,989
Capital Assets, being depreciated/amortized:				
Improvements	294,112,829	7,070,709	-	301,183,538
Buildings	162,306,713	301,406	-	162,608,119
Equipment	39,264,123	2,780,061	(4,078,922)	37,965,262
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, being depreciated/amortized	498,607,703	10,152,176	(4,078,922)	504,680,957

5. Capital Assets (continued)

	Balance June 30, 2009	Additions and Transfers	Deletions and Transfers	Balance June 30, 2010
Less accumulated depreciation/amortization for:				
Improvements	$ 155,473,530	$ 12,565,515	$ -	$ 168,039,045
Buildings	111,859,328	7,718,673	-	119,578,001
Equipment	21,057,752	3,147,127	(4,078,922)	20,125,957
Development rights	1,346,274	73,101	-	1,419,375
Total Accumulated Depreciation/Amortization	289,736,884	23,504,416	(4,078,922)	309,162,378
Total Capital Assets, being depreciated/amortized, net	208,870,819	(13,352,240)	-	195,518,579
Net Capital Assets	$ 415,977,909	$ 24,398,379	$ (10,950,720)	$ 429,425,568

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

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

Development rights, which preclude residential development near the Reno-Tahoe International Airport, are recorded at cost. For the year ending June 30, 2010 and prior, these rights were being amortized on the straight-line method over forty (40) years). In fiscal year 2011, in accordance with Governmental Accounting Standards Board, Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", development rights, which prevent the construction of residential homes on property adjacent to the Airport are a condition of land ownership that goes on into perpetuity.

6. Long-Term Debt

The Series 1996A Airport Revenue (Tax-Exempt) Bonds and the Series 1996B Airport Revenue (Taxable) Bonds were issued in May 1996 to provide, together with other moneys of the Authority, sufficient funds to finance the construction of a three story, 2,400 space parking garage in the main parking lot, a new terminal access roadway system to accommodate the parking garage, a passenger skyway to connect the parking garage to the terminal and acquisition of certain real property located adjacent to the Airport entrance. The Series 1996 A Bonds were defeased during the year ended June 30, 2006.

6. Long-Term Debt (continued)

The Series 2002 Airport Revenue Refunding bonds of $17,375,000 were issued in May 2002, with an average net interest rate of 4.98% to provide sufficient funds, together with other available moneys of the Authority, to refund on July 1, 2002, $13,385,000 aggregate principal of the outstanding Series 1992A bonds with an average net interest rate of 5.62%, advance redeem all of the Series 1993B bonds maturing on July 1, 2003 and $4,075,000 maturing on July 1, 2004 with an average net interest rate of 6.00%, and pay certain costs of issuance including the bond premium of $924,929.

The Series 2003 Airport Revenue Refunding bonds of $29,215,000 were issued in March 2003, with an average net interest rate of 4.94% to provide sufficient funds, together with other available moneys of the Authority, to redeem on July 1, 2003, $29,840,000 aggregate principal amount of the outstanding Series 1993B bonds with an average net interest rate of 6.00%, and pay certain costs of issuance including the bond premium of $2,220,942. The difference between the net carrying amount of the old debt and the reacquisition price of $1,543,442 has been deferred and is amortized as a component of interest expense over the remaining life of the new debt per GASB Statement No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities" (GASB 23).

In June 2010, the Authority defeased $4,165,000 of the Series 2003 bonds by placing funds in an irrevocable trust to provide for future debt service payments on a portion of the last payment due on July 1, 2011. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the Authority's financial statements. On June 30, 2011, $4,165,000 of bonds considered defeased are still outstanding.

The Series 2005 Airport Revenue Refunding bonds of $29,775,000 were issued in August 2005, with an average net interest rate of 4.49%, to provide sufficient funds, together with other available moneys of the Authority, to refund on July 1, 2006, $29,460,000 aggregate principal of the outstanding Series 1996A bonds with an average net interest rate of 5.91%, and pay certain costs of issuance including the bond premium of $1,553,562. The bond proceeds were deposited in an escrow account and were used to refund the Series 1996A Bonds.

The difference between the net carrying amount of the old debt and the reacquisition price of $2,382,091 has been deferred and will be amortized as a component of interest expense over the remaining life of the new debt per GASB 23. The main purpose of the financing was to take advantage of lower interest rates.

The 2003 and 2005 bonds with an aggregate principal of $31,620,000 are not subject to redemption prior to maturity.

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

Gross Revenues are defined as all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the Authority from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by the Authority in the operation thereof. Gross revenues are to be deposited at least weekly in the Revenue Fund. Amounts required to meet operation and maintenance expenses are then expended. The remaining funds are allocated to additional accounts also established by the revenue bond resolutions to be applied monthly in the following amounts and order of priority:

6. Long-Term Debt (continued)

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

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

Operation and Maintenance Reserve Fund - from amounts remaining after the above allocations and the payment of debt service on any subordinate securities which may be issued by the Authority, this fund receives an allocation in the amount necessary to reinstate over a one-year period a minimum reserve of 17% of the Authority's currently budgeted operation and maintenance expenses.

Renewal and Replacement Fund - $10,000 per month until a specified maximum amount (currently $780,000 but not less than $600,000) determined by the Authority is accumulated as an emergency capital account.

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

Any remaining funds are transferred to the General Purpose Fund, to be used for additional construction, maintenance or other Airport obligations.

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

The revenue bond resolutions require the Authority to meet a rate maintenance covenant (see Note 7), whereby its annual revenues, after deducting operation and maintenance expenses and 35% of gaming concession revenues, must equal at least 125% of the revenue bond debt service requirement to be paid from such revenues. Agreements with airlines provide for this coverage and the rate maintenance covenant continues to be met for the years ended June 30, 2011 and 2010.

Medium-Term Debt

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 .

6. Long-Term Debt (continued)

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

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

1. Reno-Tahoe International Airport - Terminal Refurbishment Project
2. Reno-Tahoe International Airport - Centralized Security Checkpoint of the Future
3. Reno-Tahoe International Airport - Snow Removal Equipment (SRE) Building
4. Reno-Stead Airport - Emergency Operations Command Center/ Terminal Building
5. Equipment and Miscellaneous Capital Improvement Projects – Reno-Tahoe International Airport

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

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

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

- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The Authority has structured $15 million of the loan as a variable rate loan, which would also have a final maturity of July 1, 2017. The 2011B Note is designed to serve as a flexible borrowing instrument such that the Authority can borrow under the Note for a two year period through May 31, 2013 in increments of $1,000,000 or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the Authority can make repayment at any time. As of June 30, 2011, the Authority has no draws outstanding on the 2011 B Note.

  The rate for the 2011B Note is established at 1.581% over the six month London Interbank Offering Rate (LIBOR) rate. As of June 1, 2011, the six month LIBOR rate was 0.40%. The rate was 1.98% at the time of closing. The interest rate on the 2011B Note is capped at 12%.

The Centralized Security Checkpoint and the Snow Removal Equipment Building, funded from the proceeds of the Notes, are eligible for the associated debt service to be repaid from future Passenger Facility Charge ("PFC") revenue. The Authority submitted an application to the Federal Aviation Administration ("FAA") for approval on March 9, 2011 and obtained approval on August 29, 2011 to apply PFCs toward project costs and any associated debt service for these projects.

6. Long-Term Debt (continued)

The Authority has also covenanted in the 2011 Subordinate Note Resolution that the Authority will apply Passenger Facility Charges (PFCs) to the repayment of PFC eligible debt service under the Notes, provided that the amount of PFCs applied toward debt service will not exceed a cumulative total of $18 million in fiscal year 2011-12 through fiscal year 2016-17. The Authority collected $7.347 million of PFC revenue during the year ended June 30, 2011.

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

Long-term debt activity for the year ended June 30, 2011 is summarized as follows:

	Balance June 30, 2010	New Debt	Principal Repayment	Discount/ Premium Amortization	Balance June 30, 2011
Revenue Bonds:					
Series 2003	$ 12,100,000	$ -	$ 7,935,000	$ -	$ 4,165,000
Unamortized premium	134,602	-	-	(134,602)	-
Deferred loss on refunding	(93,541)	-	-	93,541	-
Series 2005	28,600,000	-	1,145,000	-	27,455,000
Unamortized premium	1,193,136	-	-	(74,572)	1,118,564
Deferred loss on refunding	(1,829,447)	-	-	114,342	(1,715,105)
Total Revenue Bond Debt	40,104,750	$ -	$ 9,080,000	$ (1,291)	31,023,459
Less Current Portion	(9,080,000)				(5,350,000)
Total Revenue bonds	31,024,750				25,673,459
Subordinate Notes:					
Series 2011 A	-	15,000,000	-	-	15,000,000
Series 2011 B	-	-	-	-	-
Total Subordinate Notes	-	$ 15,000,000	$ -	$ -	15,000,000
Less Current Portion	-				-
Total Subordinate Notes	-				15,000,000
Total Debt Outstanding	$ 31,024,750				$ 40,673,459

6. Long-Term Debt (continued)

Long-term debt activity for the year ended June 30, 2010 is summarized as follows:

	Balance June 30, 2009	New Debt	Principal Repayment	Discount/ Premium Amortization	Balance June 30, 2010
Revenue Bonds:					
Series 1996B	$ 275,000	$ -	$ 275,000	$ -	$ -
Series 2002	3,970,000	-	3,970,000	-	-
Unamortized premium	-	-	-	-	-
Series 2003	19,375,000	-	7,275,000	-	12,100,000
Unamortized premium	538,410	-	-	(403,808)	134,602
Deferred loss on refunding	(374,167)	-	-	280,626	(93,541)
Series 2005	29,425,000	-	825,000	-	28,600,000
Unamortized premium	1,267,707	-	-	(74,571)	1,193,136
Deferred loss on refunding	(1,943,787)	-	-	114,340	(1,829,447)
Total Revenue Bond Debt	52,533,163	$ -	$ 12,345,000	$ 83,413)	40,104,750
Less current portion	(8,180,000)				(9,080,000)
Total Revenue Bonds	$ 44,353,163				$ 31,024,750

Maturities of revenue bonds will require the following principal and interest payments (based on amounts outstanding at June 30, 2011):

Series 2003 and 2005 Bond year ended July 1,	Amount Principal	Interest
2011	$ 5,350,000	$ 1,543,650
2012	1,245,000	1,276,150
2013	1,310,000	1,213,900
2014	1,355,000	1,161,500
2015	1,420,000	1,101,300
2016-2020	8,145,000	4,454,750
2021-2025	10,390,000	2,210,250
2026	2,405,000	120,250
	$ 31,620,000	$ 13,081,750

6. Long-Term Debt (continued)

Subordinate Note – Series 2011A Note year ended July 1,	Amount Principal	Interest
2011	$ -	$ -
2012	2,335,000	446,875
2013	2,400,000	348,287
2014	2,465,000	282,288
2015	2,530,000	214,500
2016-2017	5,270,000	218,350
	$ 15,000,000	$ 1,510,300

7. Rate Maintenance Covenant

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

Pledged revenues consist of the following at June 30:

	2011	2010
Airport System Revenues:		
Airline Fees and Rentals:		
Landing fees	$ 5,223,368	$ 8,260,259
Terminal building space rental	6,031,191	4,796,366
Total Airline Fees and Rentals	11,254,559	13,056,625
Non-Airline Revenues		
Other Aircraft Fees	911,175	896,911
Concession fees	11,727,995	14,400,176
Parking and Ground Transportation	8,927,778	8,738,391
Other Rentals	6,204,599	5,582,600
Reimbursement for Services	2,368,283	1,838,355
Other Operating Revenues	42,411	18,300
Non-operating revenues	584,802	555,172
Gross pledged revenues	42,021,602	45,086,530
Transfers – General Purpose Fund for Letter of Intent ("LOI") Bond debt service	-	650,117
Airline revenue sharing	3,594,787	1,516,737
Airport system operation and maintenance expenses	(33,415,074)	(31,135,280)
35% of gaming revenue	(789,832)	(780,474)
Net Pledged Revenues	$ 11,411,483	$ 15,337,630
Debt Service Coverage Required	$ 8,617,063	$ 14,085,906
Debt Service Coverage Requirement is the greater of the following:		
125% of Senior Lien Revenue Bond Debt Service	$ 8,617,063	$ 14,085,906
100% of Senior Lien Debt Service	$ 6,893,650	$ 11,268,725

7. Rate Maintenance Covenant (continued)

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

In fiscal year ending June 30, 2011 and 2010, no Subordinate Lien Debt Service was due and payable.

		2011		2010
Net Pledged Revenues	$	11,411,483	$	-
100% Senior Lien Debt Service		(6,893,650)		-
Subordinate Net Revenues	$	4,517,833	$	-
Debt Service Coverage Required	$	-	$	-
Debt Service Coverage Requirement is the greater of the following:				
110% of Subordinate Lien Debt Service	$	-	$	-
100% of Senior Lien Debt Service	$	-	$	-

8. Leases

Substantially all of the property owned by the Authority is subject to non-cancelable leases and concession agreements. Of the rental and concession revenue amounts shown in the accompanying Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and June 30, 2010, $11,727,995 and $14,400,176, respectively, result from concessions calculated as a percentage of the gross receipts of the lessee or concessionaire or are attributable to specified minimum payments.

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

2012	$ 21,050,140
2013	19,795,540
2014	19,057,891
2015	18,340,202
2016	3,524,514
2017-2022	17,430,175
Total	$ 99,198,462

9. Pension Plan

The Authority contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

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

	Contribution Rates		
Fiscal Year	Regular	Police/Fire	Total Contribution
2010-2011	21.50%	37.00%	$3,356,022
2009-2010	21.50%	37.00%	$3,197,000
2008-2009	20.50%	33.50%	$3,118,772

10. Capital Contributions

The Authority has received capital contributions as follows:

	Inception to date	Year Ended 2011	Year Ended 2010
Federal	$387,696,785	$17,164,622	$24,330,343
State	250,331	-	-
Other Sources	25,326,668	18,416,666	-
Total	$413,273,784	$35,581, 288	$24,330,343

Total Capital Contributions for the year ended June 30, 2011 and 2010 are $35,581,288 and $24,330,343 respectively. Federal awards are received through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA). Contributions from Other Sources include a rebate from NV Energy for the installation and use of solar panels on Airport property, donation of art for display in the terminal building, and reversion of ownership of hangar buildings to the Authority at the expiration of lease agreements.

11. Commitments and Contingencies

The Authority has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2011:

Airfield	$ 19,587,072
Terminal	5,363,958
Reno-Stead Airport	887,552
Other	375,893

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

The Authority has entered into a Consent Decree in the case captioned "Nevada Division of Environmental Protection v. United States of America et al". The Consent Decree, which relates to certain land located near the Reno-Stead Airport that is currently owned by the Authority, requires those parties who are identified to perform environmental investigation, monitoring, and remediation for any contamination found at the Reno-Stead Airport. Other parties to this Consent Decree are the City of Reno, U.S. Department of Defense by and through the U.S. Army Corps of Engineers and various Lear entities. These parties are utilizing an interim allocation for costs to address contamination as follows: U. S. Army Corps of Engineers 51%, City of Reno 12%, Lear entities 18.5% and the Authority 18.5%. Previously, U.S. Army Corps of Engineers paid amounts to prefund these costs and the Lear entities paid settlement amounts to end participation. The current estimate to complete work is under review. These costs are anticipated to be incurred over the next 20 years and may fluctuate due to inflation, changes in technology, or changes in laws or regulations.

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

12. Risk Management

The Authority is exposed to various risks of loss related to theft of, damage to and destruction of assets, police and public official liability, injuries to employees and customers, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Authority also provides employees with health, dental, vision and prescription benefits. These benefits (except prescription, vision and dental which are self-funded) are covered by commercial insurance purchased from independent third parties.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

13. Other Postemployment Benefits

In adopting, prospectively, Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", during the fiscal year ended June 30, 2009, the Authority recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability for other postemployment benefits, and provides Information useful in assessing potential demands on the Authority's future cash flows. At June 30, 2011

13. Other Postemployment Benefits (continued)

and 2010 respectively, the net other postemployment benefit liability was $367,820 and $278,274. Currently, the Authority finances their liability on the pay-as-you go basis.

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

A. RTAA Group Health Plan

<u>Plan Description and Eligibility</u>: Benefit 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, as 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.

A qualified retiree (excluding fire employees) may continue medical and other health insurance benefits upon retirement if all the following requirements are met:

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

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

<u>Funding Policy:</u> The full premium cost of the RTAA Retiree Insurance Coverage is paid by the retiree, with no contribution made by the RTAA. Qualified retirees are eligible to participate in the plan with blended rates that reflect the RTAA workforce, thereby benefitting from an implicit subsidy. As of June 30, 2011 and June 30, 2010, there were three retirees participating in the plan.

<u>Annual OPEB Cost and Net OPEB Obligation:</u> The Authority had an actuarial valuation performed for the plan as of January 1, 2011 to determine the funded status of the plan as well as the Authority's annual required contribution (ARC) for the fiscal year ended June 30, 2011. For fiscal year 2011, the Authority's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was $11,871. The Authority previously had an actuarial valuation performed for the plan as of January 1, 2009 and a roll forward of that valuation was performed as of January 1, 2010. For fiscal year 2010, the Authority's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits was $25,932. As of June 30, 2011 and 2010, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

13. Other Postemployment Benefits (continued)

Fiscal Year Ended June 30	Annual OPEB	Employer Cost Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 97,590	$ 13,640	19.98%	$ 83,950
2010	$ 103,302	$ 25,932	25.10%	$ 161,320
2011	$ 47,310	$ 11,871	25.09%	$ 196,759

The net OPEB obligation as of June 30, 2011 and 2010 was calculated as follows:

		2011		2010
Determination of Annual Required Contribution:				
Normal cost	$	35,647	$	78,689
Amortization of Unfunded Actuarial Accrued Liability (UAAL)		10,716		22,612
Interest to June 30		905		1,978
Annual Required Contribution (ARC)	$	47,268	$	103,279
Determination of Net OPEB Obligation:				
Annual Required Contribution	$	47,268	$	103,279
Interest on Net OPEB Obligation		6,453		3,359
Adjustment to ARC		(6,411)		(3,336)
Annual OPEB Cost		47,310		103,302
Retiree Benefit Payments Paid by the Authority		(11,871)		(25,932)
Increase (Decrease) in Net OPEB Obligation		35,439		77,370
Net OPEB Obligation, Beginning of Year		161,320		83,950
Net OPEB Obligation, End of Year	$	196,759	$	161,320
Funded Status and Funding Progress:				
Actuarial Accrued Liability (AAL)	$	280,420	$	505,695
Actuarial Value of Plan Assets		-		-
Unfunded Actuarial Accrued Liability (UAAL)	$	280,420	$	505,695
Funded Ratio (Actual Value of Plan Assets/AAL)		0.00%		0.00%
Covered Payroll (Active Plan Members as of June 30)	$	14,242,488	$	13,978,756
UAAL as Percentage of Covered Payroll		1.97%		3.62%

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

13. Other Postemployment Benefits (continued)

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, 2010 actuarial roll forward valuation and the January 1, 2011 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 9% for fiscal year 2010, declining to 8.5% for fiscal year 2011 and declining to an ultimate trend of 5% for the 2016 fiscal year. These rates include a 3.0% inflation assumption.

The actuarial value of plan assets was not determined as the Authority has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of payrolls over 30 years on an open basis. It was assumed the Authority's payroll would increase 4% per year for all employees for the purpose of amortization.

B. State of Nevada's Public Employee Benefit Plan (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 Employee Benefit Program (PEBP), an agent multiple-employer defined benefit OPEB plan administered by a nine member governing board. PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. RTAA makes contributions as outlined below under the section titled "Funding Policy" and retirees are responsible for payment of unsubsidized premiums. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan, and no financial reports are issued.

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

Funding Policy: The Authority is required to provide a subsidy to retirees that have elected to join the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEPB Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of Public Employees Retirement System (PERS) service former employees earned while working for the Authority, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of $8 to a maximum of $473 per month for the year ended June 30, 2011; subsidies ranged from a minimum of $4 to a maximum of $436 per month for the year ended June 30, 2010. Subsidies for retiree premiums are paid directly to the State PEBP when due. The Authority's obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was $197,488 for 49 retirees, which equaled the required contribution. The prior year's contribution to PEBP was $192,129 for 50 retirees, which equaled the required contribution.

13. Other Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation: The Authority had an actuarial valuation performed for the plan as of January 1, 2011. For the plan year 2010, the Authority had a roll forward of the actuarial valuation performed for the plan as of January 1, 2009. The valuations were done to determine the funded status of the plan as well as the Authority's annual required contribution (ARC) for the fiscal year ended June 30, 2011 and 2010. As of June 30, 2011 and 2010, 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
2009	$ 263,996	$ 220,876	83.67%	$ 43,120
2010	$ 265,963	$ 192,129	72.24%	$ 116,954
2011	$ 251,596	$ 197,488	77.85%	$ 171,062

The net OPEB obligation as of June 30, 2011 and 2010 was calculated as follows:

	2011	2010
Determination of Annual Required Contribution:		
Normal cost	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	248,822	260,857
Interest to June 30	4,859	5,095
Annual Required Contribution (ARC)	$ 253,681	$ 265,952
Determination of Net OPEB Obligation:		
Annual Required Contribution	$ 253,681	$ 265,952
Interest on Net OPEB Obligation	4,678	1,752
Adjustment to ARC	(6,763)	(1,714)
Annual OPEB Cost	251,596	265,963
Retiree Benefit Payments Paid by the Authority	(197,488)	(192,129)
Increase (Decrease) in Net OPEB Obligation	54,108	73,834
Net OPEB Obligation, Beginning of Year	116,954	43,120
Net OPEB Obligation, End of Year	$ 171,062	$ 116,954

Funded Status and Funding Progress:

	2011	2010
Actuarial Accrued Liability (AAL)	$ 4,474,745	$ 6,776,313
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 4,474,745	$ 6,776,313
Funded Ratio (Actual 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

13. Other Postemployment Benefits (continued)

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

Actuarial Methods and 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, 2010 actuarial roll forward valuation and the January 1, 2011 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 9% for fiscal year 2010, declining to 8.5% for fiscal year 2011 and declining to an ultimate trend of 5% for the 2016 fiscal year. These rates include a 3.0% inflation assumption. The actuarial value of plan assets was not determined as the Authority has not advance-funded its obligation. The plan's unfunded actuarial accrued liability is amortized as a level dollar amount over 30 years on an open basis.

14. Post Employment Health Plan – Defined Contribution Plan

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

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

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

1) Each July 1st for those employees with accrued sick leave balances in the amounts indicated below as of the last pay period in June, RTAA shall contribute the amount of accrued sick leave indicated below into the employee's individual PEHP plan account at 100% of the employee's base rate of pay on June 30th. All contributions will be made on a pre-tax basis.

Sick Leave Balance	Amount of Sick Leave Contributed to Employee's PEHP Account
100-199 hours	5 hours
200-299 hours	10 hours

14. Post Employment Health Plan – Defined Contribution Plan (continued)

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

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

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

For the year ended June 30, 2011, $179,430 was contributed to the PEHP plan. For the year ended, June 30, 2010, $177,275 was contributed to the PEHP plan.

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

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

2) Each pay period, $31.00 of each member's salary will be put into their plan account.

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

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

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

14. Post Employment Health Plan – Defined Contribution Plan (continued)

For the year ended June 30, 2011, $16,269 was contributed to the Airport Authority Police Officers Association plan. For the year ended June 30, 2010, $18,251 was contributed to the Airport Authority Police Officers Association plan.

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

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

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

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

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

5) For those employees 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 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, 2011, $1,458 was contributed to the Airport Authority Operations Professional Association Plan. For the year ended June 30, 2010 $5,349 was contributed to the Airport Authority Operations Professional Association Plan.

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Schedule of Funding Progress - Other Postemployment Benefits

Reno-Tahoe Airport Authority Group Health Plan

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

State of Nevada's Public Employee Benefit Plan (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, 2011	$ -	$ 4,474,745	0%	$ 4,474,745	N/A	N/A
January 1, 2009	-	6,776,313	0%	6,776,313	N/A	N/A

Note 1 - SCHEDULE OF FUNDING PROGRESS

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

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	$ 6,857,414	$ 6,857,414	$ 6,134,543	$ (722,871)
Concession revenue	11,641,600	11,641,600	11,727,995	86,395
Parking and ground transportation	9,326,400	9,326,400	8,927,778	(398,622)
Rentals	13,280,300	13,280,300	12,235,790	(1,044,510)
Reimbursements for services	3,643,482	3,643,482	2,368,283	(1,275,199)
Other revenue	16,100	16,100	42,411	26,311
Total Operating Revenues	44,765,296	44,765,296	41,436,800	(3,328,496)
Operating expenses:				
Employee wages and benefits	22,630,580	22,630,580	22,421,307	209,273
Utilities and communications	4,526,750	4,526,750	2,934,201	1,592,549
Purchase of services	5,016,056	5,016,056	4,176,135	839,921
Materials and supplies	1,799,844	1,799,844	1,855,013	(55,169)
Administrative expenses	2,083,196	2,083,196	2,028,418	54,778
Total Operating Expenses before Depreciation and Amortization	36,056,426	36,056,426	33,415,074	2,641,352
Depreciation and amortization	25,000,000	25,000,000	23,521,743	1,478,257
Total Operating Expenses	61,056,426	61,056,426	56,936,817	4,119,609
Operating Income (Loss)	(16,291,130)	(16,291,130)	(15,500,017)	791,113
Non-operating revenues (expenses):				
Interest income	422,900	422,900	286,887	(136,013)
Passenger facility charge revenue	6,983,900	6,983,900	7,346,775	362,875
Jet fuel tax revenue	327,100	327,100	319,073	(8,027)
Gain (loss) on sale of capital assets	-	-	3,226	3,226
Interest expense	(1,543,650)	(1,543,650)	(1,542,358)	1,292
Total Non-Operating Revenues (Expenses)	6,190,250	6,190,250	6,413,603	223,353
Income (Loss) Before Capital Contributions	$ (10,100,880)	$ (10,100,880)	$ (9,086,414)	$ 1,014,466

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS
JUNE 30, 2011

Bond Year Ended July 1	Airport Revenue Refunding Bonds Series 2003		Airport Revenue Refunding Bonds Series 2005		Airport Revenue Notes Series 2011A		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	$ 4,165,000	$ 208,250	$ 1,185,000	$ 1,335,400	$ -	$ -	$ 6,893,650
2012	-	-	1,245,000	1,276,150	2,335,000	446,875	5,303,025
2013	-	-	1,310,000	1,213,900	2,400,000	348,287	5,272,187
2014	-	-	1,355,000	1,161,500	2,465,000	282,288	5,263,788
2015	-	-	1,420,000	1,101,300	2,530,000	214,500	5,265,800
2016	-	-	1,475,000	1,044,500	2,600,000	144,925	5,264,425
2017	-	-	1,550,000	970,750	2,670,000	73,425	5,264,175
2018	-	-	1,625,000	895,750	-	-	2,520,750
2019	-	-	1,705,000	814,500	-	-	2,519,500
2020	-	-	1,790,000	729,250	-	-	2,519,250
2021	-	-	1,880,000	639,750	-	-	2,519,750
2022	-	-	1,975,000	545,750	-	-	2,520,750
2023	-	-	2,075,000	447,000	-	-	2,522,000
2024	-	-	2,175,000	343,250	-	-	2,518,250
2025	-	-	2,285,000	234,500	-	-	2,519,500
2026	-	-	2,405,000	120,250	-	-	2,525,250
	$ 4,165,000	$ 208,250	$ 27,455,000	$ 12,873,500	$ 15,000,000	$ 1,510,300	$ 61,212,050

Statistical Section

Reno-Tahoe Airport Authority

STATISTICAL SECTION EXPLANATIONS

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(unaudited)

	2002	2003	2004	2005	2006
Operating revenues					
Landing fees	$6,706,519	$6,102,736	$5,798,888	$5,801,560	$7,545,675
Concession revenue	11,271,356	11,686,716	11,595,147	12,618,012	14,385,592
Parking and ground transportation	6,679,876	7,020,300	7,928,016	9,082,135	10,253,964
Rentals	8,774,487	8,438,313	9,552,561	11,102,359	11,352,662
Reimbursements for services	389,279	771,079	940,509	477,425	827,853
Other revenue	505,434	533,140	193,519	8,648	27,238
Total operating revenues	34,326,951	34,552,284	36,008,640	39,090,139	44,392,984
Nonoperating revenues					
Interest income	1,360,986	1,310,023	345,940	1,370,190	1,723,481
Passenger facility charge revenue	6,847,754	8,348,271	10,343,967	8,771,723	11,029,218
Insurance proceeds	750,000	18,245,962	16,264	30,000	-
Jet fuel tax income	-	-	375,000	414,908	414,874
Gain on sale of capital assets	-	-	40,043	1,311,777	496,591
Total nonoperating revenues	8,958,740	27,904,256	11,121,214	11,898,598	13,664,164
Total revenues	43,285,691	62,456,540	47,129,854	50,988,737	58,057,148
Operating expense					
Employee wages and benefits	14,382,329	16,194,694	17,267,109	18,158,194	19,929,337
Utilities and communications	1,855,231	1,918,689	2,071,461	2,425,659	2,457,764
Purchase of services	1,915,702	2,795,490	2,863,032	3,115,090	3,232,102
Materials and supplies	942,423	1,034,323	1,057,637	1,524,721	1,649,492
Administrative expenses	1,796,018	2,397,453	2,855,358	2,167,021	2,261,031
	20,891,703	24,340,649	26,114,597	27,390,685	29,529,726
Depreciation and amortization	15,260,870	15,516,102	17,044,725	17,374,021	18,564,621
Total operating expenses	36,152,573	39,856,751	43,159,322	44,764,706	48,094,347
Nonoperating expenses					
Loss on sale of capital assets	80,587	47,882	-	-	-
Loss on debt defeasance	-	-	-	-	-
Interest expense	6,903,972	5,729,405	4,227,792	4,126,651	3,608,057
Total nonoperating expenses	6,984,559	5,777,287	4,227,792	4,126,651	3,608,057
Total expenses	43,137,132	45,634,038	47,387,114	48,891,357	51,702,404
Capital contributions	20,278,604	16,764,255	21,076,563	19,279,194	23,701,303
Increase in Net Assets	$20,427,163	$33,586,757	$20,819,303	$21,376,574	$30,056,047
Net Assets at Year-End					
Invested in capital assets, net of related debt	$185,785,505	$211,122,019	$229,094,661	$240,083,059	$259,361,293
Restricted	44,749,148	29,473,577	26,469,671	36,564,162	42,831,382
Unrestricted	20,394,595	43,920,409	49,770,976	50,064,661	54,575,254
Total Net Assets	$250,929,248	$284,516,005	$305,335,308	$326,711,882	$356,767,929

RENO-TAHOE AIRPORT AUTHORITY
NET ASSETS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(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
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
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 sale of capital assets	-	-	-	-	-
Loss on debt defeasance	-	-	-	207,881	-
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 in Net Assets	$24,977,637	$34,247,986	$14,179,900	$20,148,077	$26,494,874
Net Assets at Year-End					
Invested in capital assets, net of related debt	$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 Assets	$381,745,566	$415,993,552	$430,173,452	$450,321,529	$476,816,403

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(unaudited)

	2002	2003	2004	2005	2006
Operating Revenues	$34,326,951	$34,552,284	$36,008,640	$39,090,139	$44,392,984
Operating Expenses	(20,891,703)	(24,340,649)	(25,626,456)	(27,390,685)	(29,529,726)
Operating Income before Depreciation and Amortization	13,435,248	10,211,635	10,382,184	11,699,454	14,863,258
Depreciation and Amortization	(15,260,870)	(15,516,102)	(17,044,725)	(17,374,021)	(18,564,621)
Operating Income (Loss)	(1,825,622)	(5,304,467)	(6,662,541)	(5,674,567)	(3,701,363)
Nonoperating Revenues and (Expenses):					
Interest Income	1,360,986	1,310,023	345,940	1,370,190	1,723,481
PFC Revenue	6,847,754	8,348,271	10,343,967	8,771,723	11,029,218
Insurance Proceeds	750,000	18,245,962	16,264	30,000	-
Jet Fuel Tax Revenue (Expense)	-	-	(113,141)	414,908	414,874
Interest Expense	(6,903,972)	(5,729,405)	(4,227,792)	(4,126,651)	(3,608,057)
Gain (Loss) on Sale of Capital Assets	(80,587)	(47,882)	40,043	1,311,777	496,591
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	1,974,181	22,126,969	6,405,281	7,771,947	10,056,107
Income (Loss) Before Capital Contributions	$148,559	$16,822,502	($257,260)	$2,097,380	$6,354,744

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(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
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
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)

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 2002-2011
(unaudited)

	Landing Fee		RON (Ramp Over Night)			
Year	Signatory	Non-Signatory	Signatory	Non-Signatory	Terminal Rental Rate Average	Cost per Enplanements
2011	$ 1.83	$ 1.89	$ 0.29	$ 0.47	$ 46.57	$ 5.45
2010	3.02	3.87	0.47	0.97	46.38	6.26
2009	2.28	2.82	0.35	0.71	55.39	6.23
2008	2.02	2.45	0.30	0.61	58.43	5.52
2007	1.52	2.60	0.29	0.65	59.52	4.96
2006	1.73	2.30	0.23	0.58	55.06	4.84
2005	1.29	1.98	0.22	0.50	49.30	4.09
2004	1.16	1.80	0.17	0.27	41.18	3.76
2003	1.41	1.86	0.21	0.28	37.70	4.04
2002	1.55	2.39	0.23	0.36	40.94	4.54

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, 2002-2011
(unaudited)

YEAR	Gross Pledged Revenues	Transfers- LOI Bond	Airline Revenue Share	35% Gaming	Direct Operating Expense (2)	Net Revenue Available for Debt and Obligation Payments	PRINCIPAL	INTEREST	TOTAL	COVERAGE
2011	$42,021,602	$0	$3,594,787	($789,832)	($33,415,074)	$11,411,483	$5,350,000	$1,543,650	$6,893,650	1.66
2010	45,086,530	650,117	1,516,737	(780,474)	(31,135,280)	15,337,630	9,080,000	2,188,725	11,268,725	1.36
2009	46,053,401	644,911	1,892,768	(946,661)	(31,220,696)	16,423,723	8,180,000	2,588,625	10,768,625	1.53
2008	48,937,846	641,856	1,867,149	(1,221,986)	(31,935,541)	18,289,324	7,765,000	3,005,476	10,770,476	1.70
2007	48,071,900	639,373	2,111,696	(1,294,816)	(30,453,872)	19,074,281	7,365,000	3,400,468	10,765,468	1.77
2006	45,613,384	649,427	1,537,929	(1,199,079)	(29,328,473)	17,273,188	6,145,000	3,486,770	9,631,770	1.79
2005	39,818,362	647,661	1,653,595	(1,079,961)	(27,077,027)	13,962,630	3,970,000	4,146,213	8,116,213	1.72
2004	36,253,101	654,578	2,246,836	(882,000)	(25,626,456)	12,646,059	2,375,000	4,247,348	6,622,348	1.91
2003	35,752,386	656,730	1,421,946	(882,000)	(24,340,649)	12,608,413	2,483,731	3,837,211	6,320,942	1.99
2002	35,595,326	679,517	2,550,000	(933,202)	(20,891,703)	16,999,938	5,630,000	6,002,464	11,632,464	1.46

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

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(unaudited)

	2002	2003	2004	2005	2006
Operating Revenues	$34,326,951	$34,552,284	$36,008,640	$39,090,139	$44,392,984
Trust Fund Investment Interest Income	1,268,375	1,200,102	244,461	728,223	1,220,400
Gross Pledged Revenues	35,595,326	35,752,386	36,253,101	39,818,362	45,613,384
Transfers - General Purpose Fund for LOI Bond Debt Service	679,517	656,730	654,578	647,661	649,427
Airline revenue share prior year	2,550,000	1,421,946	2,246,836	1,653,595	1,537,929
Operating Expenses	(20,891,703)	(24,340,649)	(25,626,456)	(27,077,027)	(29,328,473)
35% of Gaming Revenues	(933,202)	(882,000)	(882,000)	(1,079,961)	(1,199,079)
Net Pledged Revenues	$16,999,938	$12,608,413	$12,646,059	$13,962,630	$17,273,188
125% of Revenue Bond Debt Service	$14,530,776	$7,030,344	$8,277,935	$10,145,266	$12,039,713
Rate Maintenance Minimum Revenues	$14,530,776	$7,030,344	$8,277,935	$10,145,266	$12,039,713

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2002- 2011
(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	-
Airline revenue share prior year	2,111,696	1,867,149	1,892,768	1,516,737	3,594,787
Operating Expenses	(30,453,872)	(31,935,541)	(31,220,696)	(31,135,280)	(33,415,074)
35% of Gaming Revenues	(1,294,816)	(1,221,986)	(946,661)	(780,474)	(789,832)
Net Pledged Revenues	$19,074,281	$18,289,324	$16,423,723	$15,337,630	$11,411,483
125% of Revenue Bond Debt Service	$13,456,835	$13,463,095	$13,460,781	$14,085,906	$8,617,063
Rate Maintenance Minimum Revenues	$13,456,835	$13,463,095	$13,460,781	$14,085,906	$8,617,063

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(unaudited)

	2002	2003	2004	2005	2006
Outstanding Debt					
Revenue bonds	$104,300,000	$89,545,000	$80,350,000	$77,975,000	$74,320,000
Notes payable	-	-	-	-	-
Subordinate revenue taxable note	10,000,000	-	-	-	-
Total outstanding debt	$114,300,000	$89,545,000	$80,350,000	$77,975,000	$74,320,000
Outstanding debt per enplaned passenger	$51	$38	$33	$31	$29
Debt Service					
Principal	$13,720,849	$14,130,000	$9,195,000	$2,375,000	$3,970,000
Interest	7,567,964	6,838,464	3,837,211	4,247,348	4,146,213
Total debt service	$21,288,813	$20,968,464	$13,032,211	$6,622,348	$8,116,213
Ratio of debt service to total expenses	49.35%	45.95%	27.50%	13.55%	15.70%

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

RENO-TAHOE AIRPORT AUTHORITY
RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE
FOR THE YEARS ENDED JUNE 30, 2002 - 2011
(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
Notes payable	-	-	-	-	15,000,000
Subordinate revenue taxable note	-	-	-	-	-
Total outstanding debt	$68,175,000	$60,810,000	$53,045,000	$40,700,000	$46,620,000
Outstanding debt per enplaned passenger	$27	$25	$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
Ratio of debt service to total expenses	17.72%	18.96%	19.39%	18.92%	19.27%

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2001-2010
(unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nevada										
County										
Churchill	24,469	24,248	24,241	24,289	24,556	25,036	24,891	24,896	24,897	24,877
Douglas	42,227	43,230	44,170	45,933	47,017	45,909	45,406	45,180	45,464	46,997
Humboldt	15,969	16,143	16,562	16,863	17,129	17,446	17,523	17,763	18,260	16,528
Lyon	36,254	38,019	40,290	43,336	47,515	51,231	52,479	53,022	52,641	51,980
Pershing	6,588	6,566	6,446	6,396	6,360	6,414	6,376	6,291	6,286	6,753
Storey	3,424	3,421	3,541	3,731	4,074	4,132	4,193	4,341	4,441	4,010
Washoe	351,584	361,640	371,062	380,612	389,872	396,428	406,079	410,443	414,820	421,407
Carson City	53,446	54,547	55,269	55,926	56,062	55,289	54,939	54,867	55,176	55,274
Subtotal	533,961	547,814	561,581	577,086	592,585	601,885	611,886	616,803	621,985	627,826
California										
County										
Alpine	1,204	1,217	1,188	1,197	1,159	1,180	1,145	1,061	1,041	1,175
El Dorado	161,363	165,711	169,119	172,723	176,841	178,066	175,689	176,075	178,447	181,058
Lassen	33,652	33,569	34,114	34,606	34,751	34,715	35,031	34,574	34,473	34,895
Mono	12,895	12,993	12,832	12,687	12,509	12,754	12,801	12,774	12,927	14,202
Nevada	93,868	95,071	96,235	97,447	98,394	98,764	97,027	97,118	97,751	98,764
Placer	264,818	278,911	293,457	306,305	317,028	326,242	332,920	341,945	348,552	348,432
Plumas	20,899	21,006	21,185	21,328	21,477	21,263	20,615	20,275	20,122	20,007
Sierra	3,528	3,497	3,542	3,486	3,434	3,455	3,328	3,263	3,174	3,240
Subtotal	592,227	611,975	631,672	649,779	665,593	676,439	678,556	687,085	696,487	701,773
Total	1,126,188	1,159,789	1,193,253	1,226,865	1,258,178	1,278,324	1,290,442	1,303,888	1,318,472	1,329,599
Percentage increase	2.99%	2.98%	2.89%	2.82%	2.55%	1.60%	0.95%	1.04%	1.12%	0.84%
Unemployment rate Washoe County	4.4%	5.1%	4.7%	4.2%	3.9%	4.0%	4.4%	11.8%	13.6%	13.0%

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

RENO-TAHOE AIRPORT AUTHORITY
FORTUNE 100 COMPANIES WITHIN AIR TRADE AREA
FISCAL YEAR ENDED 2011
(unaudited)

Ranking	Company	Ranking	Company
2	Wal-Mart Stores	46	Pfizer
5	General Electric	47	Lowe's
6	General Motors	50	Safeway
8	AT&T	52	Pepsico
11	Bank of America	54	Lockheed Martin
12	Citigroup	56	Best Buy
17	Verizon Communications	57	Cisco Systems
18	Cardinal Health	58	Johnsons Control
24	Costco	59	FedEx
25	Home Depot	62	Sysco
26	AmerisourceBergen	63	Honeywell
28	Target	64	Sprint Nextel
30	Morgan Stanley	73	Coca-Cola
31	State Farm	74	American Express
34	Microsoft	76	New York Life Insurance
36	Walgreen	86	Liberty Mutual
41	Wells Fargo	87	Deere
43	United Parcel Service	90	Alcoa
44	Caterpillar	96	Macys

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

Source: Economic Development Authority of Western Nevada.

RENO-TAHOE AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
FISCAL YEAR ENDED 2010 AND 2001
(unaudited)

	2010		2001	
Employer	Rank	Employees	Rank	Employees
Washoe County School District	1	8,500-8,999	1	6,000-6,499
University of Nevada-Reno	2	4,000-4,499	4	3,000-3,499
Washoe County	3	2,500-2,999	5	2,500-2,999
Renown Regional Medical Center	4	2,500-2,999	6	2,500-2,999
Peppermill Hotel Casino-Reno	5	2,000-2,499	2	4,000-4,499
International Game Technology	6	2,000-2,499	7	2,500-2,999
Silver Legacy Resort Casino	7	1,500-1,999	8	2,500-2,999
Atlantis Casino Resort	8	1,500-1,999	-	1,500-1,999
St. Mary's Hospital	9	1,500-1,999	-	1,500-1,999
Grand Sierra Resort	10	1,000-1,499	3	3,500-3,999
City of Reno	11	1,000-1,499	11	2,500-2,999
Eldorado Hotel & Casino	12	1,000-1,499	10	2,000-2,499
Circus Circus Casino	13	1,000-1,499	12	2,000-2,499
Sierra Nevada HealthCare	14	1,000-1,499	-	2,000-2,499
Sparks Nugget	15	1,000-1,499	9	2,000-2,499

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

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

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2002-2011
(unaudited)

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

Year	Board of Trustees*	Airfield Operations	Terminal Building Maintenance	Police	Parking	Aircraft Rescue and Firefighting	Administration	Total
2011	9	53	69	43	15	20	68.5	268.5
2010	9	51	69	43	15	20	65.5	263.5
2009	9	51	69	43	15	20	68.5	275.5
2008	9	51	67	43	15	20	64.5	269.5
2007	9	51	68	38	16	20	59.5	261.5
2006	9	51	68	38	15	20	59	260
2005	9	48.5	66	38	15	19	57.5	253
2004	9	48	65	38	15	19	59	253
2003	9	48	63	53	15	19	55.5	262.5
2002	9	48	62	23	15	21	56.5	234.5

* 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, 2002 - 2011
(unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2011	1,901,850	0.8%	2,896,599	4.8%	44,035	2.1%
2010	1,886,677	-3.0%	2,762,670	-10.8%	43,140	-13.4%
2009	1,945,848	-18.6%	3,097,929	-17.1%	49,811	-15.8%
2008	2,391,514	-3.7%	3,736,173	-2.7%	59,153	9.8%
2007	2,482,162	-3.7%	3,841,531	3.1%	53,853	4.2%
2006	2,577,546	1.1%	3,724,533	-4.0%	51,666	-6.9%
2005	2,550,273	3.6%	3,877,924	2.6%	55,482	0.2%
2004	2,461,694	4.2%	3,780,605	8.8%	55,394	5.8%
2003	2,362,443	5.3%	3,474,736	10.9%	52,366	-1.0%
2002	2,244,380	-15.9%	3,133,977	-9.4%	52,882	-12.0%

Prior year numbers may change due to updated reports received after year end.

RENO-TAHOE AIRPORT AUTHORITY

RENO-TAHOE INTERNATIONAL AIRPORT

ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE

FOR THE YEARS ENDED JUNE 30, 2002 - 2011

(unaudited)

	2002			2003			2004			2005		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	103,740	5%	-9%	114,267	5%	10%	181,866	7%	59%	173,865	7%	-4%
Allegiant Air	183	0%	-99%	413	0%	126%	29,015	1%	6925%	28,731	1%	-1%
Aloha Airlines	-	0%	0%	113,223	5%	100%	32,133	1%	-72%	43,378	2%	35%
American	293,393	13%	-23%	233,442	10%	-20%	239,167	10%	2%	250,509	10%	5%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%	23,149	1%	100%
Continental	48,846	2%	18%	58,502	2%	20%	77,461	3%	32%	66,663	3%	-14%
Delta	27,819	1%	-84%	-	0%	-100%	-	0%	0%	34,165	1%	100%
Frontier	31,342	1%	100%	40,331	2%	29%	54,709	2%	36%	31,441	1%	-43%
Horizon Air	-	0%	0%	-	0%	0%	-	0%	0%	26,984	1%	100%
Mesa	-	0%	0%	1,265	0%	0%	-	0%	-100%	3,674	0%	100%
Northwest	81,894	4%	-14%	87,121	4%	6%	91,230	4%	5%	82,998	3%	-9%
Skywest	113,418	5%	73%	117,884	5%	4%	183,632	7%	56%	188,436	7%	3%
Southwest	1,112,648	50%	-11%	1,134,256	48%	2%	1,160,906	47%	2%	1,182,838	46%	2%
United	251,034	11%	-23%	256,635	11%	2%	204,840	8%	-20%	182,893	7%	-11%
US Airways (America West)	177,250	8%	-9%	198,392	8%	12%	206,307	8%	4%	228,743	9%	11%
Other	2,813	0%	-80%	6,712	0%	139%	428	0%	-94%	1,806	0%	322%
	2,244,380	100%	-16%	2,362,443	100%	5%	2,461,694	100%	4%	2,550,273	100%	4%

Rounding errors may occur.

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2002-2011
(unaudited)

	2006			2007			2008		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	111,961	4%	-36%	105,437	4%	-6%	34,135	1%	-68%
Allegiant Air	32,307	1%	12%	1,194	0%	-96%	12,748	1%	968%
Aloha Airlines	31,502	1%	-27%	26,639	1%	-15%	22,091	1%	-17%
American	240,675	9%	-4%	202,654	8%	-16%	191,839	8%	-5%
Atlantic Southeast	26,254	1%	13%	15,481	1%	-41%	-	0%	-100%
Continental	59,379	2%	-11%	71,216	3%	20%	70,108	3%	-2%
Delta	67,838	3%	99%	105,718	4%	56%	100,467	4%	-5%
Frontier	39,036	2%	24%	33,280	1%	-15%	7,759	0%	-77%
Horizon Air	90,366	4%	235%	113,315	5%	25%	183,955	8%	62%
Mesa	38,238	1%	941%	41,512	2%	9%	43,503	2%	5%
Northwest	35,758	1%	-57%	-	0%	-100%	-	0%	0%
Skywest	151,168	6%	-20%	117,820	5%	-22%	111,688	5%	-5%
Southwest	1,251,809	49%	6%	1,222,526	49%	-2%	1,177,434	49%	-4%
United	185,751	7%	2%	238,640	10%	28%	220,543	9%	-8%
US Airways (America West)	202,610	8%	-11%	183,965	7%	-9%	155,643	7%	-15%
Other	12,894	1%	614%	2,771	0%	-79%	59,601	2%	2051%
	2,577,546	100%	1%	2,482,168	100%	-4%	2,391,514	100%	-4%

Rounding errors may occur

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2002-2011
(unaudited)

	2009			2010			2011		
Scheduled Airline	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska	-	0%	-100%	297	0%	0%	457	0%	54%
Allegiant Air	36,148	2%	184%	13,948	1%	-61%	5,230	0%	-63%
Aloha Airlines	-	0%	-100%	-	0%	0%	-	0%	0%
American	173,989	9%	-9%	163,971	9%	-6%	201,748	11%	23%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	15,046	1%	-79%	-	0%	-100%	15,584	1%	100%
Delta	50,249	3%	-50%	93,341	5%	86%	137,094	7%	47%
Frontier	-	0%	-100%	253	0%	100%	381	0%	51%
Horizon Air	177,743	9%	-3%	141,106	7%	-21%	117,750	6%	-17%
Mesa	-	0%	-100%	7,197	0%	100%	38	0%	-99%
Northwest	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	120,743	6%	8%	139,577	7%	16%	-	0%	-100%
Southwest	1,052,348	54%	-11%	1,022,318	54%	-3%	1,032,811	54%	1%
United	208,228	11%	-6%	161,396	9%	-22%	248,322	13%	54%
US Airways (America West)	95,466	5%	-39%	140,501	7%	47%	141,980	7%	1%
Other	15,888	1%	-73%	2,772	0%	-83%	455	0%	-84%
	1,945,848	100%	-19%	1,886,677	100%	-3%	1,901,850	100%	1%

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, 2002-2011
(unaidited

	2002			2003			2004			2005		
Scheduled Airline	Landed Weights (000)	Share	Percent Change	Landed Weights (000)	Share	Percent Change	Landed Weights (000)	Share	Percent Change	Landed Weights (000)	Share	Percent Change
Alaska	128,950	4%	-5%	145,453	4%	13%	272,567	7%	87%	225,303	6%	-17%
Allegiant Air	-	0%	-100%	26,996	1%	0%	38,710	1%	43%	42,323	1%	9%
Aloha Airlines	-	0%	0%	-	0%	0%	46,899	1%	0%	73,125	2%	0%
American	405,332	13%	-25%	290,583	8%	-28%	296,588	8%	2%	318,810	8%	7%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%	31,021	1%	0%
Continental	52,588	2%	16%	63,004	2%	20%	91,532	2%	45%	79,589	2%	-13%
Delta	38,004	1%	-84%	-	0%	-100%	-	0%	0%	44,142	1%	0%
Frontier	65,200	2%	0%	61,296	2%	-6%	87,471	2%	43%	49,713	1%	-43%
Horizon Air	-	0%	0%	-	0%	0%	-	0%	0%	30,017	1%	0%
Mesa	-	0%	0%	2,679	0%	0%	-	0%	0%	8,748	0%	0%
Northwest	100,013	3%	-13%	99,675	3%	0%	104,254	3%	5%	93,582	2%	-10%
Skywest	134,930	4%	42%	138,994	4%	3%	215,743	6%	55%	230,224	6%	7%
Southwest	1,631,799	52%	1%	1,644,432	47%	1%	1,682,256	44%	2%	1,694,986	44%	1%
United	321,466	10%	-17%	310,702	9%	-3%	262,964	7%	-15%	241,294	6%	-8%
US Airways (America West)	255,695	8%	9%	275,247	8%	8%	301,178	8%	9%	323,416	8%	7%
Airborne Express	-	0%	0%	25,908	1%	0%	26,112	1%	1%	26,010	1%	0%
Federal Express	-	0%	0%	219,322	6%	0%	209,816	6%	-4%	213,469	6%	2%
United Parcel Service	-	0%	0%	113,002	3%	0%	116,029	3%	3%	122,350	3%	5%
Other	-	0%	0%	57,443	2%	0%	28,486	1%	-50%	29,802	1%	5%
	3,133,977	100%	-9%	3,474,736	100%	11%	3,780,605	100%	9%	3,877,924	100%	3%

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, 2002-2011
(unaidited

	2006			2007			2008		
Scheduled Airline	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska	142,111	4%	-37%	136,127	4%	-4%	41,376	1%	-70%
Allegiant Air	41,573	1%	-2%	44,782	1%	8%	60,634	2%	35%
Aloha Airlines	47,802	1%	0%	47,028	1%	0%	35,271	1%	0%
American	270,454	7%	-15%	234,199	6%	-13%	224,056	6%	-4%
Atlantic Southeast	33,031	1%	6%	19,329	1%	-41%	-	0%	-100%
Continental	63,076	2%	-21%	79,075	2%	25%	77,562	2%	-2%
Delta	81,464	2%	85%	125,790	3%	54%	117,684	3%	-6%
Frontier	54,646	1%	10%	47,964	1%	-12%	8,978	0%	-81%
Horizon Air	93,135	3%	210%	116,770	3%	25%	199,390	5%	71%
Mesa	43,610	1%	399%	48,490	1%	11%	46,188	1%	-5%
Northwest	41,726	1%	-55%	-	0%	-100%	-	0%	0%
Skywest	167,176	4%	-27%	131,325	3%	-21%	132,837	4%	1%
Southwest	1,726,284	46%	2%	1,773,750	46%	3%	1,722,580	46%	-3%
United	221,035	6%	-8%	291,748	8%	32%	279,625	7%	-4%
US Airways (America West)	258,369	7%	-20%	237,084	6%	-8%	215,025	6%	-9%
Airborne Express	25,990	1%	0%	60,472	2%	133%	71,094	2%	18%
Federal Express	239,288	6%	12%	247,103	6%	3%	238,814	6%	-3%
United Parcel Service	131,104	4%	7%	176,952	5%	35%	160,481	4%	-9%
Other	42,659	1%	43%	23,543	1%	-45%	104,578	3%	344%
	3,724,533	100%	-4%	3,841,531	100%	3%	3,736,173	100%	-3%

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, 2002-2011
(unaidited

	2009			2010			2011		
Scheduled Airline	Landed Weights (000)	Share	Percent Change	Landed Weights (000)	Share	Percent Change	Landed Weights (000)	Share	Percent Change
Alaska	-	0%	-100%	705	0%	0%	720	0%	2%
Allegiant Air	48,064	2%	-21%	30,692	1%	-36%	10,618	0%	-65%
Aloha Airlines	-	0%	0%	-	0%	0%	-	0%	0%
American	208,428	7%	-7%	173,591	6%	-17%	225,413	8%	30%
Atlantic Southeast	-	0%	0%	-	0%	0%	-	0%	0%
Continental	17,374	1%	-78%	-	0%	-100%	19,674	1%	0%
Delta	60,804	2%	-48%	103,373	4%	70%	161,192	6%	56%
Frontier	-	0%	-100%	537	0%	0%	807	0%	50%
Horizon Air	184,624	6%	-7%	142,047	5%	-23%	125,060	4%	-12%
Mesa	50,673	2%	10%	7,497	0%	-85%	221	0%	-97%
Northwest	-	0%	0%	-	0%	0%	-	0%	0%
Skywest	132,534	4%	0%	158,717	6%	20%	6,207	0%	-96%
Southwest	1,567,666	51%	-9%	1,408,964	51%	-10%	1,424,216	49%	1%
United	274,015	9%	-2%	218,469	8%	-20%	322,040	11%	47%
US Airways (America West)	126,737	4%	-41%	191,455	7%	51%	216,418	7%	13%
Airborne Express	35,632	1%	-50%	-	0%	-100%	-	0%	0%
Federal Express	207,306	7%	-13%	180,343	7%	-13%	228,274	8%	27%
United Parcel Service	144,795	5%	-10%	127,978	5%	-12%	131,984	5%	3%
Other	39,277	1%	-62%	18,302	1%	-53%	23,755	1%	30%
	3,097,929	100%	-17%	2,762,670	100%	-11%	2,896,599	100%	5%

Rounding errors may occur.

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2011
(unaudited)

Reno-Tahoe International Airport

Location:	2001 East Plumb Lane	
	3 miles southeast of Downtown Reno	
Airport Code:	RNO	
Elevation:	4,415 ft	
Area:	1,450 acres	
Runways and Facilities:		
	Runway 16R/34L	11,002 x 150 ft
	Runway 16L/34R	9,000 x 150 ft
	Runway 7/25	6,102 x 150 ft

FAA staffs and operates one 24-hour Air Traffic Control Tower

Reno Stead Airport

Location:	Approximately 15 miles north of Reno	
Elevation:	5,045 ft	
Area:	5,000 acres	
Runways and Facilities:		
	Runway 08/26	76,000 x 150 ft
	Runway 14/32	9,080 x 150 ft

Created in 1977 by State Legislature
Nine-member Board

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2002 - 2011
(unaudited)

	2011	2010 (a)	2009	2008	2007	2006	2005	2004	2003	2002
Terminal Space - square feet										
Airlines	160,622	160,622	154,875	154,875	154,875	154,875	154,875	154,630	154,482	154,482
Ground Transportation	3,103	3,103	3,103	3,103	3,103	3,103	3,326	3,326	3,326	3,723
Concession Space	34,952	34,952	18,825	18,825	18,825	18,825	18,602	18,602	18,750	18,353
Public Areas	194,406	194,406	157,081	157,081	157,081	157,081	157,081	157,081	157,081	157,081
RTAA	45,795	45,795	36,271	36,271	36,271	36,271	36,271	34,109	34,109	34,109
Unfinished Areas	-	-	5,426	5,426	5,426	5,426	5,426	7,833	7,833	7,833
	438,878	438,878	375,581	375,581	375,581	375,581	375,581	375,581	375,581	375,581
Passenger Boarding Gates	23	23	23	23	23	23	23	23	23	23
Parking - Number of Spaces										
Short -Term	450	450	450	450	450	450	450	450	450	450
Long-Term	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	1,532	1,532	1,532	1,565	1,565	1,565	1,565	1,565	1,565	1,565
	3,632	3,632	3,632	3,665	3,665	3,665	3,665	3,665	3,665	3,665
Cargo - square feet										
Building	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
Landside	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Airside	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250
	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750	808,750

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

Compliance Section

Reno-Tahoe Airport Authority

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

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

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

We have audited the basic financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2011

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

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies

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

Compliance

We have audited Reno-Tahoe Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration for its passenger facility charge program for the year ended June 30, 2011. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and the passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program and its passenger facility charge program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program and the passenger facility charge program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2011

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

DATE		PERCENT OF PARTICIPATION	DESCRIPTION OF PROJECT	CFDA NUMBER*	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED IN FY 2011	REIMBURSABLE EXPENSES
	Granting Agency: United States Department of Transportation							
	Property Acquisition and Relocation Assistance and Sound Insulation							
08/19/08	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-79	$ 2,000,000	$ 755,219	$ 521,327
02/12/09	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-81	6,000,000	2,777,318	3,095,676
09/21/09	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-86	5,120,938	2,674,517	1,664,742
03/31/10	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-88	6,000,000	1,405,150	1,151,641
06/28/11	Airport Improvement Program	93.75%	Noise Compatibility	20.106	3-32-0017-89	2,399,169	-	227,137
	Security							
08/10/06	Airport Improvement Program	93.75%	SIDA Access Control System Design	20.106	3-32-0017-73	1,200,000	73,219	-
	Construction							
05/24/07	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-75	10,530,401	503,168	-
05/15/08	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-77	10,204,555	1,713,559	1,634,797
09/18/08	Airport Improvement Program	93.75%	Rehabilitate Terminal Apron and Install Runway Lighting	20.106	3-32-0017-80	1,286,185	25,148	18,324
02/25/09	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-82	5,583,115	3,236,007	1,738,533
06/23/09	Airport Improvement Program	93.75%	Various Construction Projects	20.106	3-32-0017-84	3,991,986	241,472	98,367
03/15/10	Airport Improvement Program	93.75%	Rehabilitate Terminal Apron	20.106	3-32-0017-87	5,838,585	2,705,441	2,774,857
06/28/11	Airport Improvement Program	93.75%	Terminal Apron Reconstruction	20.106	3-32-0017-90	2,975,774	-	13
08/19/09	Airport Improvement Program	95.00%	Design for Runway Safety Area	20.106	3-32-0018-28	331,927	243,886	92,456
08/17/10	Airport Improvement Program	95.00%	Construction Runway Safety Area	20.106	3-32-0018-29	3,494,324	3,086,746	3,435,956
07/06/09	ARRA-Airport Improvement Program	100.00%	Rehabilitate Terminal Apron	20.106	3-32-0017-83	2,817,843	294,011	52,731
09/10/09	ARRA-Airport Improvement Program	100.00%	Rehabilitate Terminal Apron	20.106	3-32-0017-85	3,056,693	1,557,771	655,545
	Planning							
07/20/06	Airport Improvement Program	95.00%	Update Airport Master Plan	20.106	3-32-0018-24	300,000	30,652	-
						73,131,495	21,323,284	17,162,102
	Granting Agency: United States Department of Homeland Security							
	Security							
10/01/09	Aviation and Transportation Security Act	Fixed	National Explosives Detection Canine Team Program	97.072	HSTS02-10-H-CAN623	752,500	48,538	150,500
09/18/07	Aviation and Transportation Security Act	Fixed	Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS02-08-H-SLR249	732,013	91,873	180,278
08/28/06	Aviation and Transportation Security Act	Fixed	Airport Checked Baggage Screening Program	97.100	HSTS04-06-A-DEP393	12,607,000	1,547,542	-
						14,091,513	1,687,953	330,778
						$ 87,223,008	$ 23,011,237	$ 17,492,880

See accompanying notes to Supplementary Schedule of Expenditures of Federal Awards

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. REPORTING ENTITY

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

2. BASIS OF ACCOUNTING

The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011

Balance July 1, 2010	$	4,185,079
Collection of Passenger Facility Charges, July 1, 2010 through June 30, 2011		7,318,014
Interest earnings		25,050
Proceeds expended for Passenger Facility Charge Projects July 1, 2010 through June 30, 2011		(1,458,686)
Balance June 30, 2011	$	10,069,457

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Reno-Tahoe Airport Authority for the year ended June 30, 2011.

2. No significant deficiencies or material weaknesses were identified during the audit of the financial statements.

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

4. No significant deficiencies in the internal control over the major federal award program and the passenger facility charge program were disclosed during the audit.

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

6. There were no audit findings relative to the major federal award program required to be reported under Section .510(a) of the OMB Circular A-133, and there were no findings relative to the passenger facility charge program required to be reported under the Guide.

7. The program tested as a major program included:

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

8. The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2011 was $524,786.

9. The Authority qualified as a low-risk auditee for the year ended June 30, 2011 under the criteria set forth in section .530 of OMB Circular A-133.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statement audit for the year ended June 30, 2011.

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

There were no findings related to the federal award and Passenger Facility Charge Program for the year ended June 30, 2011.

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

United States Department of Transportation:

Finding 10-2:

Airport Improvement Program, CFDA 20.106

Finding Summary:	The OMB Circular A-133 Compliance Supplement requires that non-federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act, and the Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). Two construction contracts were selected for testing. Our tests included reviewing the bid documents and contracts for the Davis-Bacon provisions, and reviewing the certified payrolls received and monitored by third party entities contracted with for project oversight. Although the certified payrolls were submitted, for one of the two contracts tested, we noted several instances where multiple weeks were submitted together, rather than each week being submitted weekly. For the other contract tested, we noted an instance of three weekly payrolls submitted together rather than weekly.
Auditor's Recommendation:	We recommended that the Reno-Tahoe Airport Authority implement procedures to ensure that certified payrolls are received weekly as prescribed by the Davis-Bacon Act, and retain documentation of collection efforts with the contractors.
Current Status:	Corrective action has been implemented.

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Finding 10-3:

Airport Improvement Program, CFDA 20.106

Finding Summary:	Section 1512 of the American Recovery and Reinvestment Act (ARRA) includes reporting requirements for awards received directly from the federal government. Under the Section 1512 requirements, entities are required to report the cumulative draws/funds requested, and the cumulative expenditure amounts. During testing of the Section 1512 reports for ARRA federal project numbers 3-32-0017-83 and 3-32-0017-85, we noted that the "Expenditure Amount" and "Infrastructure Expenditure Amounts" improperly excluded the current quarter's expenditures.
Auditor's Recommendation:	We recommended the Reno-Tahoe Airport Authority implement controls to ensure that the Section 1512 reports are filed accurately, and that the amounts reported as expenditures are reconciled to the accounting system.
Current Status:	Corrective action has been implemented.

Finding 10-4:

Airport Improvement Program, CFDA 20.106

Finding Summary:	The OMB Circular A-133 Compliance Supplement refers to Buy American provisions in Section 1605 of the American Recovery and Reinvestment Act (ARRA) of 2009, which prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States (unless a waiver is obtained). Our testing of construction contract procurement included reviewing bid documents and contracts for the Buy American provision. We tested one contract that included ARRA funding, and noted that it did not include a Buy

American provision that covered iron. Although a Buy American provision is included as standard language for all construction contract documents, the language had not been updated for Section 1605 of the American Recovery and Reinvestment Act ("ARRA") of 2009 to include iron as a covered material.

Auditor's Recommendation: We recommended that the Reno-Tahoe Airport Authority modify the Buy American provision in the standard bid documents and contracts for ARRA funded projects to include iron as a covered material.

Current Status: No ARRA-funded contracts were entered into during fiscal year 2011; therefore, no further action is warranted.

Federal Aviation Administration:

Finding 10-5:

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

Finding Summary: Per Title 14 Code of Federal Regulations (CFR) section 158.63, the public agency (in this case, the Reno-Tahoe Airport Authority) must provide quarterly reports to air carriers collecting Passenger Facility Charges (PFC) for the public agency with a copy to the appropriate FAA Airports Office. The quarterly report must include actual PFC revenue from collecting air carriers, interest earned, and project expenditures for the quarter.

During testing of the PFC Quarterly Status Reports, we determined that revenues reported for the quarter ended June 30, 2010 did not reconcile to the accounting system. Upon further review, it was determined that $1,048,249 of PFC revenues received by the Reno-Tahoe Airport Authority had not been transferred from the general cash account to the PFC cash account, and the PFC Quarterly Status Report reflected only the activity in the PFC cash account.

Auditor's Recommendation: We recommended that the Authority implement procedures to ensure that reported amounts on the PFC Quarterly Status Reports are supported by the underlying accounting records on a quarterly basis.

Current Status: Corrective action has been implemented.

United States Department of Transportation:

Finding 09-1:

Airport Improvement Program, CFDA 20.106

Finding Summary: The OMB Circular A-133 Compliance Supplement requires that non-federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act, and the Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Two major construction contracts were selected for testing. Our tests included reviewing the bid documents and contracts for the Davis-Bacon provisions, and reviewing the payroll files received and monitored by a third party contracted with for project oversight. Although the certified weekly payrolls were submitted, for one of the two contracts tested we noted several instances where multiple weeks were submitted at once, rather than each week being submitted weekly. Additionally, we noted that a payroll submission for a subcontractor for that same contract was not available. Certified payrolls were submitted by that subcontractor for the weeks prior to and after the missing week. No documentation was available to support that work was or was not performed for the week questioned.

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Auditor's Recommendation:	We recommended that the Reno-Tahoe Airport Authority implement procedures to ensure that certified payrolls are received weekly as prescribed by the Davis-Bacon Act.
Current Status:	Corrective action has been implemented.

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

Independent Accountant's Report on Nevada Revised Statute 354.6241

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

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified fund is being used expressly for the purposes for which it was created,
- The fund is administered in accordance with accounting principles generally accepted in the United States of America,
- The restricted net assets in the fund were reasonable and necessary to carry out the purposes of the fund at June 30, 2011 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues available for the fund are as noted in the financial statements,
- The fund conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2011,
- The net assets of the fund are as noted in the financial statements.

This assertion is the responsibility of the management of the Reno-Tahoe Airport Authority.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management, referred to above, is not fairly stated in all material respects.

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2011

RENO-TAHOE AIRPORT AUTHORITY
AUDITOR'S COMMENTS
JUNE 30, 2011

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Authority conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2010.

PRIOR YEAR RECOMMENDATIONS

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

CURRENT YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2011.

Reno-Tahoe Airport Authority

PO Box 12490 ◆ Reno, NV 89510-2490