



**Reno-Tahoe
International**



Comprehensive Annual Financial Report

For the years ended June 30, 2015 and 2014



**Reno-Tahoe
Airport Authority**
Reno, NV

RENO-TAHOE AIRPORT AUTHORITY
Reno, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

Prepared by
Accounting Division

Richard G. Gorman
Chief Financial Officer

**RENO-TAHOE AIRPORT AUTHORITY
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November 30, 2015

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

This report is the Comprehensive Annual Financial Report (“CAFR”) of the Reno-Tahoe Airport Authority (“RTAA” or “Authority”) for the fiscal year July 1, 2014 through June 30, 2015. The staff of the RTAA prepared this report and is responsible for the information it contains. The purpose of this report is to fully and fairly present the financial position, operating results, and cash flows of the RTAA.

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

This CAFR contains financial statements and statistical data that fully disclose all the material financial operations of the RTAA. A narrative overview and analysis of the financial activities of the RTAA that occurred during the year ended June 30, 2015 is presented in the Management’s Discussion and Analysis found at the beginning of the Financial Section.

This Comprehensive Annual Financial Report has been prepared and organized based on guidelines recommended by the Government Finance Officers Association of the United States and Canada (“GFOA”). The GFOA awards a Certificate of Achievement to those entities whose annual financial reports are judged to conform to the high standards of public financial reporting, including generally accepted accounting principles issued by the Governmental Accounting Standards Board. It is our belief that the accompanying 2015 CAFR meets these program standards and it will be submitted to the GFOA for review.

REPORTING ENTITY

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

The RTAA owns, and operates the Reno-Tahoe International Airport (“RNO”) and Reno-Stead Airport (“RTS”). According to the latest available Federal Aviation Administration (“FAA”) statistics, RNO is the 67th busiest commercial passenger airport in the nation. RNO also has substantial cargo activity and a vibrant general aviation community.

The Reno-Stead Airport is a general aviation facility of nearly 5,200 acres that is home to approximately 200 based aircraft, as well as the famous Reno National Championship Air Races. Together, these Airports have a \$2 billion annual economic impact on the local economy (Northern Nevada).

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

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

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

As defined by the FAA, RNO is a small hub airport, which served 3.31 million passengers in FY 2014-15. RNO is home to the following passenger air carriers: Alaska, Allegiant Air, American, Delta, JetBlue, Southwest, United, US Airways, and Volaris.

JetBlue Airways and Volaris Airlines began service at RNO in FY 2014-15 with direct non-stop service to New York City and Guadalajara, Mexico, respectively.

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

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

Air cargo represented approximately 20% of total RNO landed weight for FY 2014-15, which is a significant factor in lowering overall landing fee costs for all carriers.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook

Most economists forecast that the national economy will continue to be on the upswing and Northern Nevada is approaching a steady, sustainable and relatively broad based recovery. On the national level, most economists forecast the U.S. economy to maintain its long-run average of 2.5 to 3 percent growth in real gross domestic product (GDP). The current phase of the long running U.S economic expansion, which began in mid-2009, suggests an upward shift from the sluggish early stages of recovery.

Much of the improvement will come from a stronger labor market as U.S. unemployment is expected to remain below 6.0 percent. At the same time, the improving national economy will likely result in the Federal Reserve increasing short term interest rates in late 2015. In particular, air travel will particularly benefit from higher consumer spending due to an improving job market and lower retail gasoline prices.

As an offset, slower growth for some of America's important trading partners (China, Europe, and Japan) and a stronger dollar means that international trade and tourism will be negatively impacted.

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

Regional Economic Outlook

Nevada was especially hard hit by the 2009 recession and the collapse of the local real estate market with Reno/Sparks' unemployment rate peaking at 13.9% in January 2011. According to the Nevada Department of Employment, Training, and Rehabilitation (DETR), Nevada lost 100,000 construction jobs during the recession.

Using the unemployment rate as an indicator of relative economic performance of the region, the Reno/Sparks area has seen vast improvement with a drop in the September 2015 unemployment rate to 5.9%, a decrease of 8.0% from the recession peak. This falling unemployment signals a significant turnaround in the economy. While the Reno/Sparks MSA unemployment rate remains above the national average of 5.0% per the U.S. Bureau of Labor Statistics., the "Great Recession" is receding away and Nevada has returned to the top of the list in job growth. Only Colorado and North Dakota registered a higher rate of new job creation in 2014.

In the past, Nevada's economy has been driven by gaming, construction, and mining. Today, Northern Nevada has embraced economic diversification through advanced manufacturing, information technology (data centers), warehousing/logistics, e-commerce, and transportation. The most recent giant step forward is the arrival of Tesla Motor's new \$5 billion battery "Gigafactory", under construction 17 miles east of Sparks. The Reno/Sparks area also benefits from California's high tax environment, which encourages companies to relocate to Nevada.

With unprecedented growth on the horizon, a group of 33 organizations, including local governments, school districts, regional planning agencies, economic development agencies, the University of Nevada, Reno (UNR), community colleges, utility service providers and the RTAA, formed the Nevada Economic Planning Indicator Committee (EPIC) to commission a study to forecast population and employment growth impacts on our region between 2015 and 2019. The study area, prepared by RCG Economics, included the five Nevada counties of Carson, Douglas, Lyon, Storey and Washoe Counties.

The results of the mid-range forecast scenario is the region will experience job growth of more than 52,300, a population increase of approximately 42,400 and new households of more than 16,700 in the next five years. This growth represents a 16.2% increase in jobs and a 7.8% increase in population and households.

The study estimates that some of the jobs will go to local residents who are currently employed, under employed, or unemployed, while the remainder will go to "economic" migrants relocating into the area.

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

- Tesla Motors, Inc. In September 2014, Tesla Motors picked Northern Nevada as the location of the electric-car company's \$5 billion battery plant, dubbed the "Gigafactory". This facility, competed aggressively for by a host of states, will provide 6,500 jobs to our region, in addition to some 7,600 of indirect and induced jobs. The new factory will manufacture batteries for Tesla's mass-produced, relatively inexpensive sedan, which could help elevate electric vehicles into the main stream.

By 2020, this facility is expected to more than double the world production of lithium-ion battery production as compared to 2013. In addition, Tesla recently announced the "Powerwall" stackable battery system to store electricity for homes, business and the power grid.

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

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

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

- Industrial Real Estate Market Improvement. A third quarter 2013 industrial land inventory report completed by Truckee Meadows Regional Planning Authority (TMRPA) found that Washoe County lacks a pipeline of development-ready land for new industrial companies to enter the region over the next twenty (20) years.

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

- 1,200 vacant buildable acres on land with industrial zoning, which includes land zoned primarily for industrial uses
- 1,600 vacant buildable acres on land with mixed use and planned unit development (PUD) zoning that allows industrial uses, which includes mixed-use and PUD lands
- 2,400 vacant buildable acres on lands owned by the Reno-Tahoe Airport Authority (airport lands) that are planned to support industrial uses

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

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

With Northern Nevada serving as an active distribution hub for the 11 Western states, e-commerce firms (on-line internet shopping), such as Amazon, Petco and Urban Outfitters, have chosen to locate and grow in Northern Nevada. According to Michael Dermody, Chairman and CEO, of Dermody Properties in a February 1, 2015 Nevada Business Journal article, “In 2014, about 6 percent of U.S. Retail sales were through the e-commerce channel. We expect that to grow significantly, up into the 20 percent range over the next three to five years, and that means a lot more customers will need to source new buildings in markets like Reno”.

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

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

As a result of all these regional benefits, Apple, Inc. is under construction on a \$1 billion data center to house various online services. Located on 345 acres approximately 11 miles east of Sparks, it is estimated that the data center will result in 41 full-time jobs, 200 long-term contractor jobs and approximately 580 construction jobs on top of an expected \$343 million of economic activity. As of December, 2014, Apple has constructed two “data clusters”, an administrative facility and a 19,500 square foot equipment building. This facility will provide services such as the iTunes store, the App Store, and Apple’s iCloud data storage and syncing services.

In July 2015, Apple applied to Washoe County Planning for four new data center cluster buildings totaling just under 180,000 square feet. The clusters represent the largest collection of projects at the site to date, bringing the number of buildings up to 14 and nearly doubling the total footprint to 412,000 square feet.

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

This prediction has come true with the announcement of a \$1 Billion SUPERNAP Data Center by Switch on 1,000 acres in the Tahoe Reno Industrial Center. Unlike Apple, which builds and runs its own data centers, Switch builds data centers and leases space and equipment to its clients, who are responsible for operating and maintaining them. Switch now has more than 1,000 customers, including more than 40 cloud computing companies and a dense concentration of network carriers including eBay, Google, Cisco VMware and Microsoft Xbox One. The facility’s anchor tenant in Northern Nevada will be e-commerce giant eBay, Inc.

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

In addition, Northern Nevada is welcoming the following additional technology companies into its fold with announcements in just the last twelve months.

1. On December 4, 2014, Ghost Systems announced the opening of its corporate offices and data centers. Ghost Systems expects to create as many as 150 jobs in the Reno area with an average wage of \$40 per hour. In addition to its Incline Village headquarters, Ghost Systems is also investing \$210 million in the construction of its flagship SafePlace center at Reno Technology Park, the same location as Apple's Northern Nevada data center. The company specializes in preventing the theft of digital information from public and private networks.
2. On February 5, 2015, BlackRidge Technology, a cyber-security company from Santa Clara, CA, announced the relocation of its headquarters and operations to Reno. The company plans to create a new cyber security solutions lab. The company plans to initially hire 30 full-time employees and create a new cyber security solutions lab.
3. On March 12, 2015, the Economic Development Authority of Western Nevada (EDAWN) announced that Koch Business Solutions will be opening a new satellite Application Center in Reno. Koch Industries, Inc. is a privately-held company headquartered in Wichita, Kansas with a presence in 60 countries and employs more than 100,000 people worldwide, which includes approximately 60,000 employees in the United States. The new facility will provide support in the areas of applications development, cyber-security, global network architecture and various cloud, virtual and converged platforms. The company plans to fill approximately 20 positions in the first year.
4. On September 21, 2015, managed cloud company Rackspace US, Inc. announced a \$422 million, 150,000 square foot data center it plans to build at the Reno Technology Park. This San Antonio-based company is a leading cloud service provider that services more than 300,000 clients in over 120 countries worldwide. Rackspace, which employs 6,000 workers, also co-founded the fastest growing open cloud platform and developer community in the world, OpenStack, together with NASA. The Northern Nevada facility will serve clients on the West Coast.

In Rackspace's announcement of its new datacenter, Mark Roenigk, COO, outlined his firm's reasons for locating in Northern Nevada. "Reno is an attractive option due to competitive power costs, low network latency to the Bay Area, access to a skilled workforce, and an attractive incentive program."

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

With commercial UAS offering a broad range of activities ranging from aerial photography, land and crops survey, communications and broadcasting, forest fires and environmental monitoring, and

even cargo delivery, the UAS industry offers a source of high-wage jobs with exceptional potential for growth.

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

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

Unfortunately, testing activity at RTS has faced a series of barriers due to a very prescriptive process that can take months by the FAA to issue a Certificate of Waiver or Authorization (COA). There are currently four approved COA's for testing at RTS: Altavian, Drone America, PrecisionHawk and Trimble.

At the same time, the FAA is issuing blanket Section 333 Exemptions that allow certain commercial UAS operators to circumvent the test sites to operate their aircraft as long as they operate outside restricted airspace, such as airports or heliports. Previously, an operator had to apply for and receive a COA for a particular block of airspace, a process that can take 60 days. The FAA expects the new policy will allow companies and individuals who want to use UAS within these limitations to start flying much more quickly than before.

Despite this evolving and ever changing environment, the RTAA continues to work with the GOED and the Nevada Institute for Autonomous Systems (NIAS) Program Management Office (PMO) to bring UAS testing to RTS.

On September 22, 2015, the National Aeronautics and Space Administration (NASA) awarded a one-year grant to each of the six FAA Designated UAS Test Sites. GOED, the official State of Nevada test site operator, Reno-Stead Airport and other partners were recipients of this award. The grant, also known as Task Order 2, will further support the UAS integration in the National Airspace System (NAS) Project. The objective of NASA's Task Order 2 is to develop a live, virtual environment that will create a source of simulated air traffic to test NASA software.

As a part of the State match requirement of the NASA grant awarded, the State of Nevada will provide grant funding to the University of Nevada, Reno (UNR) designated for building rent and tenant improvements to accommodate the new Nevada Unmanned, Autonomous, and NextGen Collaborative Environment (NUANCE) laboratory at the RTS Terminal Building. UNR will lease 1,572 square feet of space located on the first floor, where they will work closely with Global C2 Integration Technologies (GC2IT) and Flight Research Aerospace (FRA), to operate the NUANCE lab.

As an incentive to locate at RTS, the RTAA will fund and construct Phase 1 of the NUANCE Lab. The RTAA has identified Phase 1 improvements to include a reception area, the NUANCE lab, and an open workspace area. Future expansion of the NUANCE lab and NASA operations may require additional buildout of the leased premises.

- Casino and Ski Resort Development. Hotel/Casino operators in the Greater Reno-Sparks Area are investing heavily in their properties with completed or in progress renovations including \$50 million at JA Nugget, \$40 million at Grand Sierra Resort, \$20 million at Boomtown Casino and Hotel, \$10

million at Peppermill Resort Hotel, and \$10 million at the Atlantis Casino Resort Spa. In addition, Whitney Peak Hotel opened in downtown Reno offering a non-gaming, smoke-free property with an indoor bouldering park and the world's tallest outdoor rock-climbing wall.

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

On January 28, 2015, the managers of the Hard Rock Hotel & Casino in Las Vegas opened a new hotel and casino at Lake Tahoe after a \$60 million renovation of the former Horizon Casino Resort at Stateline. The new Hard Rock Hotel & Casino Lake Tahoe includes more than 500 hotel rooms and a 25,000-square-foot casino.

Per Nevada Gaming Control Board revenue reports, large casinos in Washoe County for the fiscal year of 7/1/2014 to 6/30/2015 gained approximately 2.7% as compared to the same period last year. South Lake Tahoe, which is reported separately, reported an increase of 5.7% for the same period.

This increased revenue, along with noticeable improvements in the residential and industrial construction markets, a rise in revenues from room rates at properties in Washoe County and signs of economic recovery in both Nevada and California, were listed as reasons for the property upgrades.

- Bowling Tournament Visitors. Between April 1 and June 30, 2015, approximately 16,000 bowlers attended the 96th United States Bowling Congress Women's Championships held at the National Bowling Stadium in downtown Reno. This event represented a record 10th trip to our community.

On January 15, 2015, the U.S. Bowling Congress and the Reno-Sparks Convention & Visitors Authority (RSCVA) and the City of Reno signed off on revisions to its contract that will keep eight bowling tournaments in town through 2026.

Per the revised calendar, Reno will host either the Open Championship or the Women's Championship eight out of twelve (12) years for the period of 2015 to 2026. The men's championship will return to Reno in 2016 with the women's championship to be held in Las Vegas.

The schedule change in the new agreement allows the Open and Women's Championships to visit an eastern location more regularly and opens up the 2022 Open Championships and 2024 Women's Championships for new host cities. USBC and Reno leaders expect this will boost excitement and participation in the Reno event years. To accommodate the new rotation, the amendment changes the length of the USBC contract to run through 2026 instead of 2030 as previously agreed.

Air Service Market Update

According to Airlines for America (A4A), an industry group comprised of Alaska Airlines, Allegiant Air, American Airlines (including US Airways), Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines and United Airlines, the airlines were able to reduce debt by \$8 billion in 2014.

The following results were also announced by A4A on March 18, 2015:

- Passenger Traffic in 2014 increased by 2.5% as compared to the prior year.

- Operating Revenues and Expenses: Revenues increased 5.0% over 2013 while operating expense increased 3.3%. The largest category of higher costs was Wages and Benefits, which increased 8.1% and represents 25% of the airline's cost structure.
- Airline capital expenditures reached its highest level in seven years, which included the delivery of more than 300 aircraft.
- Jet fuel remains the U.S. airlines' largest and most volatile expense. The average spot price per gallon of Jet Fuel in 2014 was \$2.69 as compared to \$2.92 in 2013.
- Jet Fuel prices remain volatile and every penny increase per gallon annually costs airlines an additional \$190 million.
- Landing Fees and Terminal Rents paid to airports represent approximately 5% of total operating expenses. Fuel and Labor costs represent 58% of this total.

Starting in August 2014, a significant decrease in jet fuel prices has further assisted the airlines' bottom-line with the current price per gallon at \$1.39 in September 2015, a decrease per gallon of a \$1.34 as compared to \$2.73 for the same period last year.

With fuel prices so significantly lower, why are airline ticket prices not falling and additional air service being added to underserved markets? The reasons involve a host of factors driven by the following:

- (1) Strong Demand. If customers are willing to pay what the airlines charge, airlines have no motivation to lower prices.
- (2) Less Competition. With all the mega mergers of the past few years, four airlines control 75 percent of all flights. The most recent example is the merger between American Airlines and US Airways. This merger will impact the RTAA terminal rental revenue due to an anticipated downsizing of leased space.
- (3) Airline Profitability. To return to profitability and better revenue, the airlines have concentrated on long-haul flights at bigger hub airports. Between 2007 and 2014, there were 15 percent fewer scheduled flights in the United States and most cuts were at smaller airports such as RNO.

According to a March 17, 2015 article in the New York Times titled "Smaller Airports Struggles Against Big Airport's Lure", the following are the challenges faced by smaller airports:

"Airlines have no strategic incentive to expand service at non-hub airports. They have had enormous profitable results by merging, reducing routes and competition, carefully designing a commercial aviation system that depends on flying (and buying) bigger airplanes while mothballing many regional jets, and relentlessly adhering to a metric based on gaining every possible dollar from every mile flown."

"From the perspective of domestic airlines, what is not broken does not need to be fixed. And the perspective of many travelers in mid-sized markets, where the flight options at local airports have decreased while fares have gone up, a couple of extra hours on the highway to a bigger airport with far more choices and lower fares make sense."

The passenger airline industry seems particularly cautious about the recent improvement in financial results and is focusing its message on reminding the public that the industry remains a low-margin business.

Unfortunately, RNO has not escaped this trend and it is no longer enough for an airline in our market to be profitable, it must exceed profitability available in other market opportunities. For FY 2014-15, RNO's total passenger traffic is modestly down 0.1% as compared to the same period last year.

As a partial offset to these results, the last six months of the fiscal year 2014-15 benefited from new non-stop service between Reno and Guadalajara, Mexico by Volaris Airlines. This new service, which began on December 16, 2014, has put the "International" back in Reno-Tahoe International with twice weekly service using an Airbus 320 aircraft with 174 seats. This new service is the first scheduled international air service at RNO since 1999.

Another significant and exciting passenger air service change this year is the introduction of service by JetBlue Airways with non-stop daily flights between Reno and New York City that started on May 28, 2015. The airline is utilizing an Airbus 320 aircraft with 150 seats on this route with daily service during the peak season.

For years, RTAA staff has been working to attract JetBlue for our community with their reputation of dedicated customer service, great ticket prices, and non-stop service to the east coast. This is the first-ever daily, non-stop service between Reno-Tahoe and New York City, John F. Kennedy International Airport. In addition, this service will provide excellent connections to the Caribbean, Latin America and across the eastern United States. New York City has been the most sought after non-stop destination by this community for years.

For the first three months of FY 2015-16, enplaned passenger traffic registered 488,425, an increase of 4.1% as compared to the same period last year.

One last item of good news was the initiation by Alaska Airlines on November 5, 2015 of new non-stop to Boise, Idaho. This route will be served by a 76 seat Bombardier Q400 aircraft with convenient connecting service to Spokane, Washington. This new service will return non-stop service lost in January 2012. Additionally, Alaska Airlines also announced daily non-stop service to Orange County, CA using John Wayne Airport beginning March 16, 2016.

Reno-Tahoe International is also proud to be part of a region focused on air cargo. As mentioned earlier, the Reno-Tahoe region and Northern Nevada is ideally located to serve as home for numerous West Coast distribution centers, online fulfillment centers and the Tahoe-Reno Industrial Center, which at completion, will be the largest industrial park in the world.

In Fiscal Year 2014-15, RNO handled 131,099,339 pounds of air cargo, which was a 4.9% increase compared to the prior year and is the highest annual total since 2007. In addition for the first three months of FY 2015-16, air cargo in pounds has increased 10.4% as compared to the same period last year. With RNO cargo activity returning to pre-recession levels, RTAA is forecasting this upward trend to continue as the regional economy continues to grow.

Existing air cargo operations occupy about 25 acres to the north of the passenger terminal with two buildings used for air cargo activities that consist of approximately 67,300 square feet. The ramp facilities can handle 14 aircraft. These facilities serve air cargo carriers including DHL, FedEx and United Parcel Service. RNO is designed to accommodate all types of cargo aircraft.

Recent Financial News

The RTAA had its “A” credit rating confirmed on June 24, 2015 by Fitch Ratings (“Fitch”), a nationally recognized credit rating agency, with the outlook remaining as “stable”. This rating has been consistent since the issuance of the Airport Revenue Refunding Bonds in 2005. Despite the adverse operating environment impacting the RTAA market area and declining passenger traffic during this period, according to Fitch, not many airports achieved this trend of consistent ratings and outlook stability.

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

- **Low Historic Cost Profile and Stable Framework.** The airport's cost per enplaned passenger (CPE) remains moderate relative to peer airports at \$7.31 for FY 2013-14 with an increase to the \$8.00 range estimated for FY 2015-16. The current airline use and lease agreement provides the airport with a larger cost recovery base, providing sufficient cushion to volume declines.
- **Moderate Infrastructure Plan and Stable Debt Structure:** The five-year capital improvement plan (CIP) is modest at \$116 million and will be largely funded through FAA grants, passenger facility charge (PFC), bonds fully backed by PFC revenues and minimal local proceeds.
- **Stable Debt Structure:** All of RTAA's senior debt is fixed rate with debt service payments flat at approximately \$2.5 million through maturity in 2026. The subordinate lien revenue notes mature in 2017 and are strengthened with Passenger Facility Charge revenue support and no refinance risk.
- **Low Leverage and Strong Liquidity:** RTAA's senior net debt-to-cash flow available for debt service is near zero and well below peers. In FY 2014, the airports senior debt lien debt service coverage ratio (DSCR) decreased to 3.56x from 3.78x in FY 2013, while subordinate DSCR decreased to 2.06x from 3.06x in FY 2013. The airport maintains healthy liquidity of \$38.2 million in unrestricted cash and \$6.2 million in O&M reserves as of FY 2013-14, equivalent of 449 days cash on hand.

Days Cash on Hand represents the level of cash and investments available to fund daily operating expenses without incoming revenues.

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 (PFCs) are designated to fund capital improvement projects that meet certain FAA criteria. No local property or sales tax dollars are used to meet the RTAA's obligations.

The RTAA is “on its own” to ensure financial stability. Despite the volatility of the last decade, it has been a priority of the airport to ensure financial stability, maintain a solid credit rating and to position the RTAA with the flexibility to strategically respond to challenges and opportunities.

MAJOR INITIATIVES AND DEVELOPMENT

Strategic Plan Implementation

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

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

1. Strategic Priority – Increase Air Service

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

2. Strategic Priority – Optimize General Aviation Operations and Services

General Aviation (GA) includes all civil aviation operations other than scheduled passenger and cargo airline service. General aviation flights are conducted for pleasure, private business and public services that need transportation more flexible than offered by the airlines. GA also provides access points to small towns and rural communities across the state/region that does not have commercial air service. With GA representing approximately 34% of all aircraft operations, available services and facilities reflect on the image of the community.

3. Strategic Priority – Expand Cargo Development and Service

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

4. Strategic Priority – Facilitate Economic Development at both Airports

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

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

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

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

- A. Air Service Development – RTAA will continually strive to maintain and expand aviation services to our region by serving as a catalyst with passenger and cargo airlines, general aviation, and other tenants/partners. Staff is committed to being efficient, responsive and flexible to market

demand, while continually evaluating the adequacy of our facility mix to ensure the airports are functional and attractive.

- B. Safety and Security – The safety and security of everyone who utilizes our airport facilities is our primary concern.
- C. Customer Service – Satisfied customers are the hallmark of a healthy and vibrant service organization and RTAA staff is committed to ensure that all of customers receive the very best service possible.
- D. Financial Integrity – RTAA will do all we can to ensure the financial stability of the airports under our control and staff is committed to honesty and transparency in all of our financial transactions.
- E. Professionalism and Ethics – RTAA values and respects the contribution each individual makes to the success of our endeavors. Each employee is held to a standard of professionalism and ethical behavior that respects and supports each customer and fellow employee.
- F. Environmental Responsibility – RTAA is committed to environmental awareness and protection. Our staff will strive to develop policies and procedures that minimize the impact of airport operations on the natural environment and our organization supports and pursues environmentally sustainable aviation business practices.

Air Service Development

The success in attracting new air service by JetBlue and Volaris during FY 2014-15 reflects the combined efforts of the RTAA and a regional partnership with the Regional Air Service Corporation (RASC), comprised of Convention and Visitor Bureaus, hotels, casinos, ski resorts, golf, and various business groups.

Looking forward into FY 2015-16, staff is committed to building on this success by continuing its aggressive marketing program that includes: (a) making twice a year visits to existing passenger and cargo carriers with market analysis and local economic updates; (b) presenting at least thirty-five (35) market analyses of new routes and supporting market data; (c) targeting and developing a marketing plan for a minimum of four (4) new air service markets; and (d) packaging RTAA incentives and marketing support with community derived resources focused on risk mitigation.

While the RTAA is limited by the FAA policy regarding use of its funds in support of new air service, the RASC and its partners have been able to provide the following:

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

RASC offers a marketing resource that no other community can match - a consortium that spreads across industries (tourism, hotel, gaming, ski, etc.) to promote air service and the region.

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

1. Financial Incentives such as airport fee reductions and fee waiver.
2. Acceptable promotional costs, where the purpose is to encourage an air carrier to increase service at the airport.

Under the FAA policy, the financial incentive is limited to one year for new service to markets currently being offered to Reno-Tahoe passengers and up to two years for service to a new destination. RTAA must make the incentives available to all similarly situated air carriers and the cost of providing the incentives cannot be included in the rate base for the other air carriers without their express permission. The current air service incentive policy adopted by the Board limits all financial incentives to one year with a six months “on”, six months “off” structure.

The FAA allows promotional incentives to air carriers for new service to (a) increase travel using the airport and/or (b) promote competition at the airport. Incentive programs may not be designed for the purpose of promoting general economic development and cannot take the form of a direct payment of airport revenue to a carrier or to any provider of goods and services to that carrier.

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

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

Land Development – Reno Tahoe International Airport (RNO)

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

According to the *InterVistas* report commissioned by the RTAA, more than 4,600 people work in aviation-related jobs in Nevada at an average annual wage of \$53,000 — more than 25 percent higher than the statewide average. According to the report, the approved abatement of sales and use taxes could create anywhere from 414 to 1,348 direct and indirect jobs in the first year.

With this success, staff is developing a plan to facilitate land development targeted at RNO land including the Southeast Quadrant, Mill/Rock and the Southwest Quadrant.

Depending on market demand, the RTAA will issue requests for qualifications in FY 2015-16 with the goal to execute leases and/or enter into due diligence on one or more of the vacant parcels.

Land Development – Reno Stead Airport (RTS)

To expand utilization of vacant land at RTS and attract aeronautical and non-aeronautical companies, staff issued a Request for Qualifications (RFQ) for a 3,500-acre development partner in March 2014. After an extensive national solicitation, the land development working group/selection committee (LDWG/SC) recommended, and the Board approved, Dermody Properties to participate in Phase 1, a 120-day due diligence period.

The first phase of the due diligence process, focused primarily on land issues, was to provide an opportunity for Dermody Properties to evaluate the RTS site and determine if a development project was viable. During this phase, Dermody Properties was advised by staff to not represent themselves to prospective tenants as the RTAA's development partner until recognition by the full Board.

Dermody Properties completed the 120-day due diligence period in October 2014 and submitted a Due Diligence Report outlining land development constraints and opportunities. On January 8, 2015, the LDWG/SC convened to provide Dermody Properties an opportunity to present their findings to date, answer questions and review proposed efforts and requirements to complete the RFQ process.

Based on research and experience in the Reno-Sparks region, as well as national experience, Dermody Properties believes that the RSS will become one of the premier economic development opportunities in northern Nevada. They envision the property developing as a high-tech business park with a mix of aeronautical and non-aeronautical tenants that co-exist with Airport operations.

As a national developer with Reno headquarters and local expertise, the Dermody Properties team understands the importance of working with existing tenants such as the Reno Air Race Association (RARA), Aviation Classics, Nevada Army National Guard, and the Bureau of Land Management, as well as the 100+ existing GA tenants based at RTS. In addition, staff has held and is planning a series of additional stakeholder and community meetings to ensure full communication and obtain feedback from potentially impacted parties.

On February 12, 2015, the Board authorized Dermody Properties to begin RFQ Phase 2 - Marketing and Financial Due Diligence and RFQ Phase 3 - Development Proposal. This Board action permitted Dermody Properties to take the following actions:

- (1) Market the property aggressively through brochures, site tours, prospective tenant meetings, and national recognition through conference attendance;
- (2) Identify and pursue additional financial resources including debt and equity such as investment partners for all or various parts of the development;
- (3) Refine the project concept plans based on interest expressed by potential tenants/businesses and/or through internal and/or third party market research; and
- (4) Obtain proposals for preliminary engineering and surveying related to development of the property.

On October 29, 2015, Dermody Properties submitted a formal development proposal to complete Phase 2 and 3. Staff is in the process of reviewing the proposed business and financial terms and will respond with any questions and/or items needing clarification.

The size and importance of this development effort will require a systematic and prudent approach by all parties and will be a major RTAA initiative in FY 2015-16. The ultimate goal is the successful negotiation and execution of agreement(s) that generate future growth in non-airline revenue.

Unmanned Aircraft Systems

As outlined in the National and Regional Economic Outlook, UAS testing at the RTS is currently in a state of evolution as pressure builds on the FAA to modify its slow process of authorizing every UAS operation individually. The question is whether the new rules will promote use of the designated test sites or provide blanket Certificate of Authorization to all UAS operations anywhere in the country, with the exception of airports, that meet specific criteria.

While UAS testing and land development may not be as extensive at our facilities as once predicted, the UAS industry will benefit from the partial abatement of sales and use tax on aircraft and the other tax benefits of locating to Northern Nevada.

Going into FY 2015-16, RTAAs remains focused on working with the State of Nevada and the University of Nevada, Reno to promote UAS testing and development at the RTS. In particular, NASA's funding of a test lab at RTS, with its focus on developing an air traffic management system, presents a tremendous opportunity to develop business relationships with industry experts and visiting UAS companies.

RTAA staff has also been invited to participate in the Nevada Autonomous Systems Working Group (NASWG). NASWG was formed to advance the State of Nevada's high-tech industry growth by increasing the number of autonomous system businesses residing in Nevada. The NASWG consists of leaders in the autonomous systems development area, especially in UAS.

Refinance of 2005 Senior Lien Revenue Bonds

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

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

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

FINANCIAL INFORMATION

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

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

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

RTAA prepares, approves, and revises its budget pursuant to Nevada's Local Government Budget and Finance Act, airline agreements, and the RTAA's revenue bond resolutions. The statutory requirements are summarized on the table below:

Statutory Date	Calendar Date	Action
April 15 th	April 15, 2015	Tentative budget filed with the Nevada Department of Taxation
Seven to 14 days before the Third Thursday in May	May 5, 2015	Notice of Budget Public Hearing published
Third Thursday in May	May 15, 2015	Hold Public Hearing
On or Before June 1st	May 15, 2015	Adopt Budget.

Pursuant to airline agreements, airlines that have signed agreements with RTAA must also review the budget. Any subsequent changes to the budget are made through the adoption of a resolution, by the RTAA's Board of Trustees, which is then submitted to the Nevada Department of Taxation for approval.

INTERNAL CONTROLS

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

REPORTING ACHIEVEMENT

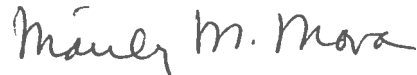
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the RTAA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the 28th consecutive year that the RTAA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Comprehensive Annual Financial Report must be easily readable, efficiently organized, and conform to the program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Authority believes this current report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

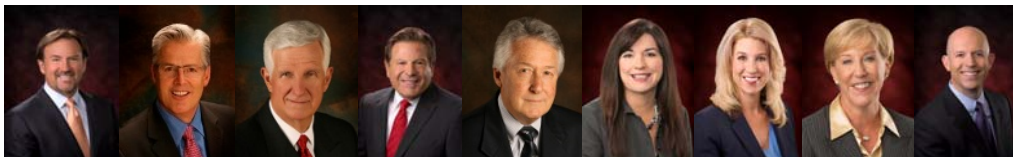
Nevada Revised Statutes 354.624 and the RTAA revenue bond resolutions require that the RTAA have its financial statements audited each year by an Independent Certified Public Accountant. Because the RTAA receives Federal funds and Passenger Facility Charges to assist in funding capital improvement projects,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

Respectfully submitted,

A handwritten signature in black ink that reads "Marily M. Mora". The signature is written in a cursive, flowing style.

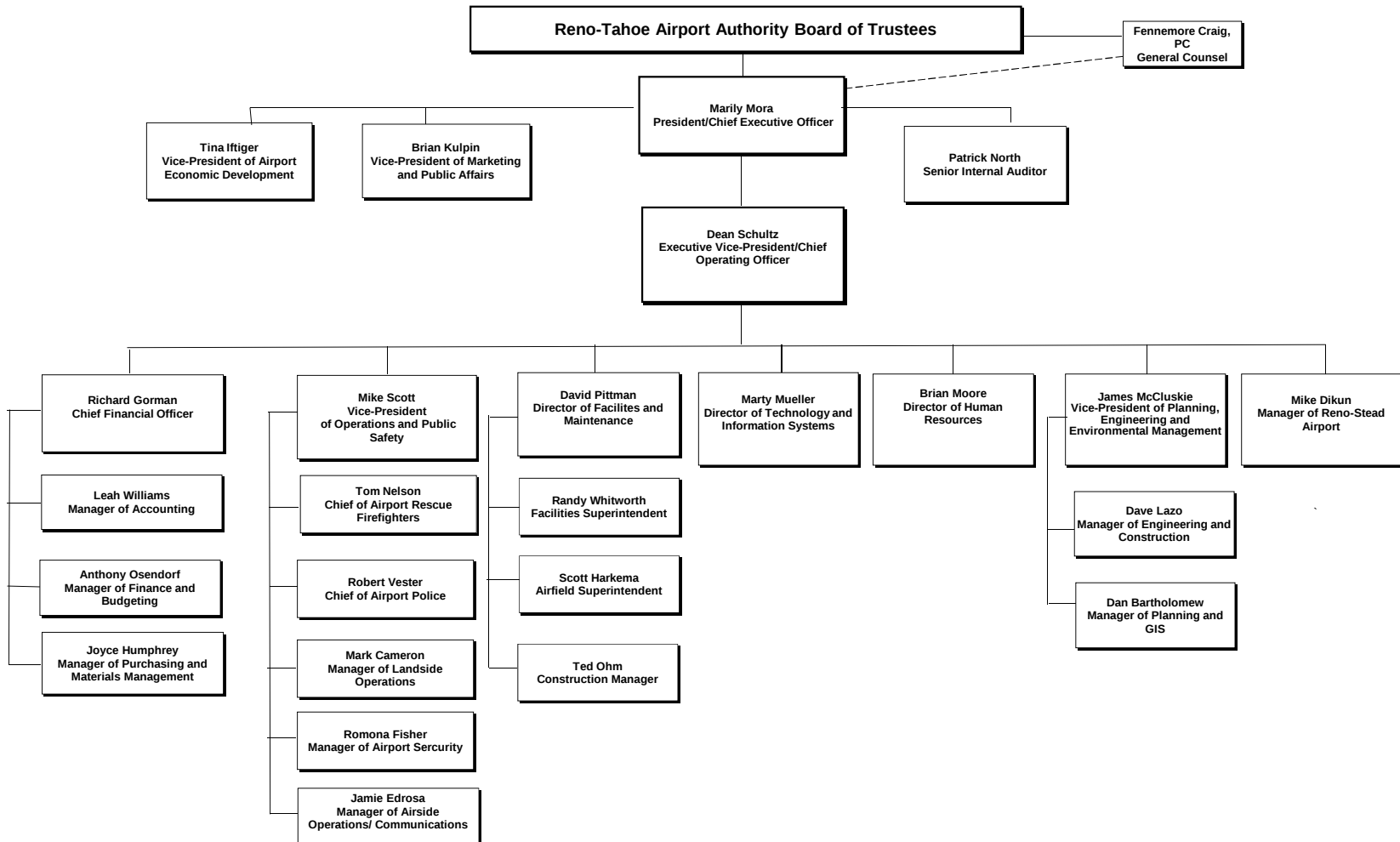
Marily M. Mora, A.A.E.
President/CEO

RENO-TAHOE AIRPORT AUTHORITY
JUNE 30, 2015



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

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





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**Reno-Tahoe Airport Authority
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the Authority restated its July 1, 2014 net position, liabilities, and deferred outflows of resources for the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 24 through 42, the Schedule of Funding Progress-Other Postemployment Benefits on page 85, and the Schedule of RTAA's Proportionate Share of the Net Pension Liability and the Schedule of Pension Plan Contributions on pages 86 and 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

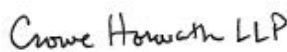
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section on pages 1 through 21, Statistical Section on pages 90 through 116, the Schedule of Revenues and Expenses, Comparison of Budget to Actual on page 88, the Schedule of Debt Service Requirements on Bonds and Notes on page 89, and the Schedule of Expenditures of Federal Awards as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* on page 121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenses, Comparison of Budget to Actual, Schedule of Debt Service Requirements on Bonds and Notes, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses, Comparison of Budget to Actual, Schedule of Debt Service Requirements on Bonds and Notes, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


CROWE HORWATH LLP

Indianapolis, Indiana
November 30, 2015

**RENO-TAHOE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014**

This Management Discussion and Analysis (MD&A) of the Reno-Tahoe Airport Authority ("RTAA" or "Authority") provides an introduction and overview of the major activities affecting the operations and the financial performance of the RTAA for the fiscal years ended June 30, 2015 and 2014. The information contained in this MD&A should be considered in conjunction with the information contained in the RTAA's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Following this MD&A are the basic financial statements of the RTAA together with the notes, which are essential to a full understanding of the data contained in the financial statements. The RTAA's basic financial statements are designed to provide readers with a broad overview of the RTAA's finances. Please note that the 2014 and 2013 financial information throughout the MD&A has not been updated for changes related to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as further described in Note 2.

Net Position

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

	2015	2014	% Change	2013	% Change
Assets:					
Current Assets	\$ 43,211,318	\$ 44,761,237	-3%	\$ 46,318,873	-3%
Current Assets – Restricted	23,127,639	23,667,379	-2%	19,731,171	20%
Capital Assets, Net	414,420,116	437,301,537	-5%	453,798,583	-4%
Other Assets	1,383,599	1,404,847	-2%	1,925,041	-27%
Deferred Outflows of Resources	5,914,475	1,372,084	331%	1,486,424	-8%
Total Assets and Deferred Outflows of Resources	\$ 488,057,147	\$ 508,507,084	-4%	\$ 523,260,092	-3%
Liabilities:					
Current Liabilities	\$ 7,640,030	\$ 8,414,659	-9%	\$ 8,419,851	0%
Liabilities Payable from Restricted Assets	5,036,327	6,198,621	-19%	5,283,456	17%
Non-Current Liabilities	60,441,018	38,513,907	57%	43,965,194	-12%
Deferred Inflows of Resources	7,579,121	-	%	-	0%
Total Liabilities and Deferred Inflows of Resources	80,696,496	53,127,187	52%	57,668,501	-8%
Net Position:					
Net Investment in Capital Assets	382,231,061	395,050,506	-3%	412,444,732	-4%
Restricted Net Position	22,459,489	22,897,188	-2%	14,720,733	56%
Unrestricted Net Position	2,670,101	37,432,202	-93%	38,426,126	0%
Total Net Position	407,360,651	455,379,896	-11%	465,591,591	-2%
Total Liabilities and Net Position	\$ 488,057,147	\$ 508,507,084	-4%	\$ 523,260,092	-3%

**RENO-TAHOE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014**

For the fiscal year ended 2015:

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

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

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

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

With the implementation of GASB Statement 68 and 71, the RTAA recognized two additional deferred outflows of resources. The first item reflects the pension contributions of \$4.392 million made by the RTAA to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2014. In addition, the RTAA's proportion allocation share and differences between RTAA contributions and its proportionate share of contributions of \$264,346, as measured by the actuarial study completed by PERS, was recorded. With the RTAA's participation in this cost sharing, multiple employer defined benefit plan, an individual employer's proportionate share will almost certainly change from measurement date to measurement date.

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

As required by GASB 68 and other associated pronouncements, two deferred inflows of resources were also recorded this year. The first item reflects higher investment earnings between actual results and projected estimates of \$6.173 million as of June 30, 2014. The second item is the decrease in the RTAA's net pension liability of \$1,406,608 resulting from differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences. Factors impacting this deferred inflow include employee mortality, payroll increases, retirements, and turnover. The deferred outflows and inflows related to the RTAA's pension plan will be further explained in the Notes to the Financial Statements under the Item #10, Pension Plan.

The largest portion of the RTAA's total net position each year represents investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. At June 30, 2015, the RTAA had \$382.231 million of net investment in capital assets. The RTAA uses these capital assets to provide services to the airlines, passengers, visitors and service providers at the Airport; consequently, these assets are not available for future spending.

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An additional portion of the RTAA's net position of \$22.459 million or 6% at June 30, 2015 represents resources that are subject to use restrictions. The represents a slight decrease of \$437,699 or 2% below last year with higher restricted net position attributed to reserves and passenger facility charges offset by low restricted net position associated with debt service. The restricted net position is not available for spending because it has already been committed as follows:

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

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

For the fiscal year ended 2014:

Total assets and deferred outflows of resources of \$508.507 million reflect a decrease of 3% or \$14.753 million as compared to 2013.

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

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

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

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

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

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

The largest portion of the RTAA's total net position each year represents investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. At June 30, 2014, there was a \$395.051 million net investment in capital assets. The RTAA uses these capital assets to provide services to the airlines, passengers, visitors and service providers at the Airport; consequently, these assets are not available for future spending.

An additional portion of the RTAA's net position of \$22.897 million, or 5% of total net position at June 30, 2014, represents resources that are subject to use restrictions. The \$8.176 million increase in restricted net position is attributed to collection of passenger facility charge (PFC) funds and an increase of funds to pay the July 1, 2014 debt payment, along with the additional \$2.910 million for early retirement of a portion of the 2011B variable rate note. The restricted net position is not available for spending because it has already been committed as of June 30, 2014 as follows:

	2014
Revenue Bond Operations and Maintenance	\$ 6,197,187
Renewal and Replacement	781,027
Passenger Facility Charge Projects	5,868,897
Debt Service-Senior Lien Bonds and Subordinate Lien Revenue Notes	8,054,403
Flood Grant	1,987,265
Other Reserve Purposes	8,409
	<u>\$ 2,897,188</u>

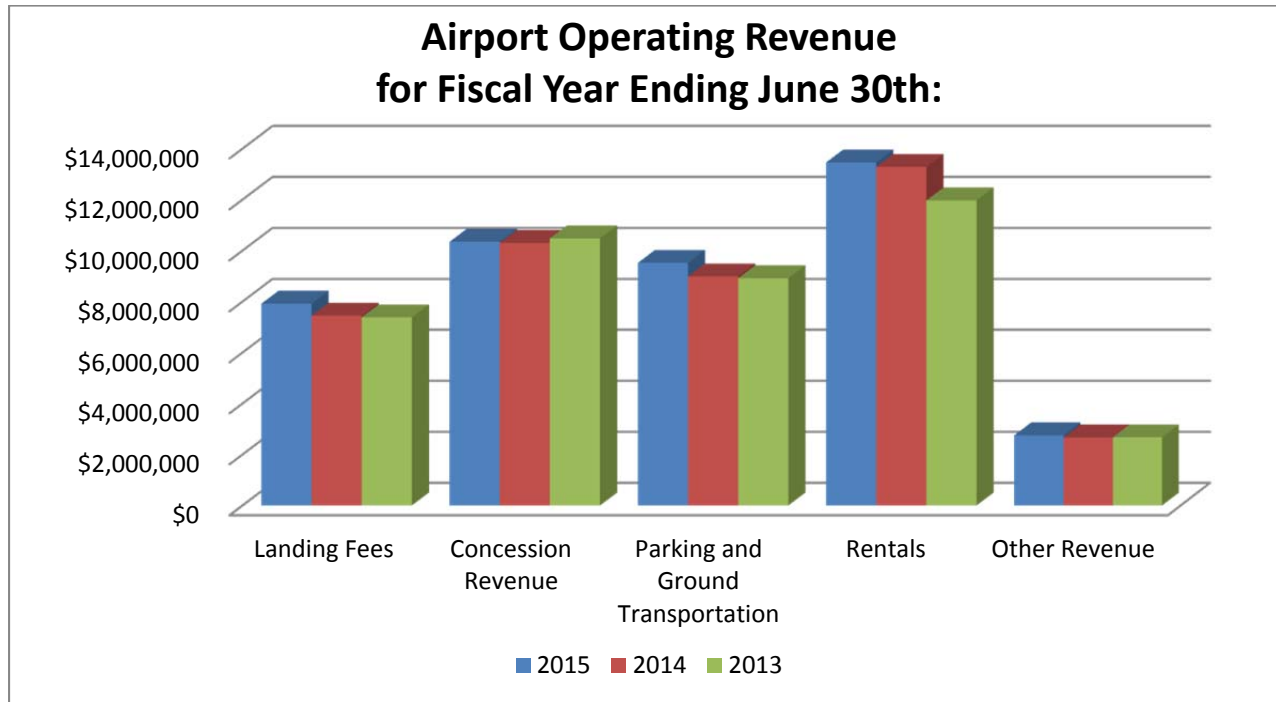
The remaining unrestricted net position of \$37.432 million, or 8% of total net position at June 30, 2014, may be used to meet any of the RTAA's ongoing obligations.

Revenues

Operating revenues used to finance the RTAA's operations are derived from rents, fees and other charges. Below represents operating revenues by source for the years ended June 30:

	2015	2014	% Change	2013	% Change
Landing Fees	\$ 7,916,995	\$ 7,440,496	6%	\$ 7,380,804	1%
Concession Revenue	10,344,733	10,301,098	0%	10,478,433	-2%
Parking and Ground Trans.	9,515,946	8,983,926	6%	8,914,030	1%
Rentals	13,456,901	13,282,322	1%	11,967,776	11%
Reimbursements for Services	2,647,105	2,632,002	1%	2,579,738	2%
Other Revenue	106,844	34,596	209%	92,093	-62%
Total Operating Revenues	<u>\$ 43,988,524</u>	<u>\$ 42,674,440</u>	3%	<u>\$ 41,412,874</u>	3%

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Non-operating revenues are composed of the following:

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

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

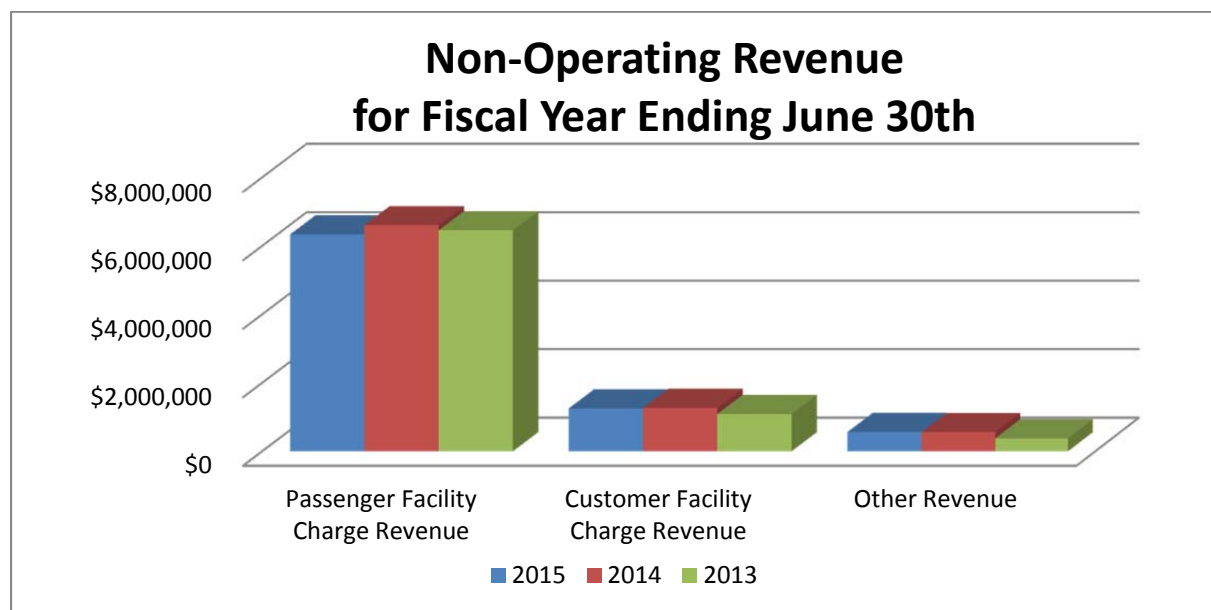
- (3) Customer Facility Charge (CFC) Revenue. Implemented in August 2012, CFC revenues are derived from a \$1.25 fee assessed to each rental car transaction day. These fees are dedicated to funding property management, repairs, and improvements to RTAA-owned rental car facilities.
- (4) Jet Fuel Tax Revenue. This tax is collected by Washoe County in the form of fuel tax in the amount of one cent per gallon of fuel for jet or turbine-aircraft sold, distributed or used per Nevada Revised Statute 365.170.
- (5) Gain or Loss on Sale of Capital Assets and Easements.

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

	2015	2014	% Change	2013	% Change
Interest Income	\$ 286,481	\$ 289,281	-1%	\$ 67,781	327%
Passenger Facility Charge Revenue	6,332,093	6,601,269	-4%	6,453,403	2%
Customer Facility Charge Revenue	1,252,480	1,263,517	-1%	1,088,981	0%
Jet Fuel Tax Revenue	246,059	264,586	-7%	276,338	-4%
Gain (Loss) on Sale of Capital Assets	29,533	5,631	424%	32,003	-82%
Total Non-Operating Revenues	\$ 8,146,646	\$ 8,424,284	-3%	\$ 7,918,506	6%

The graph below present the Airport's revenues by source for fiscal years ended 2015, 2014, and 2013.



An analysis of significant changes in revenues for the year 2014-2015 is as follows:

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

Landing Fees and Rentals of \$21.374 million represent 41% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of \$13.778 million represents 64% of the total revenues from these two categories, which result from cost recovery provisions of the airline operating and terminal building lease agreements. The landing fee and terminal rental revenues, therefore, reflect RTAA costs to operate and maintain facilities used by the airlines and do not serve as accurate indicators of the level of activity at the Airport. Airline-derived revenue is 31% of total operating revenue.

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As depicted in the above table, Concession Revenue of \$10.345 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 20% of the RTAA's total revenues for fiscal year 2014-15. Concession revenue was modestly above the results in the prior year.

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

Currently, the parking rates are set at \$1.00 for the first 30 minutes, \$2.00 for the first hour, and an additional \$1.00 per hour, with maximum amounts of \$24.00 per day for short-term, \$14.00 per day for the long-term garage and \$10.00 per day for long-term surface lot parking. These rates have remained unchanged since December of 2009.

Reimbursements for Services and Other Revenue make up 5% of total RTAA revenue. Reimbursements for services of \$2.647 million represent a slight increase of 1% over last year.

The Baggage Handling System (BHS) Charge is the largest revenue source in this category and reflects a 100% cost recovery of the direct maintenance costs of operating the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment. Other revenue of \$106,844 represents miscellaneous revenue and late fees collected by the RTAA.

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

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

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

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

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

Landing Fees and Rentals of \$20.723 million represent 41% of the RTAA's total revenues. Airline landing fees and terminal rental revenues of \$13.486 million represent 65% of the total revenues from these two categories, which result from cost recovery provisions of airline operating and terminal building lease agreements. The landing fee or rental revenues, therefore, are not accurate indicators of the level of activity at the Airport. Airline-derived revenue is 32% of total operating revenue.

Parking and Ground Transportation revenues account for 18% of total revenue. Parking revenue in FY 2013-14 of \$8.983 million increased slightly by \$69,896 or 1% from the prior year. Currently, the parking rates are set at \$1.00 for the first 30 minutes, \$2.00 for the first hour, and an additional \$1.00

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per hour, with maximum amounts of \$24.00 per day for short-term, \$14.00 per day for the long-term garage and \$10.00 per day for long-term surface lot parking. These rates have remained unchanged since December of 2009.

As depicted in the above graph, Concession Revenue of \$10.301 million, which includes auto rental, gaming, food and beverage, merchandising, advertising, and other concessions, comprises 20% of the RTAA's total revenues for fiscal year 2014. Concession revenue decreased 2% this year.

Reimbursements for Services and Other Revenue make up 5% of RTAA's total revenues. Reimbursements for services of \$2.632 million represent an increase of 2% over 2013. The Baggage Handling System (BHS) Charge is the largest revenue source in this category and reflects a 100% cost recovery of the direct maintenance costs of operating the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment.

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

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

Expenses

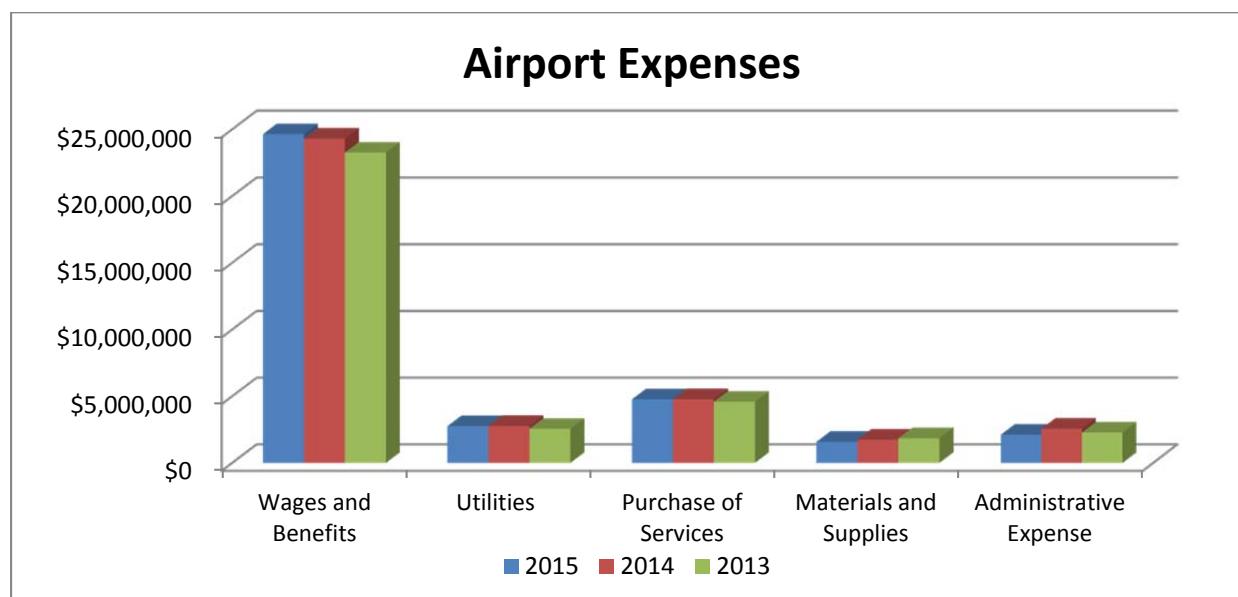
RTAA's total operating expenses registered approximately \$35.856 million in FY 2014-15, a decrease of \$302,618 or 1% below the prior year results. Non-operating expense, which represents interest expense, of \$1.376 million decreased by 11% below the prior year results. Total expenses decreased 1% or \$472,303 from the prior year.

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

	2015	2014	% Change	2013	% Change
Employee Wages and Benefits	\$ 24,638,525	\$ 24,301,598	1%	\$ 23,255,693	4%
Utilities and Communications	2,757,835	2,774,328	-1%	2,559,355	8%
Purchase of Services	4,763,544	4,770,478	0%	4,588,047	4%
Materials and Supplies	1,582,278	1,749,084	-10%	1,850,565	-5%
Administrative Expenses	2,113,887	2,563,199	-18%	2,273,581	13%
Total Operating Expenses	35,856,069	36,158,687	-1%	34,527,241	5%
Reclamation Expenses	-	-	0%	-	0%
Interest Expense	1,376,012	1,545,697	-11%	1,460,898	6%
Total Expenses	\$ 37,232,081	\$ 37,704,384	-1%	\$ 35,988,139	5%

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The graph that follows presents the Airport's expenses for fiscal years ended 2015, 2014 and 2013.



An analysis of significant changes in expenses for the year 2014-2015 is as follows:

Employee Wages and Benefits of \$24.639 million comprise 66% of total expenses, a 1% increase over the prior year's total of \$24.302 million. The following table outlines the major category of expenses within employee wages and benefits for the years ending June 30:

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

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

The primary benefit changes included the following:

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

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2. These plans were paired with Medical Savings Accounts (Health Reimbursement Account (HRA) and Health Savings Account (HSA)). Approximately \$383,300 was funded into these accounts in FY 2014-15 to offset the higher employee out of pocket costs.
3. In addition, the RTAA no longer offered a fixed benefit bank to management employees. This program permitted employees that waived or did not need certain RTAA benefits, such as family health insurance funded by the RTAA, to apply the savings to other RTAA's benefits such as the deferred compensation plan. This step resulted in savings of approximately \$218,000.

Utilities and Communications expense of \$2.758 million registered a decrease of 1% from the prior year. This decrease reflects continued savings in both electricity and natural gas from the prior year. Utilities and communications represent 7% of total expenses.

Purchase of Services expense, which includes professional and other purchased services, of \$4.764 million, stayed relatively flat over the prior year. Purchase of services expense represents 13% of expenses.

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

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

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

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

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

	2014	2013	Change	% Change
Salary	\$15,597,753	\$15,444,697	\$ 153,056	1%
Overtime, Standby, Holiday Worked	933,316	\$1,116,729	(183,412)	-16%
Employee Benefits	7,817,080	6,745,739	1,026,455	16%
Post-Employment Health Plan	(46,551)	(51,471)	49,806	-10%
Total Employee Wages and Benefits	\$24,301,598	\$23,255,694	\$1,045,905	5%

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

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

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

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

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

Interest expense increased from \$1.461 million in FY 2012-13 to \$1.546 million in FY 2013-14, an increase of \$84,799 or 6%. This increase reflects the additional interest expenses associated with the full year impact of \$5.350 million of borrowing under the 2011B Subordinate Lien notes.

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Summary of Changes in Net Position

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

	2015	2014	% Change	2013	% Change
OPERATING REVENUES					
Landing fees	\$ 7,91,995	\$ 7,440,496	6%	\$ 7,380,804	0%
Concession revenue	10,344,733	10,301,098	0%	10,478,433	-2%
Parking and ground trans.	9,515,946	8,983,926	6%	8,914,030	1%
Rentals	13,456,901	13,282,322	1%	11,967,776	11%
Reimbursements for services	2,647,105	2,632,002	1%	2,579,738	2%
Other revenue	106,844	34,596	209%	92,093	-62%
Total Operating Revenues	\$43,988,524	\$42,674,440	3%	\$41,412,874	3%
OPERATING EXPENSES					
Employee wages and benefits	24,638,525	24,301,598	1%	23,255,693	4%
Utilities and communications	2,757,835	2,774,328	-1%	2,559,355	8%
Purchase of services	4,763,544	4,770,478	0%	4,588,047	4%
Materials and supplies	1,582,278	1,749,084	-10%	1,850,565	-5%
Administrative expenses	2,113,887	2,563,199	-18%	2,273,581	13%
Total Operating Expenses	\$35,856,069	\$36,158,687	-1%	\$34,527,241	5%
Operating Income Before Depreciation and Amortization	\$ 8,132,455	\$ 6,515,753	25%	\$ 6,885,633	-5%
Depreciation and Amortization	34,958,476	35,816,772	-2%	33,189,676	8%
Operating Loss	\$(26,826,021)	\$(29,301,019)	-8%	\$(26,304,043)	11%
NON-OPERATING REVENUE (EXPENSES)					
Interest income	\$ 286,481	\$ 289,281	-1%	\$ 67,781	327%
Passenger facility charges	6,332,093	6,601,269	-4%	6,453,403	2%
Customer facility charges	1,252,480	1,263,517	-1%	1,088,981	16%
Jet fuel tax revenue	246,059	264,586	-7%	276,338	-4%
Gain on sale of Capital Assets	29,533	5,631	424%	32,003	-82%
Interest expense	(1,376,012)	(1,545,697)	-11%	(1,460,898)	6%
Total non-operating revenues (expenses)	6,770,634	6,878,587	-2%	6,457,608	7%
Loss before Capital Contributions	(20,055,387)	(22,422,432)	-11%	(19,846,435)	13%
Capital Contributions	4,867,414	12,210,737	-60%	14,651,900	-17%
Decrease in Net Position	(15,187,973)	(10,211,695)	49%	(5,194,535)	97%
Net Position, Beginning of Year	455,379,896	465,591,591	-2%	470,786,126	-1%
Adjustment to Net Position, Beginning of Year	(32,831,272)	-	100%	-	100%
Net Position, End of Year	\$407,360,651	\$455,379,896	-11%	\$465,591,591	-2%

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An analysis of significant changes in net position for the year 2014-2015 is as follows:

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

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

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

Passenger facility charge revenue decreased by 4% and jet fuel tax revenue decreased by 7%. Gain on sale of capital assets was \$29,533 and reflected the sale of fully depreciated assets no longer in use by the RTAA.

Capital contributions, which are primarily comprised of federal grants from the Federal Aviation Administration, decreased 60% this year as compared to 2013-2014. The contributions include reimbursements for runway, taxiway and apron rehabilitation and noise mitigation projects.

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

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

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

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

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

Passenger facility charge revenue increased slightly by 2% and jet fuel tax revenue decreased by 4%. Gain on sale of capital assets was \$5,631 and reflected the sale of fully depreciated assets no longer in use by the RTAA.

Capital contributions, which are primarily comprised of federal grants from the Federal Aviation Administration, decreased 17% this year compared to the amounts received in 2012-2013. The contributions include reimbursements for runway, taxiway and apron rehabilitation and noise mitigation projects.

**RENO-TAHOE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014**

CAPITAL ASSETS

The RTAA's investment in capital assets as of June 30, 2015 was \$414.420 million, net of depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment and development rights. The total decrease in the investment in capital assets for the year 2014-2015 was 5% or \$22.881 million.

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

	2015	2014	2013
Land	\$172,549,179	\$ 165,122,099	\$ 154,549,165
Construction in Progress	8,334,194	15,792,420	46,592,535
Improvements, Buildings, and Equipment	230,612,705	253,462,980	249,732,845
Development rights	2,924,038	2,924,038	2,924,038
Total	<u>\$ 414,420,116</u>	<u>\$ 437,301,537</u>	<u>\$ 453,798,583</u>

Major capital asset events during fiscal year 2014-15 included the following:

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

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

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

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

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

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

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JUNE 30, 2015 AND 2014**

Equipment purchases included an upgrade to high definition CCTV security cameras at Reno-Tahoe International Airport (RNO). This project improved monitoring visibility at existing locations and provided additional new locations for improved safety and security.

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

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

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

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

Federal grants funded \$12.211 million of capital projects in Fiscal Year 2013-14. Completed projects included apron and taxiway rehabilitation projects and sound insulation programs.

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

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

The Consolidated Security Checkpoint project relocated the two existing security checkpoints to a centralized area. As a result of this relocation, the existing first floor food court space was expanded to provide space for eight security lanes and passenger queuing. The existing food court was relocated, along with several retail locations, to an expanded second floor post-security location.

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

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

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

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

Vehicles purchased this year include three all-purpose trucks.

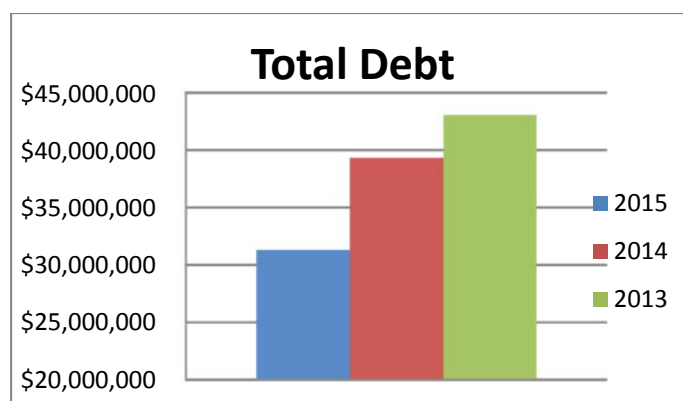
**RENO-TAHOE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014**

DEBT ADMINISTRATION

As of June 30, 2015, the RTAA had approximately \$31.297 million in debt (without regard to premium) comprised of \$23.715 million of senior lien revenue bonds (Series 2005 Airport Refunding Bonds), \$10.265 million of a subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note - Fixed Rate portion) and \$5.350 million of a subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note- Variable Rate portion).

The Subordinate Lien Revenue Notes are special limited obligations of the RTAA payable solely from and secured by a pledge of Subordinate Net Revenues (as defined in the 2011 Subordinate Airport Revenue Notes Resolution) and certain funds and accounts. Subordinate Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses, less the debt service requirement on any existing or future senior Airport Revenue Bonds outstanding. The following presents the RTAA's outstanding debt for the years ended June 30:

	2015	2014	2013
2005	\$ 22,360,000	\$ 23,715,000	\$ 25,025,000
2011 A	7,800,000	10,265,000	12,665,000
2011 B	1,137,000	5,350,000	5,350,000
Total Debt	\$ 31,297,000	\$ 39,330,000	\$ 43,040,000



The Series 2005 Airport Revenue Refunding bonds of \$29.775 million were issued in August 2005, with an average net interest rate of 4.49%, to refund aggregate principal of the outstanding Series 1996A bonds, with an average net interest rate of 5.91%, and pay certain costs of issuance.

The Series 1996 A Bonds were issued to fund construction of a three story, 2,400 space parking garage, a new terminal access road to accommodate the parking garage, and a passenger skyway to connect the parking garage to the terminal.

Assured Guaranty Municipal (AGM), previously known as Financial Security Assurance or FSA, provides insurance for the repayment of the Series 2005 Bonds. While Fitch Ratings withdrew its rating of AGM on February 24, 2010 in the wake of the national recession and does not consider bond insurance in its credit rating of issuers, this insurance serves as a “credit enhancement” as an additional guarantor of payment above and beyond the RTAA's financial commitment.

Fitch Ratings, as the sole provider of a credit rating on RTAA senior lien debt, has established an investment grade rating of “A” with a stable outlook. This rating was reconfirmed on June 13, 2015.

**RENO-TAHOE AIRPORT AUTHORITY
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The 2005 bonds have a final maturity of July 1, 2026 and may be redeemed at the option of the RTAA on or after July 1, 2015.

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

The Series 2015 Bond is a direct loan of \$20,690,000 secured through a Request for Proposals process issued on July 9, 2015. The interest rate on the Series 2015 Bond is 2.75% with an eleven (11) year term consistent with the refunded Series 2005 Bonds. The RTAA will benefit from \$2.917 million of gross savings or \$2.519 million on a present value basis in lower debt service payments. This represents a net present value savings as a percentage of refunding bonds of 12.03%.

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

On June 1, 2011, the RTAA obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). With a maximum principal amount of \$30.000 million, the Subordinate Notes have a final maturity of July 1, 2017, and were issued in two separate series: (1) Series "2011A" Subordinate Lien Revenue Note - Fixed Rate and (2) Series "2011B" Subordinate Lien Revenue Note - Variable Rate.

- Series "2011A" Subordinate Lien Revenue Note - Fixed Rate portion. The RTAA has obtained and deposited \$15.000 million of notes, as a fixed rate obligation with a final maturity of July 1, 2017. Interest on the 2011A Note over the six year term has been locked-in at 2.75% with payments semiannually starting on January 1, 2012. Principal payments will be made annually on July 1 commencing on July 1, 2012, with the final payment on July 1, 2017. Principal payments will be structured so that the total annual payments of principal and interest on the 2011A Note will be approximately level from FY 2012 through FY 2018.
- Series "2011B" Subordinate Lien Revenue Note - Variable Rate portion. The RTAA has structured \$15.000 million of the loan as a variable rate loan, which would also have a final maturity of July 1, 2017. The 2011B Note is designed to serve as a flexible borrowing instrument such that the RTAA can borrow under the Note for a two year period through May 31, 2013 in increments of \$1.000 million or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the RTAA can make repayment at any time. Two draws were made on the 2011B Note in fiscal year 2012-2013. The first draw was March 1, 2013, for \$4.000 million, and the second was May 1, 2013, for \$1.350 million. The rate for the 2011B Note is established at 1.581% over the six month London Interbank Offering Rate (LIBOR) rate multiplied by 65%. The interest rate on the 2011 B Notes is capped at 12%.

The annual borrowing rate on the 2011 B Variable Rate Notes during FY 2014-15 was 1.793% for the period of July 1, 2014 to December 31, 2014 and 1.803% for the period of January 1, 2015 to June 30, 2015. Effective July 1, 2015, the current borrowing rate is 1.873%.

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

**RENO-TAHOE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014**

equal or exceed 125% of the senior revenue bond debt service or 100% of all senior lien debt service, whichever is greater. The RTAA has met this requirement as is demonstrated in the Notes to Financial Statements and the Statistical Section of this report.

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

For additional information on bonds, see Notes to the Financial Statement, Item 6, Long-Term Debt.

PASSENGER FACILITY CHARGE (PFC)

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

For the fiscal year ended June 30, 2015, the RTAA collected PFCs, including interest earnings thereon, totaling \$6.332 million. PFCs are collected by airlines on their passengers' tickets and remitted monthly to the RTAA. These funds are spent on a list of projects reviewed by the airlines in a process prescribed by the FAA. This funding must be segregated from all other Airport revenues.

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

AIRLINE SIGNATORY RATES AND CHARGES

The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 2010, for a five-year term. The airline agreement sets forth the rate setting formula by which airlines pay for the facilities and services they use. In 2014-2015, airline signatories to the agreement include six passenger and two cargo airlines.

The current airline agreement's rate setting formula is a derivation of what is known as a hybrid rate setting formula. In this formula, the Airport is divided into cost centers. The RTAA's six cost centers are Airfield, Terminal Building, Baggage Handlings System (BHS), Landside (Parking and Ground Transportation), Other and Reno-Stead Airport. The airline cost center of the Airfield and Terminal Building are used in the calculation of the landing fee and rental rate.

The RTAA and the airlines successfully negotiated a new airline agreement effective July 1, 2015 for an additional five year term. The business terms and conditions of the new agreement are substantially similar to the agreement in place during Fiscal Year 2014-15 with only minor modifications to address airline self-service kiosks and the reduction of rentable space associated with airline operations in the terminal concourses.

**RENO-TAHOE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014**

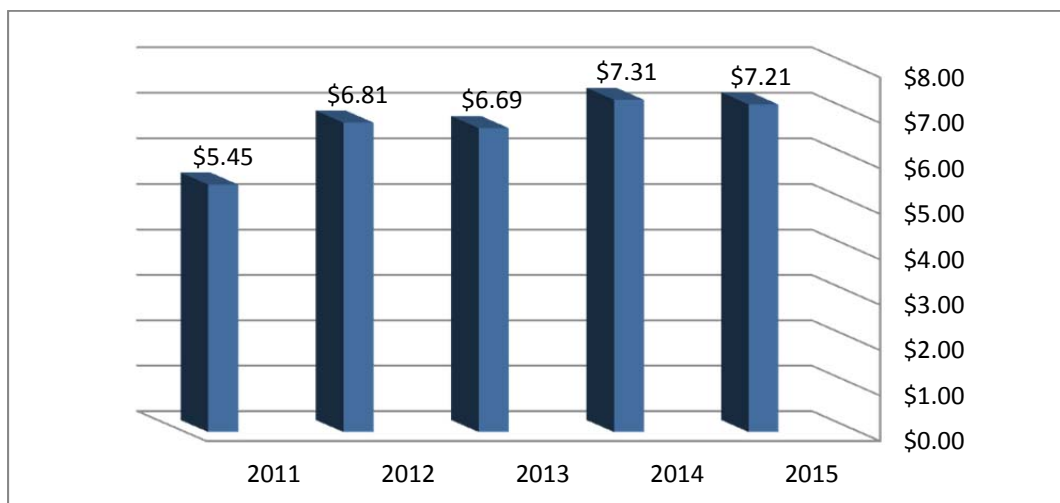
The final rates and charges for the airlines are shown below:

	2015	2014	% Change	2013	% Change
Landing Fee Rate (Per 1,000 pound units)	\$ 2.97	\$ 2.80	6%	\$2.64	6%
Terminal Rental Rate (Average) (Per square foot annually)	\$49.43	\$53.24	-7%	\$45.42	17%

Comparing the operating results of airports is difficult. The landing fee and terminal rental rates of airports are often not comparable because of the different airline operating agreements used to calculate those fees. As a result, an airport's economic impact is established on a ratio of total fees paid by the airlines to the RTAA divided by the number of passengers boarding aircraft. The RTAA targets to maintain a reasonable cost structure for the airlines to attract and retain air service to community.

The cost per enplaned passenger for RTAA in the 2014-15 fiscal year was calculated to be \$7.21 as compared to \$7.31 in the prior year. According to Moody's Investor Services report of "US Airport Medians: Fiscal 2013" issued September 10, 2014, the median ratio for all US airports is \$8.34. In comparison, Fitch Ratings' Peer Review of U.S. Airports, issue on November 19, 2014, reported the median ratio of \$9.01 for 2013. The chart below presents the history of the cost per enplaned passenger.

Airline-Derived Revenue per Enplaned Passenger



REQUESTS FOR INFORMATION

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

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 11,463,641	\$ 12,567,350
Investments	26,287,533	25,668,320
Accounts receivable, net	3,292,307	2,135,585
Grants receivable	1,040,212	2,920,061
Interest receivable	40,212	25,002
Inventory	794,819	798,673
Other current assets	292,594	646,246
Total Unrestricted Assets	<u>43,211,318</u>	<u>44,761,237</u>
Restricted Assets:		
Cash and cash equivalents	8,299,533	11,626,214
Investments	14,806,354	12,033,665
Interest receivable	21,752	7,500
Total Restricted Assets	<u>23,127,639</u>	<u>23,667,379</u>
Total Current Assets	<u>66,338,957</u>	<u>68,428,616</u>
NON-CURRENT ASSETS		
Capital Assets:		
Non-depreciable	183,807,411	183,838,557
Depreciable	693,037,539	681,720,192
Less accumulated depreciation and amortization	<u>462,424,834</u>	<u>428,257,212</u>
Total Capital Assets	<u>414,420,116</u>	<u>437,301,537</u>
Other Assets:		
Road credits	1,383,599	1,383,599
Surety bond, net	<u>-</u>	<u>21,248</u>
Total Other Assets	<u>1,383,599</u>	<u>1,404,847</u>
Total Non-Current Assets	<u>415,803,715</u>	<u>438,706,384</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding bonds	1,257,744	1,372,084
Pension contributions after measurement date	4,392,385	-
Pension difference between actual and proportionate share of contribution	<u>264,346</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>5,914,475</u>	<u>1,372,084</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 488,057,147</u></u>	<u><u>\$ 508,507,084</u></u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (continued)
AS OF JUNE 30, 2015 AND 2014

	2015	2014
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	\$ 3,603,224	\$ 2,840,233
Construction contracts payable	1,281,342	3,094,834
Rents received in advance	1,063,773	802,590
Accrued payroll	1,691,691	1,677,003
Total payable from unrestricted assets	<u>7,640,030</u>	<u>8,414,660</u>
Payable from Restricted Assets:		
Current portion of long-term debt	4,320,000	5,125,000
Accrued interest	668,150	770,191
Construction contracts payable	48,177	303,430
Total payable from restricted assets	<u>5,036,327</u>	<u>6,198,621</u>
Total Current Liabilities	<u>12,676,357</u>	<u>14,613,281</u>
NON-CURRENT LIABILITIES		
Revenue bonds and subordinate notes, net	27,797,280	35,099,851
Net other postemployment benefits obligation	365,511	400,399
Accrued payroll, net of current portion	1,129,702	996,105
Deposits	355,682	438,449
Reclamation liability	1,404,608	1,579,103
Net pension liability	29,388,235	-
Total Non-Current Liabilities	<u>60,441,018</u>	<u>38,513,907</u>
Total Liabilities	<u>73,117,375</u>	<u>53,127,188</u>
DEFERRED INFLOWS OF RESOURCES		
Pension - Difference-projected and actual earnings on plan investments	6,172,732	-
Pension - Difference between expected and actual pension experience	1,406,389	-
Total Deferred Inflows of Resources	<u>7,579,121</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	<u>382,231,061</u>	<u>395,050,506</u>
Restricted for:		
Revenue bond operations and maintenance	6,440,637	6,197,187
Renewal and replacement	780,402	781,027
Passenger facility charge projects	6,526,871	5,868,897
Debt service	4,320,047	8,054,403
Flood grant	1,992,135	1,987,265
Other reserve purposes	2,399,397	8,409
Total Restricted	<u>22,459,489</u>	<u>22,897,188</u>
Unrestricted	<u>2,670,101</u>	<u>37,432,202</u>
Total Net Position	<u>407,360,651</u>	<u>455,379,896</u>
Total Liabilities and Net Position	<u>\$ 488,057,147</u>	<u>\$ 508,507,084</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
Landing fees	\$ 7,916,995	\$ 7,440,496
Concession revenue	10,344,733	10,301,098
Parking and ground transportation	9,515,946	8,983,926
Rentals	13,456,901	13,282,322
Reimbursements for services	2,647,105	2,632,002
Other revenue	106,844	34,596
Total operating revenues	<u>43,988,524</u>	<u>42,674,440</u>
OPERATING EXPENSES		
Employee wages and benefits	24,638,525	24,301,598
Utilities and communications	2,757,835	2,774,328
Purchase of services	4,763,544	4,770,478
Materials and supplies	1,582,278	1,749,084
Administrative expenses	2,113,887	2,563,199
Total operating expenses	<u>35,856,069</u>	<u>36,158,687</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	8,132,455	6,515,753
Depreciation and amortization:		
Depreciation	34,937,228	35,296,577
Amortization of deferred charges	21,248	520,195
Total depreciation and amortization	<u>34,958,476</u>	<u>35,816,772</u>
OPERATING INCOME (LOSS)	<u>(26,826,021)</u>	<u>(29,301,019)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	286,481	289,281
Passenger facility charge revenue	6,332,093	6,601,269
Customer facility charge revenue	1,252,480	1,263,517
Jet fuel tax revenue	246,059	264,586
Gain (loss) on sale of capital assets	29,533	5,631
Interest expense	(1,376,012)	(1,545,697)
Total non-operating revenues (expenses)	<u>6,770,634</u>	<u>6,878,587</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(20,055,387)	(22,422,432)
CAPITAL CONTRIBUTIONS	<u>4,867,414</u>	<u>12,210,737</u>
CHANGE IN NET POSITION	(15,187,973)	(10,211,695)
NET POSITION, BEGINNING OF YEAR	455,379,896	465,591,591
Cumulative effect of GASB 68/71 implementation	<u>(32,831,272)</u>	<u>-</u>
NET POSITION, BEGINNING OF YEAR (restated)	<u>422,548,624</u>	<u>465,591,591</u>
NET POSITION, END OF YEAR	<u>\$ 407,360,651</u>	<u>\$ 455,379,896</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 43,010,218	\$ 43,471,780
Cash paid to employees	(25,045,775)	(24,702,365)
Cash paid to suppliers	(10,271,542)	(13,403,612)
Net cash provided by operating activities	7,692,901	5,365,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Jet fuel tax revenue	246,059	264,586
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	6,747,263	9,621,034
Passenger facility charge revenue	6,332,093	6,601,269
Customer facility charge revenue	1,252,480	1,263,517
Acquisition and construction of capital assets	(14,125,576)	(17,555,696)
Proceeds from sale of capital assets	30,557	5,631
Principal paid on bonds	(8,033,000)	(3,710,000)
Interest paid on bonds	(1,438,284)	(1,581,728)
Net cash provided by (used in) capital and related financing activities	(9,234,467)	(5,355,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	257,018	287,702
Sale (purchase) of investments	(3,391,901)	3,903,775
Net cash provided by (used in) investing activities	(3,134,883)	4,191,477
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,430,390)	4,465,893
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,193,564	19,727,671
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 19,763,174	\$ 24,193,564

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (26,826,021)	\$ (29,301,019)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	34,937,228	35,296,577
Amortization of deferred charges	21,248	520,195
(Increase) Decrease in Assets:		
Accounts receivable, net	(1,156,722)	394,775
Inventory	3,854	14,561
Other current assets	353,652	(475,379)
Increase (Decrease) in Liabilities:		
Accounts payable	762,991	(916,002)
Rents received in advance	261,183	306,032
Accrued payroll	148,285	(354,216)
Deposits and unearned revenues	(82,767)	96,533
Net OPEB obligation	(34,888)	(46,551)
Net pension liability and related deferred outflows and inflows of resources	(520,647)	-
Reclamation liability	(174,495)	(169,703)
Net cash provided by operating activities	<u>\$ 7,692,901</u>	<u>\$ 5,365,803</u>
Noncash activities:		
The unrealized gain (loss) on investments was (\$22,997) at June 30, 2015 and \$26,271 at June 30, 2014.		
Capital assets included in construction contracts payable	\$ 1,329,519	\$ 2,888,517
Capital Contributions		
Total Capital Contributions	\$ 4,867,414	\$ 12,210,737
Grants Receivable (June 30, 2015 and 2014)	\$ (1,040,212)	\$ (2,920,061)
Grants Receivable (June 30, 2014 and 2013)	\$ 2,920,061	\$ 1,172,458
Buildings and equipment received by contribution	\$ -	\$ (842,100)
	<u>\$ 6,747,263</u>	<u>\$ 9,621,034</u>

See accompanying notes to financial statements.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Organization and Reporting Entity

A. Organization

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

B. Reporting Entity

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

i. Composition of the Board.

The nine member Governing Board of Trustees is appointed 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 RTAA departments. RTAA is responsible for the day-to-day operations at the two airports.

ii. Accounting for fiscal matters.

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

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

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. RTAA uses the economic resources measurement focus, whereby revenues and expenses are recognized in the period earned or incurred, regardless of when the related cash flows take place. All transactions are accounted for in a single enterprise fund. Enterprise funds are used to account for activities (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

Revenues from landing fees, rents, parking revenue and other miscellaneous sources are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges and Customer Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

B. Use of Estimates

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

C. Budgets

RTAA adheres to the Local Government Budget and Finance Act established by Nevada state statute. The filing deadlines and procedures during fiscal years 2015 and 2014 were as follows:

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

- i. Public hearings on the tentative budget are held the third week of May.
- ii. On or before June 1, the final budget is adopted by a majority vote of the Board of Trustees.
- iii. The budget is adopted on the accrual basis. Actual operating and non-operating expenses (excluding depreciation) may not exceed budgeted appropriations. Budget augmentations that change the total revenues or expenses must be approved by a resolution of the Board of Trustees and filed with the Department of Taxation. Unexpended appropriations lapse at year-end.
- iv. The budget was not amended from that originally filed for the years ended June 30, 2015 and June 30, 2014.

D. Cash, Cash Equivalents and Investments

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

E. Inventory

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

F. Capitalization of Interest

RTAA capitalizes, as a part of the historical cost of constructing assets for its own use, a portion of the net interest cost incurred during the construction period. On June 1, 2011, the Reno-Tahoe Airport RTAA obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). See Note 6 for additional detail on Debt. For the years ended June 30, 2015 and 2014, total interest cost incurred was \$1,376,012 and \$1,601,063, respectively. For the year ended June 30, 2015 no interest was capitalized and \$55,366 was recorded as capitalized costs for the year ended June 30, 2014.

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

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

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

RTAA has three items that qualify for reporting in this category. The first is the deferred loss on refunding bonds reported in the statements of net position. A deferred charge on refunding results from the difference between the net carrying amount of the original debt and the reacquisition price. This amount is deferred and amortized over the term of the new bonds or old bonds, whichever is shorter, using the effective interest method, or the straight line method, when not materially different.

The next two deferred outflow items are associated with implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The first item represents pension contributions made by the RTAA to the Public Employees Retirement System (PERS) of the State of Nevada after the net pension liability measurement date of June 30, 2014.

The second deferred outflow item represents changes in the RTAA's proportion allocation share and differences between RTAA contributions and its proportionate share of contributions to PERS. For cost-sharing, multiple employer plans, a "proportionate share" for each employer must be developed to distribute the aggregate pension plan liability and expense among the participating employers' financial statements. An individual employer's proportionate share will almost certainly change from measurement date to measurement date, and the financial impact of this change must be quantified. In addition to the extent that an employer makes actual contributions during the year that are different from its allocated proportionate share of contributions, this difference must also be tracked and disclosed.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position, the difference between assets and deferred outflows, on the one hand, and liabilities and deferred inflows, which will apply to a future period and will not be recognized as an inflow of resources (revenue) until then.

The RTAA has two deferred inflows associated with implementation of GASB 68, *Accounting and Financial Reporting for Pension*. The first deferred inflow discloses changes in the RTAA's net pension liability resulting from net difference between projected and actual earnings on pension investments as of June 30, 2014. In the determination of the net pension liability, a single blended rate is used to discount projected future benefit payments, based on the long-term expected rate of return on plan investments (net of investment expenses) that are expected to be used to finance the payment of pension benefits. This deferred inflow represents higher actual returns as compared to projected earning rate that may be received in future years.

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

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

H. Compensated Absences

RTAA accounts for compensated absences by accruing a liability for employees' compensation of future absences in accordance with GASB No. 16 *Accounting for Compensated Absences*. Employees accrue vacation in varying amounts based on classification and length of service. Additionally, certain employees are allowed compensated time off in lieu of overtime compensation and/or working on holidays. Vacation pay and compensatory time vests as earned and sick pay vests after five years of service at the rate of 50% available for payout at termination for certain represented employees. Sick pay also vests for certain represented employees after 880 hours have been accumulated.

The liability for the compensated absences is included in both the current and non-current portion of accrued payroll. As of June 30, 2015 and 2014, liabilities related to compensated absences were \$2,007,548 and \$1,886,613, respectively.

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

Landing fees, terminal rents, and BHS charges are set based on estimates of airline activity, revenues and expenses. The actual landing fees, terminal rental rates, and BHS charges that should have been collected are calculated at year-end. Over-collections and under-collections are netted and recorded on the Statements of Net Position as accounts receivable or accounts payable. For the years ended June 30, 2015 and 2014, the payables outstanding associated with the airline year-end settlement were \$1,705,308 and \$868,474, respectively.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

J. Net Position

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

- i. Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- ii. Restricted – Net Position that has external constraints placed on it by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through contribution provision of enabling legislation.
- iii. Unrestricted – Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

K. Passenger Facility Charge (PFC) Revenue

Currently, the RTAA has approval from the FAA to impose and use a PFC of \$4.50 per enplaned passenger. Several FAA approved projects are being funded by the PFC collections. The PFC revenues are collected by the airlines and remitted monthly to the RTAA. These revenues are recognized upon receipt and are included in RTAA's non-operating revenues.

L. Customer Facility Charge (CFC) Revenue

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

M. Capital Contributions

Certain expenses for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), with certain matching funds provided by the RTAA. Capital improvements are also funded by an agreement between the RTAA and the Transportation Security Administration (TSA). Capital funding provided under government grants and agreements are considered earned as the related allowable expenses are incurred.

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

**RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

2. Summary of Significant Accounting Policies (continued)

N. Regional Road Impact Fee Credits

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

O. Recent Accounting Pronouncements Adopted/Implemented: As of June 30, 2015, the GASB has issued the following statements which were implemented by the RTAA.

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, Issued June 2012. This statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other participating entities. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The provisions of these Statements are effective for the RTAA's fiscal year ended June 30, 2015.

These Statements require RTAA to record the excess of the total pension liability over the fiduciary net position of the pension plans as a net pension liability on the Statement of Net Position. The change in accounting for pensions, as discussed in Note 10, resulted in the restatement at July 1, 2014 as follows:

	<u>Beginning Balance</u>	<u>As Restated</u>	<u>GASB 68 Adjustment</u>
Statement of Net Position:			
Net pension liability	-	\$ 37,080,313	\$ 37,080,313
Deferred outflows	-	\$ 4,249,041	\$ 4,249,041

**Statements of Revenues,
Expenses and Changes
in Net Position:**

Net position	\$455,379,896	\$422,548,624	\$(32,831,272)
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At June 30, 2015, the total net pension liability was \$29,388,235. Total pension related deferred outflows of resources and deferred inflows of resources were \$4,656,731 and \$7,579,121, respectively. Information is not available to reflect the changes from implementing GASB 68 and GASB 71 on the 2014 Financial Statements.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operation* - This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for the RTAA's fiscal year ended June 30, 2015. Adoption of this Statement did not have an impact on the RTAA's financial statements.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (continued)

- GASB issued Statement 72, Fair Value Measurement and Application - The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for the RTAA's fiscal year ended June 30, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements
- GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements 67 and 68. This Statement is effective for the RTAA's fiscal year ended June 30, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses the financial reports of defined benefit other post-employment benefit ("OPEB") plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and Required Supplementary Information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. This Statement is effective for the RTAA's fiscal year ended June 30, 2017. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

- GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the Other Post-Employment Benefits (OPEB) that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and the Required Supplementary Information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the RTAA's fiscal year ended June 30, 2018. Management has not determined what impact, if any, this GASB statement might have on its financial statements.
- GASB issued Statement 77, *Tax Abatement Disclosures* - This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement is effective for the RTAA's fiscal year ended June 30, 2017. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

RENO-TAHOE AIRPORT AUTHORITY
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3. Cash, Cash Equivalents and Investments

The RTAA accounts for its investments at fair value.

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

	2015	2014
Cash	\$ 10,158,322	\$ 6,873,787
Cash Equivalents:		
Short-Term Investments in Money Market Mutual Funds	9,604,852	14,780,564
Short-Term Investments in State of Nevada Local Government Investment Pool	-	2,539,213
Total Cash and Cash Equivalents	19,763,174	24,193,564
Investments:		
State of Nevada Local Government Investment Pool	2,542,276	-
First Independent Bank – Certificate of Deposit	-	712,666
Washoe County Investment Pool	11,315,823	8,250,490
Certificates of Deposit	5,226,823	4,215,704
Commercial Paper	1,994,920	3,500,785
US Government Agency Securities (Mortgage Backed Securities) maturing within five years	20,014,046	21,022,340
Total Investments	41,093,887	37,701,985
Total Cash, Cash Equivalents and Investments	60,857,061	61,895,549
Less Unrestricted Cash, Cash Equivalents and Investments	(37,751,174)	(38,235,670)
Total Restricted Cash, Cash Equivalents and Investments	\$ 23,105,887	\$ 23,659,879

The bank balance of cash and cash equivalents as of June 30, 2015 and 2014 was \$19,628,452 and \$24,177,831, respectively. The difference relates to outstanding checks and deposits activity.

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

Investment Policies

In accordance with NRS 355 Public Investments, the RTAA's bond resolution and the RTAA's investment policy, the RTAA manages its exposure to interest rate risk by regular evaluation of the RTAA's cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and its cash flow and liquidity needs. This is achieved by purchasing a combination of shorter term and longer term investments and timing their maturities so that cash flow and liquidity needs are met for operations. The RTAA uses specific identification for calculating unrealized gains or losses for investment valuation.

Included in the RTAA's investment portfolio as of June 30, 2015 and 2014 are the following statutorily approved investments:

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. Cash, Cash Equivalents and Investments (continued)

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

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

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

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

State of Nevada Local Government Investment Pool (LGIP) Investment of the LGIP is a function performed by the Office of the State Treasurer pursuant to Nevada Revised Statutes (NRS). In addition to investing the assets of the LGIP as prescribed by law, with regular oversight provided by the State Board of Finance, the State Treasurer has determined that the investment activities should be further controlled by an investment policy set forth by the State Treasurer and approved by the State Board of Finance. Investment in the LGIP is carried at fair value, which is the same as the value of pool shares. By pooling funds, participating governments benefit from economies of scale, full-time portfolio management, diversification, and liquidity.

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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3. Cash, Cash Equivalents and Investments (continued)

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

- A. Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that:
 - i. Are purchased from a registered broker-dealer;
 - ii. At the time of purchase, have a remaining term to maturity of no more than 5 years;
 - iii. Are rated by a nationally recognized rating service as “A” or its equivalent, or better;
 - iv. Such investments must not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase; and
 - v. Not more than 25 percent of such investments may be in notes, bonds and other unconditional obligations issued by any one corporation.
- B. Collateralized mortgage obligations that are rated by a nationally recognized rating service as “AAA” or its equivalent.
- C. Asset-backed securities that are rated by a nationally recognized rating service as “AAA” or its equivalent.

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Any deposits in excess of FDIC Insurance, if applicable, are held in the financial institutions name.

RTAA had no investment securities exposed to custodial credit risk, in the event of the failure of the counter party to a transaction.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. Cash, Cash Equivalents and Investments (continued)

Interest Rate Risk

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

<u>Maturity</u>					
	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years
Cash	\$10,158,322	\$ -	\$ -	\$ -	\$ -
Money Market Mutual Funds	9,604,851	-	-	-	-
State of Nevada Local Government Investment Pool	-	2,542,276	-	-	-
Certificates of Deposit	1,743,253	2,735,791	249,715	498,064	-
Commercial Paper	-	1,994,920	-	-	-
US Government Agency Securities	-	4,266,331	6,998,205	7,253,895	1,495,615
Washoe County Investment Pool	-	-	-	11,315,823	-
Grand Total	\$21,748,654	\$11,287,090	\$7,247,920	\$19,067,782	\$1,495,615

As of June 30, 2014, cash, cash equivalents and investments have the following maturity distributions:

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. Cash, Cash Equivalents and Investments (continued)

Credit Risk

State statutes, the RTAA's revenue bond resolutions and the RTAA's investment policy authorize investments in direct obligations of, or obligations guaranteed by the United States of America. The RTAA may also invest in commercial paper (rated A-1 or better by Standard & Poor's or P-1 by Moody's Investor Services) or interests in short-term investment trust funds restricted to the investment obligations described above.

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

At June 30, 2015 and 2014, Standard & Poor's had rated US Government Agency Securities (mortgage-backed securities) as AA+ and the Fidelity Government Fund 57 (money market funds) as AAA. At June 30, 2015 and 2014, Moody's Investor Services had rated the Commercial Paper as P1.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the RTAA's investment in a single issue. The RTAA places no limit on the amount the RTAA may invest in any one issuer. At June 30, 2015 and 2014, the following investments equaled or exceeded 5% of the RTAA's total investments:

RTAA Credit Risk Concentration by Issuer		
	2015	2014
Washoe County Investment Pool	19%	13%
Fidelity Governmental Fund 57 (money market)	16%	24%
Wells Fargo Collateralized Deposit	16%	6%
Federal Home Loan Bank	7%	9%
Federal Home Loan Mortgage Corporation	4%	8%
Federal National Mortgage Association	2%	7%
Other less than 5% individually	36%	33%

4. Accounts and Grants Receivable

The following amounts represent receivables due to the RTAA at June 30, 2015 and 2014:

	2015	2014
Current, unrestricted:		
Accounts Receivable	\$3,444,609	\$2,239,927
Less Allowance for Uncollectible	(152,302)	(104,342)
Net Accounts Receivable	3,292,307	2,135,585
Grants Receivable	1,040,212	2,920,061
Total Current Accounts and Grants Receivable	\$4,332,519	\$5,055,646

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

RENO-TAHOE AIRPORT AUTHORITY
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4. Accounts and Grants Receivable (continued)

When received, these amounts are deposited to the RTAA's Revenue Account, pursuant to the bond resolutions as discussed in Note 6. All amounts due under FAA grants are subject to final approval by the FAA or TSA and are subject to the annual compliance audit by the RTAA's independent auditor. However, the RTAA believes that the receivable amounts recorded result from qualified expenses and, accordingly, an allowance for doubtful accounts is not required.

5. Capital Assets

Capital assets are stated at historical cost and include property, equipment, and capitalized expenses that substantially increase the useful lives of existing assets. The RTAA's policy is to capitalize assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Capital asset balances and changes for the year ended June 30, 2015 are as follows:

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

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JUNE 30, 2015 AND 2014

5. Capital Assets (continued)

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

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

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:

	<u>Years</u>
Improvements	5-30
Buildings	3-30
Equipment	3-15

RENO-TAHOE AIRPORT AUTHORITY
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5. Capital Assets (Continued)

Development rights, which preclude residential development near the Reno-Tahoe International Airport (RNO), are recorded at cost. Development rights, which prevent the construction of residential homes on property adjacent to RNO, are a condition of land ownership that goes on into perpetuity.

6. Long-Term Debt

As of June 30, 2015, the RTAA had \$31.297 million in debt (without regard to premium and deferred loss on refundings) comprised of \$22.360 million of senior lien revenue bonds (Series 2005 Airport Refunding bonds), \$7.800 million of subordinate lien revenue note (Series 2011A, Subordinate Lien Revenue Note – Fixed Rate Portion), and \$1.137 million of subordinate lien revenue note (Series 2011B, Subordinate Lien Revenue Note - Variable Rate).

Long-term debt activity for the year ended June 30, 2015 is summarized as follows:

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

6. Long-Term Debt (Continued)

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

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

Bond Resolutions

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

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

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

RENO-TAHOE AIRPORT AUTHORITY
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6. Long-Term Debt (Continued)

- C. Additional Securities- The RTAA has chosen to satisfy the Minimum Securities Reserve by a cash and investment deposit held by the RTAA's Trustee Bank. This reflects a change in fiscal year 2014-15 upon discovery the Qualified Surety Bond had expired and no longer met the requirements of the Bond Reserve Account.
- D. Operating and Maintenance Reserve Fund – from amounts remaining after the above allocations and the payment of debt service on any subordinate securities which may be issued by the RTAA, this fund receives an allocation in the amount necessary to reinstate over a one-year period a minimum reserve of 17% or two months of the RTAA's currently budgeted operation and maintenance expenses.
- E. Renewal and Replacement Fund- \$10,000 per month until a specified maximum amount (currently \$780,000 but not less than \$600,000) determined by the RTAA is accumulated as an emergency capital account.
- F. Remaining funds are transferred then to the RTAA's Special Fund in an amount aggregating 35% of annual gaming concession revenues.
- G. Any remaining funds are transferred to the General Purpose Fund, to be used for additional construction, maintenance or other Airport obligations.

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

The revenue bond resolutions require the RTAA to meet a rate maintenance covenant (see Note 7), whereby its annual revenues, after deducting operation and maintenance expenses and 35% of gaming concession revenues, must equal at least 125% of the revenue bond debt service requirement to be paid from such revenues. Agreements with airlines provide for this coverage and the rate maintenance covenant continues to be met for the years ended June 30, 2015 and 2014.

Series 2005 Bonds

The Series 2005 Airport Revenue Refunding bonds of \$29,775,000 were issued in August 2005, with an average net interest rate of 4.49%, to provide sufficient funds, together with other available monies of the RTAA, 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 and the bond premium of \$1,553,562. The bond proceeds were deposited in an escrow account and were used to refund the Series 1996A Bonds. The difference between the net carrying amount of the old debt and the reacquisition price of \$2,382,091 has been deferred and is amortized as a component of interest expense over the remaining life of the new debt. The main purpose of the financing was to take advantage of lower interest rates.

The 2005 bonds with an aggregate principal of \$22,360,000 are not advanced refundable, but may be refunded on a current basis starting ninety days prior to July 1, 2015.

RENO-TAHOE AIRPORT AUTHORITY
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JUNE 30, 2015 AND 2014

6. Long-Term Debt (Continued)

Subsequent Refunding of Series 2005 Bonds

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

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

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

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

The 2015 Bond 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. The RTAA's debt is limited by the outstanding bond resolution requirement that net revenues pledged to pay debt service must exceed 125% of annual debt service.

The required principal and interest payment on the Series 2005 Bonds due on July 1, 2015 is the following:

Maturities of revenue bonds will require the following principal and interest payments (based on amounts outstanding at June 30, 2015):

Bond Year Ending July 1	Series 2005 Bonds	
	Principal	Interest
2015	\$1,420,000	\$1,101,300
2016 **	368,750	261,125
	\$1,788,750	\$1,362,415

** This represents the three monthly installments used to refund the 2005 Bonds prior to the issuance of the 2015 Bond on October 1, 2015.

RENO-TAHOE AIRPORT AUTHORITY
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6. Long-Term Debt (Continued)

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

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

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

Series 2011 A and B Subordinate Notes (Medium Term)

On June 1, 2011 the Reno-Tahoe Airport Authority obtained funding for various capital improvement projects from Banc of America Public Capital Corporation (BAPCC) through the issuance of Subordinate Lien Airport Revenue Notes ("Subordinate Notes"). With a maximum principal amount of \$30 million, the Subordinate Notes have a final maturity of July 1, 2017 and were issued in two separate series: (1) Series "2011A" Subordinate Lien Revenue Note-Fixed Rate and (2) Series "2011B" Subordinate Lien Revenue Note - Variable Rate. The Subordinate Notes are special limited obligations of the RTAA payable solely from and secured by a pledge of Subordinate Net Revenues from the operations of the Airport System (as defined in the 2011 Subordinate Airport Revenue Note Resolution) and certain funds and accounts. Subordinate Net Revenue represents gross revenues of the Airport System less operating and maintenance expenses less debt service requirement on any existing or future senior Airport Revenue Bonds outstanding.

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

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

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

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

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

RENO-TAHOE AIRPORT AUTHORITY
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JUNE 30, 2015 AND 2014

6. Long-Term Debt (Continued)

- Series “2011B” Subordinate Lien Revenue Note-Variable Rate portion. The RTAA has structured \$15 million of the loan as a variable rate loan, which would also have a final maturity of July 1, 2017. The 2011B Note was designed to serve as a flexible borrowing instrument such that the RTAA could borrow under the Note for a two year period through May 31, 2013 increments of \$1,000,000 or greater. After any draw under the 2011B Note has been outstanding for a period greater than one year, the RTAA can make repayment at any time. Two draws were made on the 2011B Note in the fiscal year 2012-2013. The first draw was March 1, 2013 for \$4,000,000 and the second was May 1, 2013 for \$1,350,000. No additional draws were made on the 2011B Note.

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

The rate for the 2011B Note is established at 1.581% over the six month London Interbank Offering Rate (LIBOR) rate multiplied by 65%. The borrowing rate as of June 30, 2015, was at 1.803%. The interest rate on the 2011B Note is capped at 12%.

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

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

As of June 30, 2015 and 2014, the RTAA has applied \$6.543 million and \$4.653 million respectively of PFC revenues toward debt service on the Subordinate Lien Notes associated with PFC approved projects beginning with the August 29, 2011 approval date.

The RTAA collected \$6.332 million and \$6.601 million of PFC revenue during the years ended June 30, 2015 and 2014, respectively.

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

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6. Long-Term Debt (Continued)

Maturities of subordinate notes, reflecting the early repayment, will require the following principal and interest payments (based on amounts outstanding at June 30, 2015):

Subordinate Note-Series 2011A

<u>Fixed Rate</u>	<u>Amount</u>	
<u>Note year ended July 1,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,530,000	\$ 214,500
2016	2,600,000	144,925
2017	<u>2,670,000</u>	<u>73,425</u>
	<u>\$ 7,800,000</u>	<u>\$ 432,850</u>

Subordinate Note-Series 2011B

<u>Variable Rate (a)</u>	<u>Amount</u>	
<u>Note year ended July 1,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 370,000	\$ 20,443
2016	380,000	14,369
2017	<u>387,000</u>	<u>7,250</u>
	<u>\$ 1,137,000</u>	<u>\$ 42,062</u>

- (a) Interest requirements for the Subordinate Note-Series 2011B Variable Rate Notes for 2016 and 2017 are calculated using the interest rate in effective on July 1, 2015. The interest rate is reset semiannually and is based upon the LIBOR rate as previously noted. Effective July 1, 2015, the rate was established at 1.873%, which is used to calculate interest in 2016 and 2017.

7. Non-Current Liabilities

Other long-term liability activity for the year ended June 30, 2015 and 2014 is summarized below:

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

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
Net other postemployment benefits obligation	\$ 446,950	\$190,752	\$ 237,303	\$ 400,399	\$ -
Compensated absences	1,838,833	356,220	308,440	1,886,613	890,507
Deposits	341,916	207,176	110,643	438,449	-
Reclamation liability	1,748,806	26,695	196,398	1,579,103	-
Total	\$ 4,376,505	\$590,091	\$ 615,481	\$ 3,904,165	\$ 890,508

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8. Rate Maintenance Covenant

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

Pledged revenues consist of the following at June 30:

	2015	2014
Airport Systems Revenues:		
Airline Fees and Rentals:		
Landing fees	\$ 7,066,593	\$ 6,612,638
Terminal building space rental	<u>6,710,995</u>	<u>6,873,127</u>
Total Airline Fees and Rentals	<u>13,777,588</u>	<u>13,485,765</u>
Non-Airline Revenues:		
Other aircraft fees	850,402	827,859
Concession fees	10,344,733	10,301,098
Parking and ground transportation	9,515,946	8,983,926
Other rentals	6,745,906	6,409,160
Reimbursement for services	2,647,105	2,632,003
Other operating revenues	106,844	34,596
Non-operating revenues	<u>1,777,571</u>	<u>1,697,382</u>
	<u>31,988,507</u>	<u>30,886,024</u>
Gross pledged revenues	\$ 45,766,095	\$ 44,371,788
Airport system operation and maintenance expenses	(35,856,069)	(36,158,687)
(Gain)/Loss on Sale of Capital Assets	(29,533)	(5,631)
Airline revenue sharing	1,494,648	1,213,703
35% of gaming revenue	<u>(443,208)</u>	<u>(462,963)</u>
Net Pledged Revenues	<u>\$ 10,931,933</u>	<u>\$ 8,958,210</u>
Debt Service Coverage Required	<u>\$ 3,151,625</u>	<u>\$ 3,145,625</u>
Debt Service Coverage Minimum Requirement is equal to 125% of Senior Lien Debt Service as calculated below:		
125% of Senior Lien Revenue Bond Debt Service	<u>\$ 3,151,625</u>	<u>\$ 3,145,625</u>
100% of Senior Lien Debt Service	<u>\$ 2,521,300</u>	<u>\$ 2,516,500</u>

RENO-TAHOE AIRPORT AUTHORITY
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8. Rate Maintenance Covenant (continued)

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

	2015	2014
Net Pledged Revenues	\$ 10,931,933	\$ 8,958,210
100% Senior Lien Debt Service	(2,521,300)	(2,516,500)
Pledged Passenger Facility Charge Revenue	<u>1,808,804</u>	<u>2,079,176</u>
Subordinate Net Revenues	<u>\$ 10,219,437</u>	<u>\$ 8,520,886</u>
Subordinate Lien Debt Service Coverage Required	<u>\$ 3,448,437</u>	<u>\$ 4,559,530</u>
Minimum Debt Service Coverage Requirement for Subordinate Lien debt is calculated below:		
110% of Subordinate Lien Debt Service	<u>\$ 3,448,437</u>	<u>\$ 4,559,530</u>
100% of Subordinate Lien Debt Service	<u>\$ 3,134,943</u>	<u>\$ 4,145,028</u>

9. Leases

Substantially all of the property owned by the RTAA is subject to non-cancelable leases and concession agreements. Of the rental and concession revenue amounts shown in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015 and June 30, 2014, \$10,344,733 and \$10,301,098, 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 RTAA under such non-cancelable agreements are as follows for the years ended June 30:

2016	\$ 22,256,077
2017	21,033,337
2018	22,863,040
2019	13,463,162
2020	12,861,620
2021-2026	<u>24,332,078</u>
Total	<u>\$ 116,809,314</u>

**RENO-TAHOE AIRPORT AUTHORITY
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JUNE 30, 2015 AND 2014**

10. Pension Plan

A. Purpose and History

The RTAA contributes to the Public Employees Retirement System (PERS) of the State of Nevada (System), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation.

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

Pension plan fiduciary net position: Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by going to www.nvpers.org, writing to the Public Employees Retirement System of the State of Nevada, 693 Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

B. Benefits

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

<u>Fiscal Year</u>	<u>Contribution Rates</u>		<u>Total Contribution</u>
	<u>Regular</u>	<u>Police/Fire</u>	
2015-2016	28.00%	40.50%	\$ -
2014-2015	25.75%	40.50%	\$4,392,385
2013-2014	25.75%	40.50%	\$4,249,041
2012-2013	23.75%	39.75%	\$3,722,876

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

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10. Pension Plan (continued)

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

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

C. Vesting

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

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

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

D. Member Contributions

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

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

E. Termination

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

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10. Pension Plan (continued)

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

At June 30, 2015, RTAA reported a liability of \$29,388,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The RTAA's proportion of the net pension liability was based on a RTAA's contributions to the pension plan relative to the contributions of all participating entities for the period ended June 30, 2014. At June 30, 2014, the RTAA's proportion share of the net pension liability was 0.28198% percent of the total, with no significant change during the year. For the year ended June 30, 2015, the RTAA recognized pension expense of \$4,271,096.

Changes in assumptions and benefit terms

There were no changes in assumptions or benefit terms since the prior measurement date.

Changes since measurement date

There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Deferred Outflows and Inflows of Resources

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

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

The deferred outflows of resources of \$4,392,385 related to pensions resulting from RTAA contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year which was 6.70 years. Investment gains and losses are amortized over a fixed five year period. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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10. Pension Plan (continued)

Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the following actuarial assumptions:

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

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience study for the period from July 1, 2006 through June 30, 2012.

Assume Asset Allocation

The Nevada Public Employee's Retirement System's policies which determine the investment portfolio target asset allocation are established by their Board. The Board evaluates and establishes expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

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

*As of June 30, 2014, PERS' long-term inflation assumption was 3.5%.

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

10. Pension Plan (continued)

G. Discount rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

H. Future Payroll Growth

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

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

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

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
RTAA's proportionate share of the net pension liability	45,701,919	\$29,388,235	15,827,409

11. Capital Contributions

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

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

Contributions from other sources for the year ended June 30, 2015 represents payments received from the Nevada State Petroleum fund as reimbursement for remediation activities performed by the RTAA.

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JUNE 30, 2015 AND 2014

11. Capital Contributions (continued)

The RTAA has received capital contributions as follows:

	Inception to Date	Year Ended 2015	Year Ended 2014
Federal	\$428,448,627	\$4,813,873	\$11,360,929
State	263,476	13,145	--
Other Sources	26,590,668	40,396	849,808
Total	<u>\$455,302,771</u>	<u>\$4,867,414</u>	<u>\$12,210,737</u>

12. Commitments and Contingencies

The RTAA has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2015:

Airfield	\$ 1,998,832
Terminal	692,827
Reno-Stead Airport	1,209,899
Other	<u>538,391</u>
Total Outstanding Commitments	<u>\$ 4,439,949</u>

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

In 2000, the RTAA entered into a Consent Decree in the case captioned “Nevada Division of Environmental Protection v. United States of America et al.” The Consent Decree, which relates to certain land located at the Reno-Stead Airport that is owned by the RTAA, requires those parties who are identified to perform environmental investigation, monitoring, and remediation for any contamination found at the Reno-Stead Airport. Other parties to this Consent Decree are the City of Reno, U.S. Department of Defense by and through the U.S. Army Corps of Engineers and various Lear entities. These parties utilize an allocation for costs to address the contamination as follows: U.S. Army Corps of Engineers 51%, City of Reno 12%, Lear entities 18.5% and the RTAA 18.5%.

Previously, U.S. Army Corps of Engineers paid \$2.62 million to prefund these costs and the Lear entities paid \$1.57 million as a settlement to end participation. The balance of these funds is \$1.01 million dollars for year ended 2015 and \$1.14 million dollars for year ended 2014.

During the 2011-2012 fiscal year, an updated study was completed, which identified additional remediation costs of \$5.48 million that would be required over the next 23 years. Based on the 18.5% share allocated to the RTAA, additional expense and a related liability of \$474,912 was recorded and \$475,000 was added to the fund for the RTAA share. The reclamation liability at June 30, 2015 and 2014 is \$1,404,608, and \$1,579,103, respectively.

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

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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13. Risk Management

The RTAA is exposed to various risks of loss related to theft of, damage to and destruction of assets, police and public official liability, injuries to employees and customers, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The RTAA also provides employees with health, dental, vision and prescription benefits. These benefits (except vision and dental which are self-funded) are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

14. Other Postemployment Benefits

The RTAA recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability for other postemployment benefits, and provides information useful in assessing potential demands on the RTAA's future cash flows. At June 30, 2015 and 2014, respectively, the net other postemployment benefit liability for its two plans was \$365,511 and \$400,399. Currently, the RTAA finances the liability on the pay-as-you go basis.

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

A. RTAA Group Health Plan

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

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

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

- i. At the date of retirement, the employee occupies a full-time or a part-time position with the RTAA and is currently enrolled in RTAA Group Health Insurance coverage;
- ii. At the date of retirement, the employee has completed a minimum of five (5) consecutive years of employment with the RTAA;
- iii. Retiree has retired prior to June 30, 2012;
- iv. The employee retires directly into the Nevada Public Employees Retirement System (PERS) with no gap between RTAA separation and PERS retirement date; and
- v. The employee is not eligible for Medicare.

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NOTES TO FINANCIAL STATEMENTS
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14. Other Postemployment Benefits (continued)

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

Funding Policy: The full premium cost of the RTAA Retirees Insurance Coverage is paid by the retiree, with no contribution made by the RTAA. Qualified retirees are eligible to participate in the plan with blended rates that reflect the RTAA workforce, thereby benefitting from an implicit subsidy. As of June 30, 2015 there were two retirees participating in the plan and as of June 30, 2014, there were three retirees participating in the plan.

Annual OPEB Cost and Net OPEB Obligation: The RTAA had an actuarial valuation performed for the plan as of January 1, 2013 to determine the funded status of the plan, as well as the RTAA's annual required contribution (ARC), for the fiscal year ended June 30, 2014 and June 30, 2015.

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

As of June 30, 2015 and 2014, the plan was funded on a "pay as you go" basis and no contribution was made to fund the actuarial determined liability.

The RTAA previously had an actuarial valuation performed for the plan as of January 1, 2013 and a roll forward of that valuation was performed for the fiscal years 2014 and 2015. For fiscal year 2015 and 2014, the RTAA's employer contribution, which is the value of the plan's implicit rate subsidy, for retirees' benefits, was \$8,547 and \$13,098, respectively.

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ (30,958)	\$ 10,927	-35.30%	\$ 193,669
2014	\$ (32,573)	\$ 13,098	-40.21%	\$ 147,998
2015	\$ (34,308)	\$ 8,547	-24.91%	\$ 105,143

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

14. Other Postemployment Benefits (continued)

The net OPEB obligation as of June 30, 2015 and 2014 was calculated as follows:

	<u>2015</u>	<u>2014</u>
Determination of Annual Required Contribution:		
Normal Cost	\$ -	\$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	12,852	12,784
Interest to June 30	<u>251</u>	<u>250</u>
Annual Required Contribution (ARC)	<u>\$ 13,103</u>	<u>\$ 13,034</u>
Determination of Net OPEB Obligation:		
Annual Required Contribution	\$ 13,103	\$ 13,034
Interest on Net OPEB Obligation	5,920	7,747
Adjustment to ARC	<u>(53,331)</u>	<u>(53,354)</u>
Annual OPEB Cost	<u>(34,308)</u>	<u>(32,573)</u>
Retiree Benefit payments Paid by the RTAA	<u>(8,547)</u>	<u>(13,098)</u>
Increase (Decrease) in Net OPEB Obligation	<u>(42,855)</u>	<u>(45,671)</u>
Net OPEB Obligation, Beginning of Year	<u>147,998</u>	<u>193,669</u>
Net OPEB Obligation, End of Year	<u>\$ 105,143</u>	<u>\$ 147,998</u>
<u>Funded Status and Funding Progress:</u>		
Actuarial Accrued Liability (AAL)	\$ 37,092	\$ 48,260
Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 37,092</u>	<u>\$ 48,260</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%	0.00%
Covered Payroll (Active Plan Members as of June 30)	N/A	N/A
UAAL as Percentage of Covered Payroll	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information as it becomes available.

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

RENO-TAHOE AIRPORT AUTHORITY
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14. Other Postemployment Benefits (continued)

In the January 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4% valuation interest rate on investments and an annual healthcare trend rate beginning at 8.5% for fiscal year 2014 and declining to an ultimate trend of 5% for the 2021 and later fiscal years. These rates include a 3.25% inflation assumption.

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

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

Plan Description and Eligibility: For employees who retired prior to September 1, 2008, Nevada Revised Statute ("NRS") 287.023 allows retired employees of governmental entities within the State of Nevada to join the State's Public Employees Benefits Program (PEBP), an agent multiple-employer defined benefit OPEB plan administered by a nine member governing board. PEBP provides medical, prescription, vision, life and accident insurance, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan. RTAA makes contributions as outlined below under the section titled "Funding Policy" and retirees are responsible for payment of unsubsidized premiums. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan, and no financial reports are issued.

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

Funding Policy: The RTAA is required to provide a subsidy to the plan of each retiree that has joined the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of Public Employees Retirement System (PERS) service former employees earned while working for the RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of \$15 to a maximum of \$541 per month for the year ended June 30, 2015; subsidies ranged from a minimum of \$15 to a maximum \$627 per month for the year ended June 30, 2014. Subsidies for retiree premiums are paid directly to the State PEBP when due.

The RTAA's obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was \$142,808 for 40 retirees, which equaled the required contribution. The prior year's contribution to PEBP was \$151,567 for 37 retirees, which equaled the required contribution.

Annual OPEB Cost and Net OPEB Obligations: The RTAA had an actuarial valuation performed for the plan as of January 1, 2013 and a roll forward of that valuation was performed for the fiscal years 2014 and 2015. The valuations were done to determine the funded status of the plan as well as the RTAA's annual required contribution (ARC) for the fiscal years ended June 30, 2015 and 2014.

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14. Other Postemployment Benefits (continued)

As of June 30, 2015 and 2014, 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
2013	\$ 149,733	\$ 159,319	106.40%	\$ 253,281
2014	\$ 150,687	\$ 151,567	100.58%	\$ 252,401
2015	\$ 150,775	\$ 142,808	94.72%	\$ 260,368

The net OPEB obligation as of June 30, 2015 and 2014 was calculated as follows:

	<u>2015</u>	<u>2014</u>
Determination of Annual Required Contribution:		
Normal Cost	\$ -	\$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	157,540	156,778
Interest to June 30	<u>3,077</u>	<u>3,062</u>
Annual Required Contribution (ARC)	<u>\$ 160,617</u>	<u>\$ 159,840</u>
Determination of Net OPEB Obligation:		
Annual Required Contribution	\$ 160,617	\$ 159,840
Interest on Net OPEB Obligation	10,096	10,131
Adjustment to ARC	<u>(19,938)</u>	<u>(19,284)</u>
Annual OPEB Cost	150,775	150,687
Retiree Benefit Payments Paid by the RTAA	<u>(142,808)</u>	<u>(151,567)</u>
Increase (Decrease) in Net OPEB Obligation	7,967	(880)
Net OPEB Obligation, Beginning of Year	<u>252,401</u>	<u>253,281</u>
Net OPEB Obligation, End of Year	<u>\$ 260,368</u>	<u>\$ 252,401</u>
Funded Status and Funding Progress:		
Actuarial Accrued Liability (AAL)	\$ 2,074,122	\$ 2,141,483
Actuarial Accrued Plan Assets	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,074,122</u>	<u>\$ 2,141,483</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%	0.00%
Covered Payroll (Active Plan Members as of June 30)	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A

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14. Other Postemployment Benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information as it becomes available.

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

In the January 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4% valuation interest rate on investments and an annual healthcare trend rate beginning at 8.5% for fiscal year 2014 and declining to an ultimate trend of 5% for the 2021 and later fiscal years. These rates include a 3.25% inflation assumption.

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

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15. Post-Employment Health Plan – Defined Contribution Plan

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

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

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

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

- B. Each July 1st for those employees with accrued vacation leave balances greater than two-hundred (200) hours as of the last pay period in June, the RTAA shall contribute twenty (20) hours from each employee's accrued vacation account into the employee's individual PEHP plan account at 100% of the employee's base rate of pay on June 30th. All contributions will be made on a pre-tax basis.
- C. Each July 1st for those employees that have not used the Floating Holiday as of the last pay period in June, the RTAA will convert the Floating Holiday hours at the employee's base rate of pay on June 30th and contribute those funds to the employee's individual PEHP plan account. All contributions will be made on a pre-tax basis.

For the year ended June 30, 2015, \$210,622 was contributed to the PEHP plan. For the year ended June 30, 2014, \$199,006 was contributed to the PEHP plan.

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

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

- A. Upon the plan's inception, RTAA contributed a one time lump sum payment in the amount of \$900 into the plan for each officer.
- B. Each pay period, \$31 of each member's salary will be put into their plan account.
- C. Once a member has accumulated eighty (80) hours of compensatory time, RTAA shall contribute 100% of that member's compensatory time in excess of eighty (80) hours into their plan account at 100% of their base pay.
- D. Once a member has accumulated 880 hours of sick leave, RTAA shall contribute annually in December 100% of that member's sick accrual in excess of 880 hours into their plan account at 100% of their base pay.
- E. On the first pay period each December, RTAA shall contribute forty (40) hours of each member's accrued vacation time into their plan account at 100% of their base pay, provided such contribution does not reduce the member's vacation accrual balance to less than two hundred (200) hours.

For the year ended June 30, 2015, \$5,249 was contributed to the RTAA Police Officers Association plan. For the year ended June 30, 2014, \$2,477 was contributed to the RTAA Police Officers Association plan.

**RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2015**

Reno-Tahoe Airport Authority Group Health Plan

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

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

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

Note 1 - SCHEDULE OF FUNDING PROGRESS

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

Note 2 - TREND DATA

January 1, 2013 valuation

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

Note 3 - PEBP and RTAA Group Health Plan

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

**RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE RTAA'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2015**

	<u>2015</u>
RTAA's proportion of the net pension liability	0.2820%
RTAA's proportionate share of the net pension liability	\$ 29,388,235
RTAA's covered employee payroll	15,139,180
RTAA's proportion of the net pension liability as a percentage of its covered employee payroll	194.12%
Plan fiduciary net position as a percentage of the total pension liability	76.3%

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

Note: The amounts presented for each fiscal year were determined as of the year-end that occurred one y

RENO-TAHOE AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
JUNE 30, 2015

	<u>2015</u>
Statutorily required contribution	\$ 4,392,386
Contributions in relation to the statutorily required contribution	4,392,386
Annual contribution deficiency (excess)	<u>\$ -</u>
Authority's covered-employee payroll	\$ 15,513,229
Contributions as a percentage of covered-employee payroll	28.31%

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

**RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES
COMPARISON OF BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	\$ 7,910,152	\$ 7,910,152	\$ 7,916,995	\$ 6,843
Concession revenue	10,075,100	10,075,100	10,344,733	269,633
Parking and ground transportation	8,504,900	8,504,900	9,515,946	1,011,046
Rentals	14,567,400	14,567,400	13,456,901	(1,110,499)
Reimbursements for services	2,630,926	2,630,926	2,647,105	16,179
Other revenue	39,300	39,300	106,844	67,544
Total Operating Revenues	43,727,778	43,727,778	43,988,524	260,746
Operating expenses:				
Employee wages and benefits	25,771,165	25,771,165	24,638,525	1,132,640
Utilities and communications	2,862,700	2,862,700	2,757,835	104,865
Purchase of services	5,627,235	5,627,235	4,763,544	863,691
Materials and supplies	1,905,619	1,905,619	1,582,278	323,341
Administrative expenses	2,403,054	2,403,054	2,113,887	289,167
Total Operating Expenses before Depreciation and Amortization	38,569,773	38,569,773	35,856,069	2,713,704
Depreciation and amortization	39,875,000	39,875,000	34,958,476	4,916,524
Total Operating Expenses	78,444,773	78,444,773	70,814,545	7,630,228
Operating Income (Loss)	(34,716,995)	(34,716,995)	(26,826,021)	7,890,974
Non-operating revenues (expenses):				
Interest income	157,800	157,800	286,481	128,681
Passenger facility charge revenue	6,232,600	6,232,600	6,332,093	99,493
Customer facility charge revenue	1,148,400	1,148,400	1,252,480	104,080
Jet fuel tax revenue	284,700	284,700	246,059	(38,641)
Gain (loss) on sale of capital assets	81,300	81,300	29,533	(51,767)
Interest expense	(1,390,898)	(1,390,898)	(1,376,012)	14,886
Total Non-Operating Revenues (Expenses)	6,513,902	6,513,902	6,770,634	256,732
Income (Loss) Before Capital Contributions	\$ (28,203,093)	\$ (28,203,093)	\$(20,055,387)	\$ 8,147,706

**RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF DEBT SERVICE REQUIREMENTS ON BONDS AND NOTES
JUNE 30, 2015**

Bond Year Ended July 1	Airport Revenue Refunding Bonds Series 2005		Airport Revenue Subordinate Lien Revenue Notes Series 2011A		Airport Revenue Subordinate Lien Revenue Notes Series 2011B		Total
	Principal	Interest	Principal	Interest	Principal	Interest *	
2015	1,420,000	1,101,300	2,530,000	214,500	370,000	20,443	5,656,243
2016	1,475,000	1,044,500	2,600,000	144,925	380,000	13,828	5,658,253
2017	1,550,000	970,750	2,670,000	73,425	387,000	6,977	5,658,152
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
	<u>\$ 22,360,000</u>	<u>\$ 7,886,550</u>	<u>\$ 7,800,000</u>	<u>\$ 432,850</u>	<u>\$ 1,137,000</u>	<u>\$ 41,248</u>	<u>\$ 39,657,648</u>

*Interest requirements for the Subordinate Note-Series 2011B Variable Rate Notes are calculated using the interest rate in effect at the end of the reporting year. The interest rate is reset semiannually and is based upon the LIBOR rate. The rate included in the above requirements is 1.803%.

Statistical Section



STATISTICAL SECTION EXPLANATIONS

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

	2006	2007	2008	2009	2010
Operating revenues					
Landing fees	\$7,545,675	\$7,142,939	\$8,503,502	\$8,020,650	\$9,157,170
Concession revenue	14,385,592	15,095,247	15,610,371	14,267,318	14,400,176
Parking and ground transportation	10,253,964	10,136,245	10,285,079	9,102,015	8,738,391
Rentals	11,352,662	12,225,827	12,100,223	12,172,296	10,378,966
Reimbursements for services	827,853	959,434	630,653	957,499	1,838,355
Other revenue	27,238	37,005	13,206	82,970	18,300
Total operating revenues	44,392,984	45,596,697	47,143,034	44,602,748	44,531,358
Nonoperating revenues					
Interest income	1,723,481	3,382,557	2,440,071	1,814,681	347,571
Passenger facility charge revenue	11,029,218	10,992,217	9,931,917	7,688,656	7,737,810
Customer facility charge revenue	-	-	-	-	-
Insurance proceeds	-	13,853	-	-	-
Jet fuel tax income	414,874	338,810	400,006	313,204	304,912
Gain on sale of capital assets	496,591	112,337	89,009	544,222	9,641
Gain on sale of easements	-	-	-	-	-
Total nonoperating revenues	13,664,164	14,839,774	12,861,003	10,360,763	8,399,934
Total revenues	58,057,148	60,436,471	60,004,037	54,963,511	52,931,292
Operating expense					
Employee wages and benefits	19,929,337	20,877,676	22,612,550	21,868,506	21,148,848
Utilities and communications	2,457,764	2,797,048	2,655,511	2,978,879	3,234,216
Purchase of services	3,232,102	3,131,901	3,039,115	3,037,358	3,218,502
Materials and supplies	1,649,492	1,546,951	1,651,664	1,424,020	1,611,574
Administrative expenses	2,261,031	2,100,296	1,976,701	1,911,933	1,922,140
	29,529,726	30,453,872	31,935,541	31,220,696	31,135,280
Depreciation and amortization	18,564,621	20,686,072	22,000,778	21,904,868	23,624,026
Total operating expenses	48,094,347	51,139,944	53,936,319	53,125,564	54,759,306
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	207,881
Reclamation expenses	-	-	-	-	-
Interest expense	3,608,057	3,229,056	2,834,064	2,417,329	2,146,371
Total nonoperating expenses	3,608,057	3,229,056	2,834,064	2,417,329	2,354,252
Total expenses	51,702,404	54,369,000	56,770,383	55,542,893	57,113,558
Capital contributions	23,701,303	18,910,166	31,014,332	14,759,282	24,330,343
Increase (Decrease) in Net Position	\$30,056,047	\$24,977,637	\$34,247,986	\$14,179,900	\$20,148,077
Net Position at Year-End					
Net Investment in capital assets	\$259,361,293	\$280,057,920	\$310,515,372	\$354,630,181	\$381,032,297
Restricted	42,831,382	53,606,914	50,911,600	29,015,626	21,539,564
Unrestricted	54,575,254	48,080,732	54,566,580	46,527,645	47,749,668
Total Net Position	\$356,767,929	\$381,745,566	\$415,993,552	\$430,173,452	\$450,321,529

Notes: Years prior to 2015 have not been adjusted for GASB68-71 implementation.

RENO-TAHOE AIRPORT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

	2011	2012	2013	2014	2015
Operating revenues					
Landing fees	\$6,134,543	\$7,793,050	\$7,380,804	\$7,440,496	\$7,916,995
Concession revenue	11,727,995	10,649,435	10,478,433	10,301,098	10,344,733
Parking and ground transportation	8,927,778	8,742,195	8,914,030	8,983,926	9,515,946
Rentals	12,235,790	12,499,901	11,967,776	13,282,322	13,456,901
Reimbursements for services	2,368,283	2,407,854	2,579,738	2,632,002	2,647,105
Other revenue	42,411	68,099	92,093	34,596	106,844
Total operating revenues	41,436,800	42,160,534	41,412,874	42,674,440	43,988,524
Nonoperating revenues					
Interest income	286,887	210,110	67,781	289,281	286,481
Passenger facility charge revenue	7,346,775	6,806,898	6,453,403	6,601,269	6,332,093
Customer facility charge revenue	-	-	1,088,981	1,263,517	1,252,480
Insurance proceeds	-	-	-	-	-
Jet fuel tax income	319,073	304,048	276,338	264,586	246,059
Gain on sale of capital assets	3,226	8,014	32,003	5,631	29,533
Gain on sale of easements	-	70,637	-	-	-
Total nonoperating revenues	7,955,961	7,399,707	7,918,506	8,424,284	8,146,646
Total revenues	49,392,761	49,560,241	49,331,380	51,098,724	52,135,170
Operating expense					
Employee wages and benefits	22,421,307	23,094,222	23,255,693	24,301,598	24,638,525
Utilities and communications	2,934,201	2,626,376	2,559,355	2,774,328	2,757,835
Purchase of services	4,176,135	4,019,245	4,588,047	4,770,478	4,763,544
Materials and supplies	1,855,013	1,871,019	1,850,565	1,749,084	1,582,278
Administrative expenses	2,028,418	2,234,156	2,273,581	2,563,199	2,113,887
	33,415,074	33,845,018	34,527,241	36,158,687	35,856,069
Depreciation and amortization	23,521,743	30,253,602	33,189,676	35,816,772	34,958,476
Total operating expenses	56,936,817	64,098,620	67,716,917	71,975,459	70,814,545
Nonoperating expenses					
Loss on debt defeasance	-	-	-	-	-
Reclamation expenses	-	474,912	-	-	-
Interest expense	1,542,358	1,315,921	1,460,898	1,545,697	1,376,012
Total nonoperating expenses	1,542,358	1,790,833	1,460,898	1,545,697	1,376,012
Total expenses	58,479,175	65,889,453	69,177,815	73,521,156	72,190,557
Capital contributions	35,581,288	10,298,935	14,651,900	12,210,737	4,867,414
Increase (Decrease) in Net Position	\$26,494,874	(\$6,030,277)	(\$5,194,535)	(\$10,211,695)	(\$15,187,973)
Net Position at Year-End					
Net Investment in capital assets	\$413,692,789	\$415,582,335	\$412,444,732	\$395,050,506	\$382,231,061
Restricted	24,195,980	19,148,691	14,720,733	22,897,188	22,459,489
Unrestricted	38,927,634	36,055,100	38,426,126	37,432,202	2,670,101
Total Net Position	\$476,816,403	\$470,786,126	\$465,591,591	\$455,379,896	\$407,360,651

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

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

	2006	2007	2008	2009	2010
Operating Revenues	\$44,392,984	\$45,596,697	\$47,143,034	\$44,602,748	\$44,531,358
Operating Expenses	(29,529,726)	(30,453,872)	(31,935,541)	(31,220,696)	(31,135,280)
Operating Income before Depreciation and Amortization	14,863,258	15,142,825	15,207,493	13,382,052	13,396,078
Depreciation and Amortization	(18,564,621)	(20,686,072)	(22,000,778)	(21,904,868)	(23,624,026)
Operating Income (Loss)	(3,701,363)	(5,543,247)	(6,793,285)	(8,522,816)	(10,227,948)
Nonoperating Revenues and (Expenses):					
Interest Income	1,723,481	3,382,557	2,440,071	1,814,681	347,571
PFC Revenue	11,029,218	10,992,217	9,931,917	7,688,656	7,737,810
CFC Revenue	-	-	-	-	-
Insurance Proceeds	-	13,853	-	-	-
Jet Fuel Tax Revenue (Expense)	414,874	338,810	400,006	313,204	304,912
Interest Expense	(3,608,057)	(3,229,056)	(2,834,064)	(2,417,329)	(2,146,371)
Gain (Loss) on Sale of Capital Assets	496,591	112,337	89,009	544,222	9,641
Gain (Loss) on Sale of Easements	-	-	-	-	-
Reclamation Expenses	-	-	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	(207,881)
	10,056,107	11,610,718	10,026,939	7,943,434	6,045,682
Income (Loss) Before Capital Contributions	\$6,354,744	\$6,067,471	\$3,233,654	(\$579,382)	(\$4,182,266)

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

RENO-TAHOE AIRPORT AUTHORITY
SUMMARY OF OPERATING RESULTS
FOR THE YEARS ENDED JUNE 30, 2006- 2015
(unaudited)

	2011	2012	2013	2014	2015
Operating Revenues	\$41,436,800	\$42,160,534	\$41,412,874	\$42,674,440	\$43,988,524
Operating Expenses	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)	(35,856,069)
Operating Income before Depreciation and Amortization	8,021,726	8,315,516	6,885,633	6,515,753	8,132,455
Depreciation and Amortization	(23,521,743)	(30,253,602)	(33,189,676)	(35,816,772)	(34,958,476)
Operating Income (Loss)	(15,500,017)	(21,938,086)	(26,304,043)	(29,301,019)	(26,826,021)
Nonoperating Revenues and (Expenses):					
Interest Income	286,887	210,110	67,781	289,281	286,481
PFC Revenue	7,346,775	6,806,898	6,453,403	6,601,269	6,332,093
CFC Revenue	-	-	1,088,981	1,263,517	1,252,480
Insurance Proceeds	-	-	-	-	-
Jet Fuel Tax Revenue (Expense)	319,073	304,048	276,338	264,586	246,059
Interest Expense	(1,542,358)	(1,315,921)	(1,460,898)	(1,545,697)	(1,376,012)
Gain (Loss) on Sale of Capital Assets	3,226	8,014	32,003	5,631	29,533
Gain (Loss) on Sale of Easements	-	70,637	-	-	-
Reclamation Expenses	-	(474,912)	-	-	-
Gain (Loss) on Debt Defeasance	-	-	-	-	-
	6,413,603	5,608,874	6,457,608	6,878,587	6,770,634
Income (Loss) Before Capital Contributions	(\$9,086,414)	(\$16,329,212)	(\$19,846,435)	(\$22,422,432)	(\$20,055,387)

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

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL REVENUE PAYERS
 FOR THE YEARS ENDED JUNE 30, 2006-2015
 (unaudited)

	2006	2007	2008	2009	2010
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 245,852	\$ 206,913	\$ 486,348	\$ 530,531	\$ 464,362
Allegiant	-	-	107,828	109,586	94,825
American Airlines	914,863	716,350	886,944	475,216	567,034
Delta	-	-	237,722	138,633	388,775
Fed Ex	413,968	375,597	482,404	472,658	588,786
Sky West	289,214	199,614	268,331	302,178	520,360
Southwest	2,986,471	2,696,100	3,479,612	3,574,278	4,614,487
United	382,391	443,457	564,843	624,754	710,570
UPS	226,810	268,967	324,172	330,133	417,670
US Airways	-	-	-	288,960	627,073
Total:	\$ 5,459,569	\$ 4,906,998	\$ 6,838,204	\$ 6,846,927	\$ 8,993,942
<u>Rental Cars - Concession Leases Only</u>					
Advantage	\$ 258,574	\$ 251,533	\$ 331,069	\$ 121,870	\$ 175,662
Avis/Budget	1,772,904	1,811,918	1,822,000	1,268,385	1,254,954
Alamo/ National	1,085,510	1,139,785	1,196,774	876,612	930,385
Dollar/Thrifty	1,206,992	1,250,000	1,300,000	820,997	822,933
Enterprise	750,534	1,020,726	1,330,346	619,832	786,176
Payless	-	-	-	-	-
Hertz	1,741,128	1,827,419	1,791,561	1,364,751	1,447,168
Total:	\$ 6,815,642	\$ 7,301,381	\$ 7,771,750	\$ 5,072,447	\$ 5,417,278
<u>Other Concession Leases</u>					
IGT	\$ 3,425,940	\$ 3,699,474	\$ 3,491,388	\$ 1,407,513	\$ 2,234,661
Paradise Gift Shops	891,177	1,118,410	1,156,652	887,355	916,445
SSP America, Inc.	1,019,313	972,536	952,053	748,384	783,755
Younger Agency Advertising	866,313	998,691	1,019,036	945,315	828,219
Clear Channel	-	-	-	-	-
Forever Heather	-	-	-	-	-
Total:	\$ 6,202,743	\$ 6,789,111	\$ 6,619,129	\$ 3,988,567	\$ 4,763,080
Parking and Ground Transportation	\$ 10,253,964	\$ 10,136,245	\$ 10,285,079	\$ 9,102,015	\$ 8,738,391
Total:	\$ 28,731,918	\$ 29,133,735	\$ 31,514,162	\$ 25,009,956	\$ 27,912,691

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL REVENUE PAYERS
 FOR THE YEARS ENDED JUNE 30, 2006-2015
 (unaudited)

	2011	2012	2013	2014	2015
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 234,561	\$ 19,049	\$ 290,576	\$ 341,556	\$ 580,120
Allegiant	20,811	12,220	20,209	67,867	70,661
American Airlines	418,736	499,548	533,388	592,839	715,170
Delta	297,922	522,361	416,790	406,794	455,739
Fed Ex	420,983	578,381	585,585	782,244	888,324
Sky West	12,477	-	-	-	-
Southwest	2,637,384	3,442,903	3,068,489	2,751,016	2,642,052
United	599,606	667,687	613,229	657,735	720,757
UPS	243,003	354,818	440,067	451,188	518,289
US Airways	399,961	472,953	475,990	542,374	608,778
Total:	\$ 5,285,444	\$ 6,569,920	\$ 6,444,323	\$ 6,593,613	\$ 7,199,890
<u>Rental Cars - Concession Leases Only</u>					
Advantage	\$ 197,109	\$ 205,928	\$ 252,957	\$ 229,167	\$ -
Avis/Budget	1,406,645	1,462,576	1,518,405	1,493,707	1,482,869
Alamo/ National	1,039,715	986,217	923,862	1,026,907	1,269,575
Dollar/Thrifty	845,807	830,192	881,351	840,070	805,775
Enterprise	996,820	950,649	929,817	879,344	806,729
Payless	-	-	-	20,833	320,499
Hertz	1,512,460	1,393,391	1,455,966	1,421,777	1,375,025
Total:	\$ 5,998,556	\$ 5,828,953	\$ 5,962,358	\$ 5,911,805	\$ 6,060,472
<u>Other Concession Leases</u>					
IGT	\$ 2,256,664	\$ 1,790,472	\$ 1,697,814	\$ 1,322,752	\$ 1,266,307
Paradise Gift Shops	923,381	714,600	705,250	901,000	901,000
SSP America, Inc.	871,916	823,646	835,653	929,240	887,963
Younger Agency Advertising	845,357	825,559	757,754	670,850	-
Clear Channel	-	-	-	-	640,403
Forever Heather	26,851	44,686	41,865	65,531	43,819
Total:	\$ 4,924,169	\$ 4,198,963	\$ 4,038,336	\$ 3,889,373	\$ 3,739,492
Parking and Ground Transportation	\$ 8,927,778	\$ 8,742,195	\$ 8,914,030	\$ 8,983,926	\$ 9,515,946
Total:	\$ 25,135,947	\$ 25,340,031	\$ 25,359,047	\$ 25,378,717	\$ 26,515,800

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL OPERATING REVENUE SOURCES
 FOR THE YEARS ENDED JUNE 30, 2006-2015
 (unaudited)

	2006	2007	2008	2009	2010
Landing fees	\$ 7,545,675	\$ 7,142,393	\$ 8,503,502	\$ 8,020,650	\$ 9,157,170
Concession revenue	14,385,592	15,095,247	15,610,371	14,267,318	14,400,176
Parking and ground transportation	10,253,964	10,136,245	10,285,079	9,102,015	8,738,391
Rentals	11,352,662	12,225,827	12,100,223	12,172,296	10,378,966
Reimbursement for Services	827,853	959,434	630,653	957,499	1,838,355
Interest Income	1,723,481	3,382,557	2,440,071	1,814,681	347,571
Total	<u>\$ 46,089,227</u>	<u>\$ 48,941,703</u>	<u>\$ 49,569,899</u>	<u>\$ 46,334,459</u>	<u>\$ 44,860,629</u>

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL OPERATING REVENUE SOURCES
 FOR THE YEARS ENDED JUNE 30, 2006-2015
 (unaudited)

	2011	2012	2013	2014	2015
Landing fees	\$ 6,134,543	\$ 7,793,050	\$ 7,380,804	\$ 7,440,496	\$ 7,916,995
Concession revenue	11,727,995	10,649,435	10,478,433	10,301,098	10,344,733
Parking and ground transportation	8,927,778	8,742,195	8,914,030	8,983,926	9,515,946
Rentals	12,235,790	12,499,901	11,967,776	13,282,322	13,456,901
Reimbursement for Services	2,368,283	2,407,854	2,579,738	2,632,003	2,647,105
Interest Income	286,887	210,110	67,781	289,281	286,481
Total	<u>\$ 41,681,276</u>	<u>\$ 42,302,545</u>	<u>\$ 41,388,562</u>	<u>\$ 42,929,126</u>	<u>\$ 44,168,161</u>

RENO-TAHOE AIRPORT AUTHORITY
REVENUE RATES
FOR THE YEARS ENDED JUNE 30, 2006-2015
(unaudited)

Year	Landing Fee (a)		RON (Ramp Over Night) (a)		Terminal Rental Rate Average	Cost per Enplanements
	Signatory	Non-Signatory	Signatory	Non-Signatory		
2015	\$ 2.97	\$ 3.06	\$ 60.00	\$ 60.00	\$ 49.43	\$ 7.21
2014	2.80	2.78	55.00 (b)	55.00 (b)	53.24	7.31
2013	2.64	2.81	0.37	0.62	45.42	6.38
2012	2.59	2.83	0.38	0.71	48.93	6.81
2011	1.83	1.89	0.29	0.47	46.57	5.45
2010	3.02	3.87	0.47	0.97	46.38	6.26
2009	2.28	2.82	0.35	0.71	55.39	6.23
2008	2.02	2.45	0.30	0.61	58.43	5.52
2007	1.52	2.60	0.29	0.65	59.52	4.96
2006	1.73	2.30	0.23	0.58	55.06	4.84

(a) Assessed per thousand pounds of FAA maximum certificated landed weight

(b) For fiscal year 2014, the Ramp Over Night fee changed to a flat fee amount per occurrence.

Non-Signatory and Ramp Over Night Fees are charged at the budgeted amount.

Notes: The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 1996 which remained in effect through June 20 2010. Starting on July 1, 2010, the Authority and the airlines executed a new five-year airline agreement.

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF DEBT AND OBLIGATION COVERAGES
FOR THE YEARS ENDED JUNE 30, 2006-2015
(unaudited)

YEAR	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross Pledged Revenues ⁽¹⁾	\$ 45,766,095	\$ 44,371,827	\$ 43,026,765	\$ 42,768,868	\$ 42,021,602	\$ 45,086,530	\$ 46,053,401	\$ 48,937,846	\$ 48,071,900	\$ 45,613,384
Transfers- LOI Bond	-	-	-	-	-	650,117	644,911	641,856	639,373	649,427
G/L on Sale of Assets	(29,533)	(5,631)	-	-	-	-	-	-	-	-
Airline Revenue Sharing	1,494,648	1,213,722	1,587,800	1,926,162	3,594,787	1,516,737	1,892,768	1,867,149	2,111,696	1,537,929
35% Gaming Revenue	(443,208)	(462,963)	(550,386)	(626,665)	(789,832)	(780,474)	(946,661)	(1,221,986)	(1,294,816)	(1,199,079)
Direct Operating Expense ⁽²⁾	(35,856,069)	(36,158,687)	(34,527,241)	(33,845,018)	(33,415,074)	(31,135,280)	(31,220,696)	(31,935,541)	(30,453,872)	(29,328,473)
Net Pledged Revenue (Available for Debt and Obligation Payments)	\$ 10,931,933	\$ 8,958,268	\$ 9,536,938	\$ 10,223,347	\$ 11,411,483	\$ 15,337,630	\$ 16,423,723	\$ 18,289,324	\$ 19,074,281	\$ 17,273,188
Debt Service (Senior Lien Debt Service)	2,521,300	2,516,500	2,523,900	2,521,150	6,893,650	11,268,725	10,768,625	10,770,476	10,765,468	9,631,770
Debt Service Coverage Ratio - Senior Lien Debt Service	4.34	3.56	3.78	4.06	1.66	1.36	1.53	1.70	1.77	1.79
Net Pledged Revenue (Available for Subordinate Notes)	\$ 8,410,633	\$ 6,441,768	\$ 7,013,038	\$ 7,702,197	-	-	-	-	-	-
Pledged PFC Revenue	1,808,804	2,079,176	1,491,202	1,383,833	-	-	-	-	-	-
Pledged Revenue (Available for Subordinate Notes)	10,219,437	8,520,944	8,504,240	9,086,030	-	-	-	-	-	-
Debt Service (Subordinate Lien Debt Service)	3,134,943	4,150,028	2,777,586	2,781,875	-	-	-	-	-	-
Debt Service - Coverage Ratio - Subordinate Lien Debt Service	3.26	2.05	3.06	3.27	-	-	-	-	-	-

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

2) Direct operating expense excludes depreciation and reclamation expense.

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

	2006	2007	2008	2009	2010
Operating Revenues	\$44,392,984	\$45,596,697	\$47,143,034	\$44,602,748	\$44,531,358
Trust Fund Investment Interest Income	<u>1,220,400</u>	<u>2,475,203</u>	<u>1,794,812</u>	<u>1,450,653</u>	<u>555,172</u>
Gross Pledged Revenues	45,613,384	48,071,900	48,937,846	46,053,401	45,086,530
Transfers - General Purpose Fund for LOI Bond Debt Service	649,427	639,373	641,856	644,911	650,117
Operating Expenses	(29,328,473)	(30,453,872)	(31,935,541)	(31,220,696)	(31,135,280)
G/L on Sale of Capital Assets	-	-	-	-	-
Airline Revenue Share Prior Year	1,537,929	2,111,696	1,867,149	1,892,768	1,516,737
35% of Gaming Revenues	<u>(1,199,079)</u>	<u>(1,294,816)</u>	<u>(1,221,986)</u>	<u>(946,661)</u>	<u>(780,474)</u>
Net Pledged Revenues - Senior Lien Bonds	<u>\$17,273,188</u>	<u>\$19,074,281</u>	<u>\$18,289,324</u>	<u>\$16,423,723</u>	<u>\$15,337,630</u>
125% of Senior Lien Revenue Bond Debt Service	<u>\$12,039,713</u>	<u>\$13,456,835</u>	<u>\$13,463,095</u>	<u>\$13,460,781</u>	<u>\$14,085,906</u>
Senior Lien Debt Service	<u>\$9,631,770</u>	<u>\$10,765,468</u>	<u>\$10,770,476</u>	<u>\$10,768,625</u>	<u>\$11,268,725</u>
Net Pledged Revenues - Subordinate Lien Notes	\$7,641,418	\$8,308,813	\$7,518,848	\$5,655,098	\$4,068,905
Pledged Passenger Facility Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pledged Revenues - Subordinate Lien Notes	<u>\$7,641,418</u>	<u>\$8,308,813</u>	<u>\$7,518,848</u>	<u>\$5,655,098</u>	<u>\$4,068,905</u>
110% of Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Rate Maintenance Minimum Revenues	<u>\$12,039,713</u>	<u>\$13,456,835</u>	<u>\$13,463,095</u>	<u>\$13,460,781</u>	<u>\$14,085,906</u>

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

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2006- 2015
(unaudited)

	2011	2012	2013	2014	2015
Operating Revenues	\$41,436,800	\$42,160,534	\$42,863,935	\$44,208,178	\$45,512,494
Trust Fund Investment Interest Income	<u>584,802</u>	<u>608,334</u>	<u>162,830</u>	<u>163,649</u>	<u>253,601</u>
Gross Pledged Revenues	42,021,602	42,768,868	43,026,765	44,371,827	45,766,095
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	-	-
Operating Expenses	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)	(35,856,069)
G/L on Sale of Capital Assets	-	-	-	(5,631)	(29,533)
Airline Revenue Share Prior Year	3,594,787	1,926,162	1,587,800	1,213,722	1,494,648
35% of Gaming Revenues	<u>(789,832)</u>	<u>(626,665)</u>	<u>(550,386)</u>	<u>(462,963)</u>	<u>(443,208)</u>
Net Pledged Revenues - Senior Lien Bonds	<u>\$11,411,483</u>	<u>\$10,223,347</u>	<u>\$9,536,938</u>	<u>\$8,958,268</u>	<u>\$10,931,933</u>
125% of Senior Lien Revenue Bond Debt Service	<u>\$8,617,063</u>	<u>\$3,151,438</u>	<u>\$3,154,875</u>	<u>\$3,145,625</u>	<u>\$3,151,625</u>
Senior Lien Debt Service	<u>\$6,893,650</u>	<u>\$2,521,150</u>	<u>\$2,523,900</u>	<u>\$2,516,500</u>	<u>\$2,521,300</u>
Net Pledged Revenues - Subordinate Lien Notes	\$4,517,833	\$7,702,197	\$7,016,041	\$6,441,768	\$8,410,633
Pledged Passenger Facility Charges	<u>-</u>	<u>1,383,833</u>	<u>1,491,202</u>	<u>2,079,176</u>	<u>1,808,804</u>
Pledged Revenues - Subordinate Lien Notes	<u>\$4,517,833</u>	<u>\$9,086,030</u>	<u>\$8,507,243</u>	<u>\$8,520,944</u>	<u>\$10,219,437</u>
110% of Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$3,060,063</u>	<u>\$3,055,345</u>	<u>\$4,559,531</u>	<u>\$3,448,437</u>
Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$2,781,875</u>	<u>\$2,777,586</u>	<u>\$4,145,028</u>	<u>\$3,134,943</u>
Rate Maintenance Minimum Revenues	<u>\$8,617,063</u>	<u>\$6,211,501</u>	<u>\$6,210,220</u>	<u>\$7,705,156</u>	<u>\$6,600,062</u>

Notes: Years prior to 2015 have not been adjusted for GASB8-71 implementation.

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

	2006	2007	2008	2009	2010
Operating Revenues	\$44,392,984	\$45,596,697	\$47,143,034	\$44,602,748	\$44,531,358
Trust Fund Investment Interest Income	<u>1,220,400</u>	<u>2,475,203</u>	<u>1,794,812</u>	<u>1,450,653</u>	<u>555,172</u>
Gross Pledged Revenues	45,613,384	48,071,900	48,937,846	46,053,401	45,086,530
Transfers - General Purpose Fund for LOI Bond Debt Service	649,427	639,373	641,856	644,911	650,117
Operating Expenses	(29,328,473)	(30,453,872)	(31,935,541)	(31,220,696)	(31,135,280)
G/L on Sale of Capital Assets	-	-	-	-	-
Airline Revenue Share Prior Year	1,537,929	2,111,696	1,867,149	1,892,768	1,516,737
35% of Gaming Revenues	<u>(1,199,079)</u>	<u>(1,294,816)</u>	<u>(1,221,986)</u>	<u>(946,661)</u>	<u>(780,474)</u>
Net Pledged Revenues - Senior Lien Bonds	<u>\$17,273,188</u>	<u>\$19,074,281</u>	<u>\$18,289,324</u>	<u>\$16,423,723</u>	<u>\$15,337,630</u>
125% of Senior Lien Revenue Bond Debt Service	<u>\$12,039,713</u>	<u>\$13,456,835</u>	<u>\$13,463,095</u>	<u>\$13,460,781</u>	<u>\$14,085,906</u>
Senior Lien Debt Service	<u>\$9,631,770</u>	<u>\$10,765,468</u>	<u>\$10,770,476</u>	<u>\$10,768,625</u>	<u>\$11,268,725</u>
Net Pledged Revenues - Subordinate Lien Notes	\$7,641,418	\$8,308,813	\$7,518,848	\$5,655,098	\$4,068,905
Pledged Passenger Facility Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pledged Revenues - Subordinate Lien Notes	<u>\$7,641,418</u>	<u>\$8,308,813</u>	<u>\$7,518,848</u>	<u>\$5,655,098</u>	<u>\$4,068,905</u>
110% of Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Rate Maintenance Minimum Revenues	<u>\$12,039,713</u>	<u>\$13,456,835</u>	<u>\$13,463,095</u>	<u>\$13,460,781</u>	<u>\$14,085,906</u>

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

RENO-TAHOE AIRPORT AUTHORITY
RATE MAINTENANCE COVENANT PERFORMANCE
FOR THE YEARS ENDED JUNE 30, 2006- 2015
(unaudited)

	2011	2012	2013	2014	2015
Operating Revenues	\$41,436,800	\$42,160,534	\$42,863,935	\$44,208,178	\$45,512,494
Trust Fund Investment Interest Income	<u>584,802</u>	<u>608,334</u>	<u>162,830</u>	<u>163,649</u>	<u>253,601</u>
Gross Pledged Revenues	42,021,602	42,768,868	43,026,765	44,371,827	45,766,095
Transfers - General Purpose Fund for LOI Bond Debt Service	-	-	-	-	-
Operating Expenses	(33,415,074)	(33,845,018)	(34,527,241)	(36,158,687)	(35,856,069)
G/L on Sale of Capital Assets	-	-	-	(5,631)	(29,533)
Airline Revenue Share Prior Year	3,594,787	1,926,162	1,587,800	1,213,722	1,494,648
35% of Gaming Revenues	<u>(789,832)</u>	<u>(626,665)</u>	<u>(550,386)</u>	<u>(462,963)</u>	<u>(443,208)</u>
Net Pledged Revenues - Senior Lien Bonds	<u>\$11,411,483</u>	<u>\$10,223,347</u>	<u>\$9,536,938</u>	<u>\$8,958,268</u>	<u>\$10,931,933</u>
125% of Senior Lien Revenue Bond Debt Service	<u>\$8,617,063</u>	<u>\$3,151,438</u>	<u>\$3,154,875</u>	<u>\$3,145,625</u>	<u>\$3,151,625</u>
Senior Lien Debt Service	<u>\$6,893,650</u>	<u>\$2,521,150</u>	<u>\$2,523,900</u>	<u>\$2,516,500</u>	<u>\$2,521,300</u>
Net Pledged Revenues - Subordinate Lien Notes	\$4,517,833	\$7,702,197	\$7,016,041	\$6,441,768	\$8,410,633
Pledged Passenger Facility Charges	<u>-</u>	<u>1,383,833</u>	<u>1,491,202</u>	<u>2,079,176</u>	<u>1,808,804</u>
Pledged Revenues - Subordinate Lien Notes	<u>\$4,517,833</u>	<u>\$9,086,030</u>	<u>\$8,507,243</u>	<u>\$8,520,944</u>	<u>\$10,219,437</u>
110% of Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$3,060,063</u>	<u>\$3,055,345</u>	<u>\$4,559,531</u>	<u>\$3,448,437</u>
Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$2,781,875</u>	<u>\$2,777,586</u>	<u>\$4,145,028</u>	<u>\$3,134,943</u>
Rate Maintenance Minimum Revenues	<u>\$8,617,063</u>	<u>\$6,211,501</u>	<u>\$6,210,220</u>	<u>\$7,705,156</u>	<u>\$6,600,062</u>

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

RENO-TAHOE AIRPORT AUTHORITY
POPULATION IN AIR TRADE AREA
FOR THE CALENDAR YEARS 2005-2014
(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Nevada										
County										
Churchill	24,556	25,036	24,891	24,896	24,897	24,877	24,637	24,375	24,063	23,989
Douglas	47,017	45,909	45,406	45,180	45,464	46,997	46,886	46,996	47,118	47,536
Humboldt	17,129	17,446	17,523	17,763	18,260	16,528	16,735	17,048	17,363	17,279
Lyon	47,515	51,231	52,479	53,022	52,641	51,980	51,871	51,327	51,557	51,789
Pershing	6,360	6,414	6,376	6,291	6,286	6,753	6,734	6,749	6,877	6,698
Storey	4,074	4,132	4,193	4,341	4,441	4,010	3,896	3,935	3,942	3,912
Washoe	389,872	396,428	406,079	410,443	414,820	421,407	425,710	429,908	433,731	440,078
Carson City	56,062	55,289	54,939	54,867	55,176	55,274	55,439	54,838	54,080	54,522
Subtotal	592,585	601,885	611,886	616,803	621,985	627,826	631,908	635,176	638,731	645,803
California										
County										
Alpine	1,159	1,180	1,145	1,061	1,041	1,175	1,102	1,129	1,159	1,116
El Dorado	176,841	178,066	175,689	176,075	178,447	181,058	180,938	180,561	181,737	183,087
Lassen	34,751	34,715	35,031	34,574	34,473	34,895	34,200	33,658	32,163	31,749
Mono	12,509	12,754	12,801	12,774	12,927	14,202	14,309	14,348	14,074	13,997
Nevada	98,394	98,764	97,027	97,118	97,751	98,764	98,612	98,292	98,200	98,893
Placer	317,028	326,242	332,920	341,945	348,552	348,432	357,138	361,682	367,309	371,694
Plumas	21,477	21,263	20,615	20,275	20,122	20,007	19,765	19,399	18,859	18,606
Sierra	3,434	3,455	3,328	3,263	3,174	3,240	3,113	3,086	3,047	3,003
Subtotal	665,593	676,439	678,556	687,085	696,487	701,773	709,177	712,155	716,548	722,145
Total	1,258,178	1,278,324	1,290,442	1,303,888	1,318,472	1,329,599	1,341,085	1,347,331	1,355,279	1,367,948
Percentage increase	2.55%	1.60%	0.95%	1.04%	1.12%	0.84%	0.86%	0.47%	0.59%	0.93%
Unemployment rate										
Washoe County	3.9%	4.0%	4.4%	11.8%	13.6%	13.0%	11.9%	11.9%	7.3%	6.4%

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

RENO-TAHOE AIRPORT AUTHORITY
 PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA
 FOR THE CALENDAR YEARS ENDED 2015 AND 2006
 (unaudited)

<u>Employer</u>	<u>Calendar year 2015</u>		<u>Calendar year 2006</u>	
	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>
Washoe County School District	1	8,500-8,999	1	7,000-7,499
University of Nevada-Reno	2	4,500-4,999	2	4,000-4,499
Renown Regional Medical Center	3	2,500-2,999	5	2,500-2,999
Washoe County	4	2,000-2,499	3	3,000-3,499
Peppermill Hotel Casino-Reno	5	2,000-2,499	7	2,000-2,499
International Game Technology	6	1,500-1,999	4	2,500-2,999
Atlantis Casino Resort	7	1,500-1,999	9	1,500-1,999
Silver Legacy Resort Casino	8	1,500-1,999	6	2,000-2,499
Grand Sierra Resort & Casino	9	1,500-1,999		
St. Mary's Hospital	10	1,000-1,499	3	2,500-2,999
Eldorado Hotel & Casino	11	1,000-1,499	10	1,500-1,999
City of Reno	12	1,000-1,499	8	1,500-1,999
Sierra Nevada HealthCare	13	1,000-1,499		
John Ascuaga Nugget	14	1,000-1,499		
Circus Circus Casino Reno	15	1,000-1,499		

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 Marketin
 nevadaworkforce.com

RENO-TAHOE AIRPORT AUTHORITY
EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2006-2015
(unaudited)

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

Year	Board of Trustees*	Airfield Operations	Terminal Building Maintenance	Police/ Security	Parking	Aircraft Rescue and Firefighting	Administration	Total
2015	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
2014	9.0	52.0	68.0	42.0	15.0	20.0	71.5	268.5
2013	9.0	50.0	69.0	43.0	15.0	20.0	70.5	267.5
2012	9.0	52.0	69.0	43.0	15.0	20.0	68.5	267.5
2011	9.0	53.0	69.0	43.0	15.0	20.0	68.5	268.5
2010	9.0	51.0	69.0	43.0	15.0	20.0	65.5	263.5
2009	9.0	51.0	69.0	43.0	15.0	20.0	68.5	275.5
2008	9.0	51.0	67.0	43.0	15.0	20.0	64.5	269.5
2007	9.0	51.0	68.0	38.0	16.0	20.0	59.5	261.5
2006	9.0	51.0	68.0	38.0	15.0	20.0	59.0	260.0

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

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080. The amounts above show the budgeted personnel complement for each fiscal year.

RENO-TAHOE AIRPORT AUTHORITY
 OPERATIONAL STATISTICAL SUMMARY
 FOR THE YEARS ENDED JUNE 30, 2006 - 2015
 (unaudited)

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2015	1,656,293	-0.1%	2,390,031	0.1%	36,122	4.1%
2014	1,658,187	-5.6%	2,388,387	-5.3%	34,687	-5.7%
2013	1,756,471	-1.4%	2,522,804	-6.2%	36,800	-8.3%
2012	1,780,812	-6.4%	2,689,121	-7.2%	40,126	-8.9%
2011	1,901,850	0.8%	2,896,599	4.8%	44,035	2.1%
2010	1,886,677	-3.0%	2,762,670	-10.8%	43,140	-13.4%
2009	1,945,848	-18.6%	3,097,929	-17.1%	49,811	-15.8%
2008	2,391,514	-3.7%	3,736,173	-2.7%	59,153	9.8%
2007	2,482,162	-3.7%	3,841,531	3.1%	53,853	4.2%
2006	2,577,546	1.1%	3,724,533	-4.0%	51,666	-6.9%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

Scheduled Airline	2006			2007			2008		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	202,327	8%	1%	218,752	9%	8%	218,090	9%	0%
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%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	38,238	1%	941%	41,512	2%	9%	43,503	2%	5%
Northwest	35,758	1%	-57%	-	0%	-100%	-	0%	n.a
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%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Other	12,894	1%	614%	2,771	0%	-79%	59,601	2%	2051%
	<u>2,577,546</u>	<u>100%</u>	<u>1%</u>	<u>2,482,168</u>	<u>100%</u>	<u>-4%</u>	<u>2,391,514</u>	<u>100%</u>	<u>-4%</u>

Rounding errors may occur.

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

Scheduled Airline	2009			2010			2011			2012		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	177,743	9%	-19%	141,403	7%	-20%	118,207	6%	-16%	78,491	4%	-34%
Allegiant Air	36,148	2%	184%	13,948	1%	-61%	5,230	0%	-63%	1,988	0%	-62%
Aloha Airlines	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	173,989	9%	-9%	163,971	9%	-6%	201,748	11%	23%	185,797	10%	-8%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	15,046	1%	-79%	-	0%	-100%	15,584	1%	n.a	17,727	1%	14%
Delta	50,249	3%	-50%	93,341	5%	86%	137,094	7%	47%	165,462	9%	21%
Frontier	-	0%	-100%	253	0%	n.a	381	0%	51%	-	0%	-100%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	-	0%	-100%	7,197	0%	n.a	38	0%	-99%	-	0%	-100%
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	120,743	6%	8%	139,577	7%	16%	-	0%	-100%	-	0%	n.a
Southwest	1,052,348	54%	-11%	1,022,318	54%	-3%	1,032,811	54%	1%	967,792	54%	-6%
United	208,228	11%	-6%	161,396	9%	-22%	248,322	13%	54%	220,653	12%	-11%
US Airways (America West)	95,466	5%	-39%	140,501	7%	47%	141,980	7%	1%	141,880	8%	0%
Volaris	-	-	-	-	0%	n.a	-	0%	n.a	-	0%	n.a
Other	15,888	1%	-73%	2,772	0%	-83%	455	0%	-84%	1,022	0%	125%
	1,945,848	100%	-19%	1,886,677	100%	-3%	1,901,850	100%	1%	1,780,812	100%	-6%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

Scheduled Airline	2013			2014			2015		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	113,819	6%	45%	124,581	8%	9%	178,579	11%	43%
Allegiant Air	7,590	0%	282%	21,578	1%	184%	20,061	1%	-7%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	201,472	11%	8%	208,919	13%	4%	221,434	13%	6%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	-	0%	-100%	-	0%	n.a	-	0%	n.a
Delta	133,014	8%	-20%	126,904	8%	-5%	119,649	7%	-6%
Frontier	271	0%	n.a	-	0%	-100%	-	0%	n.a
JetBlue Airways	272	0%	n.a	-	0%	-100%	3,346	0%	n.a
Mesa	-	0%	n.a	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	945,143	54%	-2%	815,160	49%	-14%	734,786	44%	-10%
United	210,530	12%	-5%	214,531	13%	2%	214,864	13%	0%
US Airways (America West)	143,559	8%	1%	144,760	9%	1%	154,331	9%	7%
Volaris	-	0%	n.a	-	0%	n.a	6,959	0%	n.a
Other	1,073	0%	5%	1,754	0%	63%	2,284	0%	30%
	1,756,743	100%	-1%	1,658,187	100%	-6%	1,656,293	100%	0%

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

Scheduled Airline	2006			2007			2008		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	235,246	6%	-8%	252,897	7%	8%	240,766	6%	-5%
Allegiant Air	41,573	1%	-2%	44,782	1%	8%	60,634	2%	35%
Aloha Airlines	47,802	1%	-35%	47,028	1%	-2%	35,271	1%	-25%
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%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	43,610	1%	399%	48,490	1%	11%	46,188	1%	-5%
Northwest	41,726	1%	-55%	-	0%	-100%	-	0%	n.a
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%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
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%

Continued

Rounding errors may occur.

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

Scheduled Airline	2009			2010			2011		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	184,624	6%	-23%	142,752	5%	-23%	125,780	4%	-12%
Allegiant Air	48,064	2%	-21%	30,692	1%	-36%	10,618	0%	-65%
Aloha Airlines	-	0%	-100%	-	0%	n.a	-	0%	n.a
American	208,428	7%	-7%	173,591	6%	-17%	225,413	8%	30%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	17,374	1%	-78%	-	0%	-100%	19,674	1%	n.a
Delta	60,804	2%	-48%	103,373	4%	70%	161,192	6%	56%
Frontier	-	0%	-100%	537	0%	n.a	807	0%	50%
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a
Mesa	50,673	2%	10%	7,497	0%	-85%	221	0%	-97%
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a
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%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a
Airborne Express	35,632	1%	-50%	-	0%	-100%	-	0%	n.a
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%

Continued

RENO-TAHOE AIRPORT AUTHORITY
RENO-TAHOE INTERNATIONAL AIRPORT
LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE
FOR THE YEARS ENDED JUNE 30, 2006 - 2015
(unaudited)

Scheduled Airline	2012			2013			2014			2015		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	75,706	3%	-40%	112,694	4%	49%	122,862	5%	9%	189,675	8%	54%
Allegiant Air	-	0%	-100%	7,650	0%	n.a	24,413	1%	219%	23,003	1%	-6%
Aloha Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
American	195,901	7%	-13%	206,613	8%	5%	213,251	9%	3%	233,599	10%	10%
Atlantic Southeast	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Continental	24,587	1%	25%	-	0%	-100%	-	0%	n.a	-	0%	n.a
Delta	204,847	8%	27%	161,684	6%	-21%	146,329	6%	-9%	148,955	6%	2%
Frontier	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
JetBlue Airways	-	0%	n.a	-	0%	n.a	-	0%	n.a	3,555	0%	n.a
Mesa	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
Northwest	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Skywest	-	0%	-100%	-	0%	n.a	-	0%	n.a	-	0%	n.a
Southwest	1,350,158	51%	-5%	1,190,140	47%	-12%	989,574	41%	-17%	864,660	36%	-13%
United	261,838	10%	-19%	237,421	9%	-9%	236,595	10%	0%	235,831	10%	0%
US Airways (America West)	185,472	7%	-14%	184,243	7%	-1%	195,099	8%	6%	199,824	8%	2%
Volaris	-	0%	n.a	-	0%	n.a	-	0%	n.a	8,141	0%	n.a
Airborne Express	-	0%	n.a	-	0%	n.a	-	0%	n.a	-	0%	n.a
Federal Express	226,816	8%	-1%	226,398	9%	0%	281,383	12%	24%	290,218	12%	3%
United Parcel Service	139,144	5%	5%	170,193	7%	22%	162,298	7%	-5%	168,878	7%	4%
Other	8,445	0%	-64%	25,768	1%	205%	16,584	1%	-36%	23,692	1%	43%
	2,672,914	100%	-8%	2,522,804	100%	-6%	2,388,387	100%	-5%	2,390,031	100%	0%

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2015
(unaudited)

Reno-Tahoe International Airport

Location: 2001 East Plumb Lane
4 miles southeast of Downtown Reno

Airport Code: RNO

Elevation: 4,415 ft

Area: 1,450 acres

Runways and Facilities:

Runway 16R/34L	11,002 x 150 ft
Runway 16L/34R	9,000 x 150 ft
Runway 7/25	6,102 x 150 ft

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

Reno Stead Airport

Location: 11 miles northwest of Downtown Reno

Elevation: 5,045 ft

Area: 5,000 acres

Runways and Facilities:

Runway 08/26	76,000 x 150 ft
Runway 14/32	9,080 x 150 ft

Created in 1977 by State Legislature
Nine-member Board

RENO-TAHOE AIRPORT AUTHORITY
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2006 - 2015
(unaudited)

	2015	2014	2013	2012	2011	2010 (a)	2009	2008	2007	2006
Terminal Space - square feet										
Airlines	175,221	175,221	175,221	160,622	160,622	160,622	154,875	154,875	154,875	154,875
Ground Transportation	2,883	2,883	2,883	3,103	3,103	3,103	3,103	3,103	3,103	3,103
Concession Space	37,167	37,167	37,167	34,952	34,952	34,952	18,825	18,825	18,825	18,825
Public Areas	197,723	197,723	197,723	194,406	194,406	194,406	157,081	157,081	157,081	157,081
RTAA	45,309	45,309	45,309	45,795	45,795	45,795	36,271	36,271	36,271	36,271
Unfinished Areas	-	-	-	-	-	-	5,426	5,426	5,426	5,426
	<u>458,303</u>	<u>458,303</u>	<u>458,303</u>	<u>438,878</u>	<u>438,878</u>	<u>438,878</u>	<u>375,581</u>	<u>375,581</u>	<u>375,581</u>	<u>375,581</u>
Passenger Boarding Gates	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
Parking - Number of Spaces										
Short -Term	450	450	450	450	450	450	450	450	450	450
Long-Term	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Surface Lot	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,565	1,565	1,565
	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,632</u>	<u>3,665</u>	<u>3,665</u>	<u>3,665</u>
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
	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>	<u>808,750</u>

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

Compliance Section



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
November 30, 2015

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

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

Report on Compliance for Each Major Federal Program

We have audited the Reno-Tahoe Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

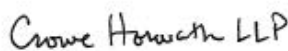
Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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



Crowe Horwath LLP

Indianapolis, Indiana
November 30, 2015

RENO-TAHOE AIRPORT AUTHORITY
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

DATE	DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	CFDA NUMBER	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED		REIMBURSEABLE EXPENSES	
						July 1, 2014 to June 30,2015	Cumulative through 30-Jun-15	July 1, 2014 to June 30,2015	Cumulative through 30-Jun-15
United States Department of Transportation									
Federal Aviation Administration									
Airport Improvement Program									
Property Acquisition and Relocation Assistance and Sound Insulation									
09/07/11	Noise Compatibility	93.75%	20.106	3-32-0017-91	\$ 4,600,831	\$ 1,133,748	\$ 2,608,324	\$ 1,051,424	\$ 2,608,324
09/05/12	Noise Compatibility	93.75%	20.106	3-32-0017-95	7,000,000	2,289	1,997,304	668	1,997,304
Construction									
09/19/13	Terminal Apron Rehabilitation	93.75%	20.106	3-32-0017-97	3,368,299	1,193,972	3,053,249	145,642	3,053,249
09/23/13	Runway 16L-34R Touchdown Areas Rehabilitation	93.75%	20.106	3-32-0017-98	5,756,250	3,262,858	5,345,289	1,633,259	5,345,289
08/06/14	Rehabilitate TWY "C" (Phase 1, Design)	93.75%	20.106	3-32-0017-100	756,122	491,756	491,756	496,945	496,945
08/08/13	Rehabilitation taxiway, design (Taxiway C, Phase 1)	93.75%	20.106	3-32-0018-32	337,500	267,269	273,744	173,265	338,318
08/21/14	Rehabilitation taxiway, construction (Taxiway C, Phase 2)	93.75%	20.106	3-32-0018-33	1,650,000	334,032	334,032	960,569	960,569
Equipment									
08/06/14	ARFF Vehicle	93.75%	20.106	3-32-0017-99	1,153,125	922	922	1,559	1,559
					24,622,127	6,686,846	14,104,620	4,463,331	14,801,557
Interagency Hazardous Materials Public Sector Training and Planning Grants									
Hazardous Materials Transportation Uniform Safety Grant									
Hazardous Materials Emergency Preparedness Grant									
	Training	Fixed	20.703	69-5282-0-2-407	975	975	975	975	975
Total United States Department of Transportation					24,623,102	6,687,821	14,105,595	4,464,306	14,802,532
United States Department of Homeland Security									
Transportation Security Administration									
Aviation and Transportation Security Act									
Security									
10/01/09	National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-10-H-CAN623	884,071	63,097	883,375	37,875	883,571
01/01/15	National Explosives Detection Canine Team Program	Fixed	97.072	HSTS02-15-H-NCP471	757,500	-	-	149,015	149,015
12/13/12	Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	HSTS02-13-H-SLR127	531,415	86,250	283,215	258,650	477,475
					2,172,986	149,347	1,166,590	445,540	1,510,062
Department of Justice									
Criminal Division									
Department of Justice Asset Forfeiture Program									
Equitable Sharing									
8/14/2014	Direct Payments for Specified Use	Fixed	16.922	15-5042-0-2-752	5,900	5,900	5,900	5,900	5,900
					\$ 26,801,988	\$ 6,843,068	\$ 15,278,085	\$ 4,915,746	\$ 16,318,493

RENO-TAHOE AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

1. Basis of Presentation:

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

2. Basis of Accounting:

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

3. Special Tests and Provisions:

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

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2015

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

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

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

There were no findings for the year ended June 30, 2015.

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

There were no findings for the year ended June 30, 2015.

SECTION 4 – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

(Continued)

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

Board of Trustees
Reno-Tahoe Airport Authority
Reno, Nevada

Report on Compliance of Passenger Facility Charges

We have audited the Reno-Tahoe Airport Authority's (the "Authority") compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration ("Guide"), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

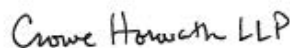
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 30, 2015 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects, in relation to the basic financial statements as a whole.



Crowe Horwath LLP

Indianapolis, Indiana
November 30, 2015

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
Year ended June 30, 2015

Passenger Facility Charges (PFC) Activity:

Balance, July 1, 2014	\$ 5,870,222
Collection of PFCs	6,294,646
Interest earnings	34,575
Expenditures for PFC Projects	(5,679,064)
Balance, June 30, 2015	<u>\$ 6,520,379</u>

(Continued)

RENO-TAHOE AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2015

Summary of Auditor's Results

We have issued an unmodified opinion, dated November 30, 2015 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2015.

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

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

We have issued an unmodified opinion, dated November 30, 2015 on the Reno-Tahoe Airport Authority's compliance for the passenger facility charge program.

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

Findings Relating to the Financial Statements

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

Findings and Questioned Costs for the Passenger Facility Charge Program

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

**SCHEDULE OF PRIOR AUDIT PASSENGER FACILITY CHARGES
FINDINGS AND THEIR RESOLUTION**

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



Reno-Tahoe Airport Authority

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